**Quiz05**

**Review of attempt 1**

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| --- | --- |
| **Started on** | Tuesday, 27 March 2012, 10:58 AM |
| **Completed on** | Tuesday, 27 March 2012, 11:16 AM |
| **Time taken** | 17 mins 25 secs |
| **Grade** | **80** out of a maximum of 100 (**80**%) |

Question**1**

Marks: 10

Which of the following best describes a project budget?

Choose one answer.

|  |  |  |
| --- | --- | --- |
|  | a. A project budget is a plan that describes the money that a project will spend over time to achieve Marketing & Sales' revenue projections. Correct |  |
|  | b. A project budget describes the money that a project has already spent over time to achieve Marketing & Sales' revenue projections. Incorrect |  |
|  | c. A project budget describes the money that a project has not yet spent. Incorrect |  |
|  | d. A project budget is a plan that describes a project's ROI. Incorrect |  |

Correct

Marks for this submission: 10/10.

Question**2**

Marks: 10

[Assessing the Economic Value of Software Projects] How does this article define "product value"?

Choose at least one answer.

|  |  |  |
| --- | --- | --- |
|  | a. Value is expressed as a price Correct |  |
|  | b. Value is quality Incorrect |  |
|  | c. Value is measured by the revenues that flow to the producer and consumers of the software over its lifecycle. Correct |  |
|  | d. Value is customer satisfaction Incorrect |  |

Incorrect

Marks for this submission: 0/10.

Question**3**

Marks: 10

Which of the following does NOT accurately describe NPV?

Choose one answer.

|  |  |  |
| --- | --- | --- |
|  | a. Net Present Value (NPV) measures the profitability of a project by comparing the value of a dollar today to the value of that same dollar in the future, taking inflation and returns into account. Incorrect |  |
|  | b. Net Present Value (NPV) measures the profitability of a project by comparing the value of a dollar today to the value of that same dollar in the future, but does not take inflation and returns into account. Correct |  |
|  | c. NPV analysis is sensitive to the reliability of future cash inflows that an investment or project will yield. Incorrect |  |
|  | d. If the NPV of a prospective project is positive, it should be accepted. Incorrect |  |

Correct

Marks for this submission: 10/10.

Question**4**

Marks: 10

Which of the following are NOT true when describing IRR?

Choose one answer.

|  |  |  |
| --- | --- | --- |
|  | a. Internal Rate of Return (IRR) is the interest rate that makes net present value of all cash flow equal zero. Incorrect |  |
|  | b. In the case of the internal rate of return calculation, a net present value of zero is assumed, and the internal rate of return needed to produce this is computed. Incorrect |  |
|  | c. If the IRR for the project is less than the minimum required rate of return, then the project has positive net economic benefit for the company Correct |  |
|  | d. For example, if Project A has an IRR of 8%, Project B has an IRR of 18%, and the corporation's minimum required rate of return is 10% (an interest bearing account at the bank might offer an 8% return with no risk), then assuming projects A and B have similar risk, then B is the preferred project. Incorrect |  |

Correct

Marks for this submission: 10/10.

Question**5**

Marks: 10

Which of the following is NOT a project evaluation technique?

Choose one answer.

|  |  |  |
| --- | --- | --- |
|  | a. Return on Investment (ROI) Incorrect |  |
|  | b. Baseline Resource Return (BRR) Correct |  |
|  | c. Net Present Value (NPV) Incorrect |  |
|  | d. Internal Rate of Return (IRR) Incorrect |  |

Correct

Marks for this submission: 10/10.

Question**6**

Marks: 10

Which of the following does NOT describe ROI?

Choose one answer.

|  |  |  |
| --- | --- | --- |
|  | a. ROI describes how much time is required (the payback period) to recover the original investment. Incorrect |  |
|  | b. ROI is calculated as the cost of the project/annual cash inflows Incorrect |  |
|  | c. According to ROI the best investment is the one with the shortest payback period. Incorrect |  |
|  | d. ROI describes how much money is required (the payback amount) to make the investment worthwhile Correct |  |

Correct

Marks for this submission: 10/10.

Question**7**

Marks: 10

[Assessing the Economic Value of Software Projects] What are the primary problems with the ROI method of evaluating projects?

Choose at least one answer.

|  |  |  |
| --- | --- | --- |
|  | a. It ignores benefits that may occur after the payback period, and so does not measure longer term profitability Correct |  |
|  | b. It ignores the time value of money -- the discount rate Correct |  |
|  | c. It does not factor in risk. Correct |  |
|  | d. None of the above Incorrect |  |

Correct

Marks for this submission: 10/10.

Question**8**

Marks: 10

Which of the following is NOT a problem with the ROI method of evaluating projects?

Choose one answer.

|  |  |  |
| --- | --- | --- |
|  | a. It ignores benefits that may occur after the payback period, and so does not measure longer term profitability Incorrect |  |
|  | b. It ignores the currency being used Correct |  |
|  | c. It ignores the time value of money -- the discount rate Incorrect |  |
|  | d. It does not factor in risk. Incorrect |  |

Correct

Marks for this submission: 10/10.

Question**9**

Marks: 10

Which of the following best describes the 'discount rate'?

Choose one answer.

|  |  |  |
| --- | --- | --- |
|  | a. The discount rate is used by ROI when calculating the time value of money. Incorrect |  |
|  | b. When calculating the time value of money, the discount rate is the rate of interest that the money is being compounded by over time. Correct |  |
|  | c. The discount rate is used by ROI when money is being compounded by over time. Incorrect |  |
|  | d. When calculating the time value of money, the discount rate is the amount of money that is being compounded over time. Incorrect |  |

Correct

Marks for this submission: 10/10.

Question**10**

Marks: 10

[What's Your Budget] Why implement a budget process?

Choose at least one answer.

|  |  |  |
| --- | --- | --- |
|  | a. You will have a more accurate budget Correct |  |
|  | b. You will have a more realistic budget Correct |  |
|  | c. You will have a smallest budget Incorrect |  |
|  | d. You will have a more useful budget Correct |  |

Incorrect

Marks for this submission: 0/10.

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