

## LEASE VERSUS PURCHASE ANALYSIS – EQUIPMENT

Based upon the GSOP-176 (4/76)

For Instructions see SAM section 3700 et. seq.

Department:

Organization Unit:

Date:

Description of Equipment:

Program Useful Life:

\_\_\_\_ Years or \_\_\_\_ Months Rate of Return

Prepared by:

Telephone Number:

### COMPUTATION OF DISCOUNTED CASH FLOW

1. Purchase Price (Indicate Deducted Rental Credits if any - \$ _____)		\$	
2. Add the Following Purchase Costs:			
(Present value of annuity of \$1 for per 100 of useful life.)			
A. Maintenance Per <input type="checkbox"/> Month <input type="checkbox"/> Year <input type="checkbox"/> (Other) = \$ _____ X _____	\$		
B. Sales Tax	\$		
C. Other	\$		
<b>Subtotal: (Line 2A + Line 2B + Line 2c)</b>		\$	
3. Total Purchase Costs			
4. Less the following, if mechanical life is longer than program level:	\$		
A. Estimated Salvage Value			
B. Present Value of \$1 for _____ periods			
C. Present Value of Salvage Value (Line 4A X Line 4B)		\$	
5. Net Purchase Costs (Line 3 – Line 4)			\$
6. LEASE Payment per <input type="checkbox"/> Month <input type="checkbox"/> Year <input type="checkbox"/> (Other)		\$	
7. Add the following Lease Costs for the Same Period as Line 6 Above:	\$		
A Maintenance contract (if not included in lease payment)			
B. Sales Tax			
C. Other			
<b>Subtotal: (Line 7A + Line 7B + Line 7C)</b>			
8. Total Lease Payment		\$	
9 Present Value of annuity of \$1 for _____ periods (useful life)			
10 Present Value of the Lease (Line 8 X Line 9)			
11. Difference between purchase costs and lease costs (Line 10 – Line 5 or Line 5 – Line 10)			\$
Line 11 Indicated the potential Life Period Savings if <input type="checkbox"/> Purchased <input type="checkbox"/> Leased			

### COMPUTATION OF AMORTIZED COSTS

12. Annuity Whose Present Value is \$1 for _____ Periods (Useful Life)			
13. Amortized Cost of Purchase (Line 5 X Line 12) per Period		\$	
14. Difference in Periodic payment (Line 8 – Line 13 or Line 13-Line 8)			
Line 14 indicates the Potential Periodic Payment Savings if <input type="checkbox"/> Purchased <input type="checkbox"/> Leased			

### COMPUTATION OF BREAK-EVEN POINT

15. Net Purchase Costs Less Maintenance (Line 5 – Line 2A)	\$		
16. Total Lease Payment (Line 8) Less Maintenance (\$ _____) if Included in Payment	\$		
17. Factor for the Present Value of Annuity of \$1 per Period (Line 15 Divided by Line 16)			
18. Break-Even Point = <input type="checkbox"/> Month. <input type="checkbox"/> Year <input type="checkbox"/> (Other) at which Line 17 appears in the present value of annuity of \$1 (i.e. Lease costs = purchase costs)			
19. <b>MOST ECONOMICAL METHOD OF ACQUISITION = <input type="checkbox"/> PURCHASE <input type="checkbox"/> LEASE</b>			