REQUEST AND AUTHORITY FOR CAPITAL EXPENDITURES / RETIREMENTS

REPORTING CLASSIFICATION	DATE APPROVED	JOB ORDER NO.
G1		

DIVISION OR COMPANY
Organic Chemical Division

LOCATION
Chicago, Ill.

J.O. CONTROL POINT
097

JOB TITLE
Purchase company station wagon

SUMMARY OF AMOUNTS

DESCRIPTION	LOCAL CURRENCY	U.S. DOLLARS
ESTIMATED PROJECT COST		$7611
DISMANTLEMENT EXPENSE		
TRANSFER EQUIPMENT		
GROSS AMOUNT FOR APPROVAL		$7611
LESS TRANSFER EQUIPMENT		
LESS SALVAGE OR TRADE-IN ALLOW.		1000
NET CASH REQUIRED (GOF-3027)		$6611

RETIREMENT DATA	AMOUNT
COST	5,579
DISMANTLEMENT	
LESS SALVAGE	1,000
TOTAL - CHARGE RESERVE	4,579

ECONOMIC JUSTIFICATION	6-YEAR AVG.
NET SALES	
NET SAVINGS BEFORE TAXES	
NET AFTER TAXES	
% ROI (ON TOTAL INVEST.)	
PAYOUT YRS.	

REVISION DETAIL (GROSS AMTS.)

REV. #	DATE	AMOUNT	CUM. AUTHORIZATION
1			
2			
3			
4			
5			
6			

DESCRIPTION AND REASONS REQUIRED

Funds of ---$6611 are requested to purchase a 1980 Chevrolet Malibu station wagon for the Chicago Plant's transportation requirements.

Description	Acq. Cost	Acq. Date	Disposition
Chevrolet Station Wagon	5,579	6/76	To be sold

SUMMARY OF ESTIMATED COST - Details on GOF-3027	ESTIMATE NO.	STARTING DATE	COMPLETION DATE
		When approved	

ITEM NO.	DESCRIPTION	MATERIALS	LABOR	ENGINEERING	TOTAL
1	Chevrolet station wagon	7,180			7,180
	Illinois Sales & Use Tax	431			431
	Less Salvage	1,000			1,000
	NET CASH REQUIRED	6,611			6,611

ACCOUNTING TREATMENT

ITEM NO.		DEPR. RATE
	Dr. $7,180 P. P. & E (2A800)	20%
	Dr. $ 431 Expense as incurred	
	Cr. $5,579 P. P. & E (61800)	
	Dr. $5,579 Res. for Depr. (61800)	
	Cr. $1,000 Res. for Depr. (67800)	

ACCOUNTING TREATMENT / ECONOMICS APPROVED BY DIV. CONTROLLER (CHECK BOX(ES))
☑ ☐
DATE

POST AUDIT PERIOD
POST AUDIT DUE DATE
DISTRIBUTION

RECOMMENDATIONS AND APPROVALS (CHECK BOX)

NAME	REC.	APPR.	DATE
PROJECT SPONSOR			10/20/80
GENERAL MANAGER			
VICE-PRESIDENT			

CYANAMID

Description and Reasons Required

Funds of ---$7611 are requested for the purchase of a 1980 Chevrolet Malibu station wagon to be utilized for all the Chicago Plant's transportation requirements.

Present Situation

The only company vehicle at this location, a 1976 Chevrolet Malibu station wagon has been driven 81,000 miles and is in need of extensive maintenance and new tires.

Justification

The vehicle to be replaced, the only one at the Chicago Plant, is used for all transportation needs which include:

A. All medical requirements for the 30 plant employees at the Falk Clinic located eight miles from the plant.

B. Pick up of maintenance materials from supply houses 3 to 7 times a week. One way distances range from four to twenty miles.

C. Banking and postal requirements.

D. Company authorized business meetings.

E. Pick-up and transports of plant visitors to and from the airport and/or motels.

Use of personal vehicles at a mileage allowance of 17¢/mile would cost $2000/year and be inconvenient to the employees involved.

Mr. C.P. Woehrle, corporate transportation, has developed the data for purchase or lease from Z Frank Chevrolet of Chicago.

