

79
BARBER - PRESALE R 0108054 SAVINGS & RETURN ON INVESTMENT

P-100-7mm BR. REM STOCK ASSEM - PROPOSAL TO ALTER MOLDS FOR STOCK HALVES, FOREEND TIPS AND

ENGINEER: A.E. DESMOND FE. SPACES TO ELIMINATE A MILLING AND DEBURR OPERATION (PRESENTLY PERFORMED ON STOCK ASSEMBLY)

DATE: 4-25-80

Forecast Year
Quantity Forecast

PRESENT	PROPOSED
ENLARGE GBL GROOVE ON STOCK ASSEM. BY MILLING & DEBURR ALLOW GBL TO FIT	ALTER MOLDS ELIMINATING MILLING & DEBURR
<u>1981</u>	
<u>6335</u>	

OPERATING COSTS

	\$	\$	\$	\$
Purchased Parts				
Raw Material				
Standard Labor	9610	8220	1390	-
Labor Variances @				
Industrial Relations @ 47.9%	4600	3940	660	
Supplies	150	110	40	
Tool Replacement	2340	110	2230	✓
Cutter Grind	2550	10	2540	✓
Tool Maintenance	690	650	40	
Maintenance	1270	120	1150	✓
Energy				
Equipment Depreciation @				
<u>Sub Totals</u>	<u>\$ 21,210</u>	A <u>\$ 13,160</u>	<u>\$</u>	A <u>\$</u>
Gross Savings Before Admin. Exp.		<u>\$ 8,050</u>		<u>\$</u>
Admin. Exp. @ 4.3% Gross Savings		B <u>\$ 350</u>		B <u>\$</u>
<u>Sub Totals</u>	<u>\$ 21,210</u>	A+B <u>\$ 13,510</u>	<u>\$</u>	A+B <u>\$</u>

SAVINGS IN OPERATING COST

Less: Income Tax @ 48.5 %	<u>(\$ 3,730)</u>	<u>\$</u>
Plus: Amortization of Investment Tax Credit	<u>\$ -</u>	<u>\$</u>
<u>NET SAVINGS</u>	<u>\$ 3,970</u>	<u>\$</u>

INVESTMENT

Project Expenditures	<u>\$ -</u>	<u>\$</u>
Manufacturing & Working Facilities	<u>\$</u>	<u>\$</u>
Net Change in Working Capital	<u>(\$ 1,910)</u>	<u>\$</u>
<u>Total Capital Required for this Project</u>	<u>(\$ 1,910)</u>	<u>\$</u>

RETURN ON INVESTMENT - THIS PROJECT

Net Savings - After Amortization of Operation Charges	<u>\$ 3,370</u>	<u>\$</u>
Project Operation Charges	<u>\$ 10,310</u>	<u>\$</u>
Less: Administration Expense @ 4.3 % & Income Taxes @ 48.5 % (Factor .5072)	<u>(\$ 8,270)</u>	<u>\$</u>
Total Capital Required Including Research & Development & Other Charges	<u>\$ 6,130</u>	<u>\$</u>

RETURN ON TOTAL CAPITAL REQUIRED

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