



FACULTY/COLLEGE	College of Business and Economics
SCHOOL	Johannesburg Business School
DEPARTMENT	Department of Business Management
CAMPUS(ES)	APB
MODULE NAME	Project Management Control
MODULE CODE	AC1PMCL
SEMESTER	First
ASSESSMENT OPPORTUNITY, MONTH AND YEAR	Supplementary Summative Assessment Opportunity January 2020

ASSESSMENT DATE	7 TH JAN 2020	SESSION	08:30 – 10:30
ASSESSOR(S)	Prof Kennedy Njenga		
MODERATOR(S)	Dr Patrick Ndayizigamiye		
DURATION	2 hours (120 min)	TOTAL MARKS	50

NUMBER OF PAGES OF QUESTION PAPER (Including cover page)	3
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INFORMATION/INSTRUCTIONS:

- This is a closed-book assessment.
- Please answer all questions in Section A and Section B.
- Read the questions carefully and answer only what is required.
- Number your answers clearly and correctly as per the question paper.
- Write neatly and legibly on both sides of the paper in the answer book, starting on the first page.
- The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.

CASE STUDY

What Increases the Cost of Restaurant Renovations?

Starting a restaurant can be a creative endeavor for many chefs or entrepreneurs. These types want to be hands-on through the design and construction process. They'll want to work closely with the general contractor, architect, and designer to bring their vision to life. Granted, not every project is going to require a designer. For instance, bringing a small cafe to life probably doesn't warrant the hiring of a restaurant designer. However, anyone who does bring in a designer could pay anywhere from \$25,000 to \$500,000 or even more. In California, the "celebrity" quotient of the designer is always a pricing factor. Other factors include the amount of restaurant renovations needed to implement a certain design and exactly how elaborate the decor needs to be.

A good restaurant designer doesn't just help you establish a place's look and feel. They are also responsible for the all-important layout of your restaurant. A restaurant's layout impacts the service flow from the kitchen to its patrons. Good flow gives your staff the ability to effectively perform their jobs even at the busiest of times. Hiring an architect early in the process arms you with cost-effective expertise from the beginning of a project to its end. Not only will this spare you some headaches, but it can also save you significant money by avoiding costly mistakes or delays. A full-service architect can provide you with project management as well as interior design.

An experienced designer will figure out how to seat more patrons in your establishment. This alone equates to ROI since it increases income in the long run.

Cost of Components

Before you decide to rent or buy any space, it's critical that you understand its MEPs (Mechanical, Electrical, and Plumbing) components. Something like a decrepit HVAC system can completely blow your budget and make another space more logistically and economically viable.

General Construction Costs

Restaurant Owner, an industry publication, concluded in a recent survey that construction or build-out costs alone are \$50 per square foot on average for a medium-sized restaurant around 3,200 square feet.

Equipment Costs

Things like fitting out a kitchen or a bar must be factored into restaurant renovation costs. Things like counters, burners, ventilation systems, and espresso machines can be unassuming big budget line items. The same Restaurant Owner's survey mentioned earlier concluded that the average cost of a 1,000-square-foot kitchen and bar renovation, including necessary equipment, was roughly \$75,000 or \$80 per square foot. Second-hand equipment is sometimes an option but be sure anything you buy that's used is first inspected by a technician. Leasing equipment is another alternative. This will reduce money needed up front but may ultimately cost you more in the long run. However, some leasing companies offer different types of money-saving incentives like free repairs or regularly-supplied detergent for a dishwasher.

SECTION A [CASE STUDY]

[20 MARKS]

Question 1

Discuss in brief the three types of control for projects that would be applicable in the above project.

(10)

Question 2

Describe how a project manager would determine the level of control and risk of a project such as the one mentioned in the case above?

(10)

SECTION B [GENERAL QUESTIONS]

[30 MARKS]

Question 3

Discuss some inter-related activities of project cost control.

(10)

Question 4

Describe two benefits of using cash flow statements.

(10)

Question 5

Discuss the objectives of an audit schedule.

(10)