

RD-6565

Rev.

SMC: 3-26-79

ESTIMATE # 4366

ESTIMATED SAVINGS & RETURN ON INVESTMENT

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

ENGINEER: G. SaundersDATE: 11-17-81

	Present	Proposed	Present	Proposed	Present	Proposed
Labor cost / 100 - 1981	\$ 41.646	\$ 8.819				
- 1982	45.811	9.701				
- 1983	50.392	10.671				
- 1984	55.431	11.738				
Forecast Year			1982		1984	
Quantity Forecast			77280 + 15% = 88722		113280 + 15% = 130272	

OPERATING COSTS

Purchased Parts	\$	\$	\$	\$
Raw Material				
Standard Labor		40640	8610	72210
Labor Variance @ 10% 20%		4060	1720	7220
Industrial Relations @ 47.7%		21410	4950	38050
Supplies				
Tool Replacement				
Cutter Grind				
Tool Maintenance				
Maintenance (Cost Std.) (6% capital)		900	3230	1910
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

Less: Income Tax @ 48.5 %	\$ 42550	\$ 79970
Plus: Amortization of Investment Tax Credit	(\$ 20640)	(\$ 38790)
	\$ 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

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

Equipment to be Released	50.6 %	131.8 %
Increased Space Requirements (Decrease)		
Production Capacity		
Forecast Burdening		