Finance Simulation: **Capital Budgeting**

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prepare | analyze | decide

dashboard | I/S and B/S | cashflow statement | financial analysis | project details | historical financials | project updates

Replace Assembly Equipment at Sacramento Facility

Division: Production

Project Discount Rate: 7.85%

Risk	low	Lifetime Project Costs	0.08
Year Selected	2011	2015 Project Costs	0.00

Managers at the production division's Sacramento facility propose to replace certain outdated hand-assembly and packaging equipment. Purchasing and installing new equipment is expected to boost throughput and lower the incidence of quality defects in the assembly process for two of NH's largest product lines. This project is not considered to be risky. It can be deferred for one year, but no longer without significant dislocations and additional expenditures.

NPV 0.06 IRR 38.64% Discount 7.85% Payback Period 3.08 PI 0.86

Projections | Actuals

	Actuals		
	2011	**2012**	**2013**
INVESTMENT ANALYSES			
Debt-Free Project Cash Flows	0.00	-0.07	0.04
Terminal Value			0.00
Discount Factor (At Project Cost of Capital)	1.00	1.08	1.16
Discounted Cash Flow	0.00	-0.07	0.03
5-Year Cumulative EBITDA			0.24
PROJECT INCOME STATEMENT			
Net Sales	0.00	0.00	0.00
- Cost of Goods Sold	0.00	0.00	0.00
Gross Profit	0.00	0.00	0.00
- Increase in SG&A	0.00	0.00	0.06
EBITDA	0.00	0.00	0.06
- Depreciation	0.00	0.00	-0.01
+ Profit (Loss) on Sale of PP&E	0.00	0.00	0.00
Earnings Before Income Taxes	**0.00**	**0.00**	**0.05**
Taxes	0.00	0.00	-0.02
Net Income	**0.00**	**0.00**	**0.03**
Identifiable Project Assets			
Cash and Cash Investments	0.00	0.00	0.00
Working Capital			
Accounts Receivables	0.00	0.00	0.00
Inventory	0.00	0.00	0.00
- Accounts Payable	0.00	0.00	0.00
- Deferred Tax Liability	0.00	0.00	0.01
Net Working Capital	**0.00**	**0.00**	**0.01**
Gross Property, Plant, and Equipment	0.00	0.08	0.08
- Accumulated Depreciation	0.00	0.00	-0.01
Net Property, Plant, and Equipment	0.00	0.08	0.06
Total Net Assets	**0.00**	**0.08**	**0.07**
CASH FLOW STATEMENT			
Net Income	0.00	0.00	0.03
+ Depreciation	0.00	0.00	0.02
Total	**0.00**	**0.00**	**0.04**
Adjustments to Working Capital			
- Chg in Accounts Receivable	0.00	0.00	0.00

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