RL-6565
Rev.
SMC: 3-26-79

ESTIMATE # 43666

ESTIMATED SAVINGS & RETURN ON INVESTMENT

N/C Heian machine for external cuts on M/700 stocks

ENGINEER: S. Saunders

DATE: 11-17-81

Labor cost /100	Present	Proposed
1981	$41.646	$8.819
1982	45.811	9.701
1983	50.392	10.671
1984	55.431	11.738

	Present	Proposed	Present	Proposed
Forecast Year	1982		1984	
Quantity Forecast	77280 + 15% = 88722		113280 + 15% = 130272	
OPERATING COSTS				
Purchased Parts	$	$	$	$
Raw Material				
Standard Labor	40640	8610	72210	15290
Labor Variance @ 10% 20%	4060	1720	7220	3060
Industrial Relations @ 47.9%	21410	4950	38050	8790
Supplies				
Tool Replacement				
Cutter Grind				
Tool Maintenance				
Maintenance (Cost Std.) (6% capital)	900	3230	1910	4650
Energy				
Equipment Depreciation @ 7.5%		4040		4040
Sub Totals	$ 67010	A $ 22550	$ 119390	A $ 35830
Gross Savings Before Admin. Exp.		$ 44460		$ 83560
Admin. Exp. @4.3% Gross Savings		B $ 1910		B $ 3590
Sub Totals	$ 67010	A+B $ 24460	$ 119390	A+B $ 39420
SAVINGS IN OPERATING COST		$ 42550		$ 79970
Less: Income Tax @48.5 %		($ 20640)		($ 38790)
Plus: Amortization of Investment Tax Credit		$ 540		$ 540
NET SAVINGS		$ 22450		$ 41720
INVESTMENT				
Project Expenditures		$ 53900		$ 53900
Manufacturing & Working Facilities		$		$
Net Change in Working Capital		$ (14080)		$ (26410)
Total Capital Required for this Project		$ 39820		$ 27490
RETURN ON INVESTMENT - THIS PROJECT		56.4 %		151.8 %
Net Savings - After Amortization of Operation Charges		$ 22150		$ 41430
Project Operation Charges		$ 8000		$ 8000
Less: Administration Expense @4.3 % & Income Taxes @48.5 % (Factor .5072)		($ 4060)		($ 4060
Total Capital Required Including Research & Development & Other Charges		$ 43760		$ 31430
RETURN ON TOTAL CAPITAL REQUIRED		50.6 %		131.8 %

Equipment to be Released	
Increased Space Requirements (Decrease)	
Production Capacity	
Forecast Burdening	$