

FIREARMSSHOTGUNSMODEL 1100 AUTOLOADING SHOTGUNS12 GAUGEManufacturing Cost

Production reviewed the Model 1100 manufacturing cost data and the projected improvement trend shown in attached Table 1 and Figure 1, respectively.

Table 1 compares the March and April cost for the 12 gauge Field grade, plain barrel shotgun with the first and third year estimated cost in the Project. Changes in design and manufacturing requirements have increased the standard labor and standard material cost over the Project estimate. The standards shown for March and April were those in effect the first of the year and are used in the accounting system as the 1963 inventory standard to spread the burden that is allocated on the basis of standard labor.

Figure 1 indicates the current standard cost of material and labor and the projected improvement trend. The data for the trend plots are only indirectly related to the material and labor cost shown in Table 1. The data in Figure 1 indicate what the inventory standard material and labor would be if they were being set today. The improvement trend will reduce plant costs. Their full effect, however, will be shared by other firearms until the end of 1963 rather than being confined to the Model 1100. This is due to burden continuing to be spread to the Model 1100 throughout 1963 based on its 1963 inventory standard which will not be changed until the end of 1963.

For purposes of comparison, the projected trend of total material and total labor cost (standard plus variance) on which the projected total factory cost is based are shown in Figure 2 and are directly related to those shown in the project estimate and Table 1. It is not implied these are any better indication of the true cost of the Model 1100. They only permit a comparison of the projected trend of these costs as they will appear on cost sheets with those used in the Project estimate.