

ESTIMATED SAVINGS & RETURN ON INVESTMENT

XP-100 BARREL - REPLACE DRAW RIFLE WITH GFM PROCESS

ENGINEER: C.P. VALLABHANENI

PRESENT

PROPOSED

DATE: 4-21-77

DRAW RIFLE

GFM

PROCESS

PROCESS

Forecast Year

Quantity Forecast

1977

3300

OPERATING COSTS

Purchased Parts	\$	\$	\$	\$
Raw Material OVERTIME		700		
Standard Labor	20,640	4130		
Labor Variance @ ACTUAL / 20 %		830		
Industrial Relations @ ACTUAL / 42 %		2190		
Supplies	440	440		
Tool Replacement	1,560	1,520		
Cutter Grind	350	390		
Tool Maintenance	30	80		
Maintenance EQUIPMENT	460	890		
Energy				
Equipment Depreciation @				

Sub Totals	\$23,480	A \$ 11,170	\$	A \$
Gross Savings Before Admin. Exp.		\$ 12,310		\$
Admin. Exp. @ 4.5% Gross Savings		B \$ 550		B \$
Sub Totals	\$ 23,480	A+B \$ 11,720	\$	A+B \$

SAVINGS IN OPERATING COST

Less: Income Tax @ 50.5%	\$ 5,940		
Plus: Amortization of Investment Tax Credit	\$ -		
NET SAVINGS	\$ 5,820		

INVESTMENT

Project Expenditures	\$ -		
Manufacturing & Working Facilities	\$ -		
Net Change in Working Capital	\$ (3360)		
Total Capital Required for this Project	\$ (3360)		

RETURN ON INVESTMENT - THIS PROJECT

Net Savings - After Amortization of Operation Charges	\$ 5,550		
Project Operation Charges	\$ 5,700		
Less: Administration Expense @ 4.5% & Income Taxes @ 50.5% (Factor .5273)	(\$ 3,000)		
Total Capital Required Including Research & Development & Other Charges	\$ (660)		

RETURN ON TOTAL CAPITAL REQUIRED

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