ESTIMATED SAVINGS & RETURN ON INVESTMENT

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Revised M/700 Trigger
Housing Assembly

	Present	Proposed		
Forecast Year	1-1-1981			
Quantity Forecast	35,850			
OPERATING COSTS				
Purchased Parts	$ 8 600	$ 14 700	$	$
Raw Material	–	–		
Standard Labor	7 530	5 740		
Labor Variance 3	4 660	3 550		
Industrial Relations 3	5 740	4 300		
Supplies				
Tool Replacement				
Other Costs				
Tool Maintenance — Direct Expense	10 400	7 900		
Maintenance				
Scrap				
Equipment Depreciation 3				
Sub Totals	$ 36 930	A $ 36 210	$	A $
Gross Savings Before Admin. Exp.		$ 720		$
Admin. Exp. 4.3% Gross Savings		B $ 30		B $
Sub Totals	$ 36,930	A+B $ 36 240	$	A+B $
SAVINGS IN OPERATING COST		$ 690		$
Less: Income Tax 48.5%		($ 330)		($
Plus: Amortization of Investment Tax Credit		$ –		$
NET SAVINGS		$ 360		$
INVESTMENT				
Project Expenditures		$ –		$
Manufacturing & Service Facilities		$ –		$
Net Change in Working Capital		$ 1 310		$
Total Capital Required for this Project		$ 1,310		$
RETURN ON INVESTMENT - THIS PROJECT		27.5%		
Net Savings - After Amortization of Operating Charges		$ (320)		$
Project Operating Charges		$ 15 000		$
Less: Administration Expense 4.3% & Income Taxes 48.5% (Factor .5072)		($ 9,130)		($
Total Capital Required Including Research & Development & Other Charges		$ 10,190		$
RETURN ON TOTAL CAPITAL REQUIRED		Negative %		
Equipment to be Released				
Increased Space Requirements (Decrease)				
Production Capacity				
Forecast Production		3.		

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