

## PROJECT COST MANAGEMENT 642 - ASSIGNMENT NO 2 (Value 40%)

### LIFE CYCLE COSTING

THIS ASSIGNMENT IS TO BE UNDERTAKEN INDIVIDUALLY

#### Assignment Aim

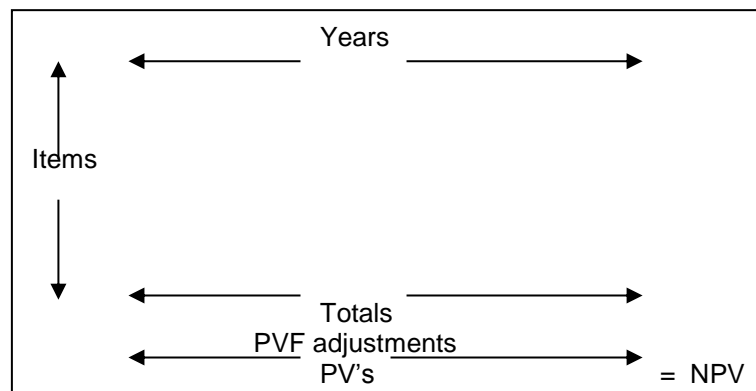
To understand and apply the processes for life cycle costing.

#### Assignment Details

You are contemplating the purchase of a new car. You are to choose a new model and **perform a Life Cycle Costing calculation using the Net Present Value method** to determine its life cycle costs, over a period of 6 years. The vehicle is NOT to be obtained by leasing or by loan. You are also to ignore any tax implications in your life cycle costing, but must consider depreciation and inflation.

As a minimum you must provide the following information:

- a detailed description of ALL your assumptions
- a detailed explanation and breakdown of all costs and values used in your costing (do NOT use published all-inclusive rates per kilometre for running expenses, nor cut and paste information directly from any website)
- sources for ALL the data used (**with sources, properly referenced**).
- a comprehensive explanation (**with sources, properly referenced**) for your choice of discount rate and method for handling inflation
- **a single A4 spreadsheet for the LCC** which shows all the relevant costs and values for the full life cycle as well as the discounting calculations. The spreadsheet is to be in landscape layout, titled and use the following general layout for information:



- a detailed commentary on the outcome of the life cycle costing exercise, identifying key costs

The assignment is to be presented in the form of a report (including an executive summary, numbered sections and headers and footers). **The number of words must be between 1200 and 1600 in total (including any tables, contents page, headers, footers and references, but excluding the cover sheet and the two A4 spreadsheets).** The word count must be stated on the front cover. Student marks for the assignment will be reduced where the assignment is outside the word count maximum or minimum. The amount of penalty will be related to the number of words (deduct 5 marks if up to 200 words over or under, 10 marks if 201-400 words over or under, 20 if 401-600 words over or under, 50 marks if more than 600 words over or under).

#### Assignment Format

The assignment must be typed on A4 paper (using one side only of each sheet) in one-and-a-half space typing using arial font 11 and presented with a cover sheet setting out your name, lecturer's name, unit title and the topic of the assignment. All pages should be numbered. All assignments should be thoroughly checked for typing, spelling and grammatical errors before being submitted and use the Chicago Author-Date 16<sup>th</sup> Edition format (See the Library style guide) for all referencing. **All assignments are to be submitted electronically through Turnitin (in Blackboard).** Do NOT submit hard copy versions or send copies via email.

#### Dates

Date given: 28 April 2014  
Date due: 26 May 2014 (submitted through Turnitin by 5:30pm)

**PROJECT COST MANAGEMENT 642 - ASSIGNMENT No. 2 - MARKING SHEET**

NAME: \_\_\_\_\_

TOPIC: LIFE CYCLE COSTING

**MARKING RUBRIC**

<b>Component</b>	<b>Value %</b>	<b>Evaluation out of 5</b>					<b>Total %</b>
Executive summary	5	1	2	3	4	5	
Introduction (covering relevant facts)	5	1	2	3	4	5	
Assumptions (adequacy and clarity)	10	1	2	3	4	5	
List of costs (depth of detail and adequacy)	20	1	2	3	4	5	
Sources for all items (adequacy and calculations)	15	1	2	3	4	5	
Treatment of depreciation (appropriateness and accuracy)	10	1	2	3	4	5	
Use of NPV process (understanding methodology)	10	1	2	3	4	5	
Discount rate (sourcing, appropriateness and calculation)	5	1	2	3	4	5	
Commentary and recommendation	10	1	2	3	4	5	
<b>Presentation (10%)</b>	10	1	2	3	4	5	
<b>ASSIGNMENT MARK</b>	<b>100</b>						

**For Grader's comments refer to Blackboard**