Details of Proposal

Purchase one Chevrolet Malibu station wagon equipped with:

Automatic transmission
Power steering
Power brakes
Tinted windows
AM Radio
Air conditioning
Radial tires
Side view mirrors

Present company station wagon will be sold separately. $1,000.

Alternatives Considered

A. Continued use of the existing vehicle - the car in service is no longer reliable and the plant must have transportation available at all times. Maintenance cost will be high.

B. Lease rather than purchase - economics favor purchase.

Risks

No operating risks are involved.

Concise Summary

This is a replacement of a physically exhausted company station wagon.

Commercial Factors

This order supports a plant budget for lead stabilizers as follows:

	Sales		Marginal Income		POS	
(K$/Lbs.)	Lbs.	$	$	%	$	%
Actual all stabilizers 1979	8,276	5,594	2,241	37.7	1,553	26.2
Budget all stabilizers 1980	7,850	6,968	2,939	42.2	2,277	32.7
Actual first three-quarter all stabilizers	5,142	3,972	1,281	32.0	1,183	30.0

ECONOMIC JUSTIFICATION
PURCHASE VERSUS LEASE
AUTOMOBILE

Purchase	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Sales Tax	431					
Annual Cost - Tax Basis Depreciation (Auto)		1,436	2,298	1,508	1,077	646
Maintenance		700	760	820	890	960
Total Cost Before Taxes	(431)	(2,136)	(3,058)	(2,328)	(1,967)	(1,821)
Less Tax 50%	216	1,068	1,529	1,164	984	910
Investment Tax Credit	479					
Net After Tax	264	(1,068)	(1,529)	(1,164)	(983)	(911)
Purchase Cost	(7,180)					
Salvage Value						1,300
Tax on (Over/Under New Capital Cost)						(543)
Less Depreciation		1,436	2,298	1,508	1,077	646
Net Cash Flow	(6,916)	368	769	344	94	492
Lease						
Rental		2,859	2,608	2,358	2,160	360
Maintenance		700	760	820	890	960
Total Cost Before Tax		(3,559)	(3,368)	(3,178)	(3,050)	(1,320)
Less Tax 50%		1,780	1,684	1,589	1,525	660
Investment Tax Credit	479					
Net After Taxes	479	(1,779)	(1,684)	(1,589)	(1,525)	(660)
Purchase Cost						(1)
Salvage Value less Tax						650
Net Cash Flow	479	(1,779)	(1,684)	(1,589)	(1,525)	(11)
Differential Cash Flow	(7,395)	2,147	2,453	1,933	1,619	503

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ECONOMIC JUSTIFICATION
PURCHASE VERSUS LEASE
AUTOMOBILE

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Purchase						
Sales Tax	431					
Annual Cost - Tax Basis						
Depreciation (Auto)		1436	2298	1508	1077	646
Maintenance		700	760	820	890	960
Total Cost Before Taxes	(431)	(2136)	(3058)	(2328)	(1967)	(1821)
Less Tax 50%	216	1068	1529	1164	984	910
Investment Tax Credit	479					
Net After Tax	264	(1068)	(1529)	(1164)	(983)	(911)
Purchase Cost	(7180)					
Salvage Value						1300
Tax on (Over)/Under						
New Capital Cost						(543)
Less Depreciation		1436	2298	1508	1077	646
Net Cash Flow	(6916)	368	769	344	94	492
Lease						
Rental		2859	2608	2358	2160	360
Maintenance		700	760	820	890	960
Total Cost Before Tax		(3559)	(3368)	(3178)	(3050)	(1320)
Less Tax 50%		1780	1684	1589	1525	660
Investment Tax Credit	479					
Net After Taxes	479	(1779)	(1684)	(1589)	(1525)	(660)
Purchase Cost						(1)
Salvage Value less Tax						650
Net Cash Flow	479	(1779)	(1684)	(1589)	(1505)	(11)
Differential Cash Flow	(7395)	2147	2453	1933	1619	503

Rental Data

$238.22 / month - 1st year

217.34 / month - 2nd year

196.46 / month 3rd year

180.00

180.00

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1402

2854

2% mo.

6%