

Project Cost Analysis for Improvement or Equipment

Figure out the Annual Depreciation Cost of the Improvement or Equipment

total cost of equipment ÷ how many years it will last = Annual Depreciation Cost

Line

Total cost of equipment	\$ _____	A
Expected Economic Life <i>(how long it will last)</i>	____ years	B
Annual Depreciation Cost		
total cost of equipment ÷ how many years it will last Line A ÷ B = C	\$ _____/per year	C

Annual Budget for Improvement or Equipment	Increase (decrease)	
		Line
Additional Revenue <i>(how much more crop production in \$\$)</i>	\$ _____	1
Multiply by Gross Margin <i>(same as on the One Page Plan)</i>	%	2
Additional Gross Margin <i>(Line 1 X Line 2)</i>	\$ _____	3
Annual Depreciation Cost <i>(subtract Line C, cost per year)</i>	\$ _____ ()	4
Interest Expense <i>(subtract cost of borrowing money for project)</i>	\$ _____ ()	5
Operating Costs:		
<i>(subtract all other operating costs)</i> Utilities	\$ _____ ()	6
Labor	\$ _____ ()	7
Other costs	\$ _____ ()	8
	\$ _____ ()	9
	\$ _____ ()	10
Net Income <i>(subtract lines 4-10 from Line 3)</i>	\$ _____	11
Calculate Return On Investment		
Net income ÷ cost of equipment X 100 = % return on investment Line 11 ÷ Line A X 100 = ROI%		12 %