

### Cost Management Session Test

1. The present value of a future payment of \$110 one year from now at 10% is:
  - a. \$100
  - b. \$120
  - c. \$121
  - d. \$100 less taxes
  
2. Which of the following is not a measure of the profitability of a project or program?
  - a. Return on original investment
  - b. Net present value
  - c. Depreciation
  - d. Discounted cash flow
  
3. Statistical or modeling cost estimating technique (based upon history), is called \_\_\_\_\_ estimating and is a \_\_\_\_\_ approach.
  - a. Definitive, bottom up
  - b. Analogy, top down
  - c. Parametric, bottom up
  - d. Parametric, top down
  
4. Labor estimating is normally recorded in both hours and dollars. An element in the work breakdown structure was estimated to require one month for its accomplishment. The element was estimated at 1,000 hours and at a burdened cost of \$50,000. The task was completed in 1,000 hours but at a burdened cost of \$60,000. With no further information available, the most likely reason for the cost increase could be:
  - a. Salaried employees were assigned
  - b. Overtime was required
  - c. The overhead rate decreased
  - d. Employee salaries remained constant
  
5. Life cycle costing to the customer for the acquisition of a system includes the following categories:
  - a. Maintainability, operation, and support
  - b. R&D, production, operation, and support
  - c. Acquisition, operations, and maintenance
  - d. Production, operations, and maintenance

6. The most precise and accurate technique for determining project costs is the \_\_\_\_\_ technique.

- a. Definitive
- b. Analogy
- c. Budget
- d. Modified standards

7. Which of the following is referred to as a payback period:

- a. The number of periods required to recover the initial investment
- b. The rate of return on the investment
- c. The number of periods required to bring project cost back to the original budget, based on current performance
- d. Loan payment schedule

8. The difference between the Earned Value (EV) and the Planned Value (PV) is referred to as the:

- a. Schedule variance
- b. Cost variance
- c. Estimate of completion
- d. Actual cost of the work performed

9. Using the table below, the schedule performance index (SPI) for WBS element P is:

- a. 1.10
- b. 0.90
- c. 0.956
- d. 1.15

WBS Element	PV	EV	AC
P	\$1,000	\$1,100	\$1,150
Q	\$2,000	\$1,800	\$2,100
R	\$1,000	\$1,200	\$1,050
S	\$2,000	\$1,900	\$1,800

10. Using the table above, WBS element Q is \_\_\_\_\_ budget by \_\_\_\_\_ percent.

- a. Over, 16.66
- b. Under, 16.66
- c. Over, 10.0
- d. Under, 10.0

### Cost Management Session Test Answers

1. a

$$PV = 110 / (1 + .10)$$

$$PV = 110 / 1.10$$

$$PV = \$100$$

2. c

3. d

4. b

5. b

6. a

7. a

8. a

9. a

$$SPI = EV / PV$$

$$SPI = 1100 / 1000$$

$$SPI = 1.10$$

10. a

$$CV = EV - AC$$

$$CV = 1800 - 2100$$

$$CV = -300 \text{ (over budget)}$$

$$\% \text{ over Budget} = (-300/1800) * 100$$

$$\% \text{ over Budget} = 16.66$$

Over budget by 16.66