



PROJECT COST MANAGEMENT PRM 520

ASSIGNMENT NO 1 (Value 40%)

Topic: COST ESTIMATING, BUDGETING and CASH FLOW

ASSIGNMENT TIPS

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1. General

- These tips are aimed at assisting you in writing your assignment report but are not prescriptive and do not constitute everything that can be contained or utilised in your report.
- Read the Details and Marking Sheet matrix carefully and adapt the tips to suit your assignment topic and style of writing
- Check grammar and spelling to avoid marks being lost for something that can be easily avoided.
- Have a consistent font and style format. A professional report does not have many different font types, bold type, or colours. Use these where they have a purpose i.e., to highlight or differentiate information.
- Itemise your Table of Contents (T.O.C) and corresponding page numbers. The Cover Page and TOC are not usually numbered but can be.
- Number your headings and sub-headings as per the T.O.C.
- Consider your reader in the set-out of the Report and make it easy to read and find information.
- Dot points and tables present information in a concise and easily read fashion.
- Label all Tables presented and have a list of Tables with page numbers, for easy reference, either at the beginning or as an appendix.
- Explain the Tables and information provided using the terminology and methodologies learnt through the lectures, videos, and Reading Lists.
- Embed documents into one file and do not rely on attachments or links opening.



2. Executive Summary

- The Executive Summary (ES) is intended as a summary that a busy executive can read and get all the pertinent points and facts contained in your Report. It does not contain new information that is not included in the Report or the Report's Summary, Conclusion and Recommendation. The ES should summarise all the information and clarify the purpose, theory, methodology employed and significant findings as well as your interpretation and Recommendation.
- The ES is found at the beginning of the Report, after the Cover Page, and is listed and numbered in the T.O.C. It is usually written last when all the other chapters have been completed.

3. Introduction

- The introduction provides background and context to the Report and outlines the Report structure and Project Definition according to the parameters set by the:
 - Detailed Brief/ Scope
 - Approach/ style
 - Methodology employed
 - Breakdown of your headings as set out in your T.O.C.

4. Estimate

- The preferred format for the estimate is a spreadsheet based on the Work Breakdown Structure (WBS) as it allows columns for itemising, description, units, quantities, rates, and totals. This set-out allows for the use of formulas which enable quick changes and reduce human error.
- A spreadsheet column can be included showing the screenshots/ links to screenshots, space permitting, but screenshots can be large or illegible if reduced and tend to make the page layout messy. Screenshots look better in a separate appendix with the relevant reference to the item numbers.



- The spreadsheet format should also allow easy conversion into other documents such as the Budget.
- Test your links to make sure they open.
- Remember to include all relevant Direct and Indirect Costs and preferably group these.
- Indirect costs will generally be incurred for the duration of the project, whether it makes a profit or not.
- Certain costs will be incurred irrespective of whether the project gets given the 'green light' to go-ahead e.g., Costs to produce the estimate and should be indicated as a 'Lost Opportunity Cost'.
- Categorise your estimate based on the methodology used, the information that could be sourced and comment on its accuracy and reliability.
- Justify the Contingency amount contained in the Estimate, explaining the percentage chosen, based on what you have learned, and the associated risk elements considered.
- Provide overall discussion or comment.

5. Budget

- The Budget is the Estimate with the timeline/ schedule incorporated and includes the projected income and profit.
- Profit should not be merely a percentage added on, if this amount cannot be realistically justified in the ticket-price of the event.
- Sources from similar previous events, preferably more than one, should be provided to justify and validate the proposed ticket-price.
- Consider all forms of income and attendance e.g., grants, sponsorships, merchandising, food and beverage and virtual attendance.



- You may want to present various scenarios and extrapolate the related profit that can be expected. If so, carry through the information into your cash-flow presentations and Summary, Conclusion and Recommendations.
- Provide an overall discussion or comment and reference your research to support your analysis.

6. Cash Flow

- Finance borrowed from an external institution or internally, to fund the cash-flow/ Working Capital requirement of the project will come at a cost (interest rate/ opportunity cost) and should be accounted for in the estimate.
- Show for each scenario presented the monthly Net Expenses and Income for the duration of the project and a Net Total for the month.
- Present these monthly totals in a graph, ideally showing separate and differing lines for each e.g., Expenses (saw-tooth), Income (curved) and Net Cash Flow (see example in Lecture Notes). Indicate graphically the Working Capital amount required.
- Interpret the data you have supplied for your reader and do not leave the reader to draw their own conclusions.

7. Summary, Conclusion and Recommendation

- This chapters should draw all the information together in a discussion to reinforce your argument related to the brief and to formulate an opinion, from which you draw a Conclusion.
- New information is not presented here. The information can fall under separate or one consolidated heading.
- The Recommendation may be presented as several options/ scenarios e.g., Best Case, Worst Case, Recommended Option, but provide the supporting evidence for each.
- Motivate your Recommendation and ask for Approval of your preferred option, and authority to proceed to the next stage.



- A sign-off/ approval box can be included, indicating the options with space to sign and date.

8. References

- References are not specified for this assignment but should follow the APA guidelines if provided.