

SAM – LEASE/PURCHASE EQUIPMENT

LEASE VERSUS PURCHASE ANALYSIS – EQUIPMENT	
(SAMPLE)	
Based upon the GSOP-176 (4/76)	For Instructions see SAM section 3700 et. seq.

Department General Services	Organization Unit Office of Procurement	Date October 10, 1990
Description of Equipment One (Identify type – brand and model) Machine		
Program Useful Life: 8 Years OR 96 Months	Rate of Return 9.479%	Prepared by Louise Watts
		Telephone Number 2-4668 ATTS 492-4668
COMPUTATION OF DISCOUNTED CASH FLOW		
1. Purchase Price (Indicate Deducted Rental Credits if any - \$)		\$8,000.00
2. Add the Following Purchase Costs:		
	(Present value of annuity of \$1 for per 100 of useful life.)	
A. Maintenance Per <input checked="" type="checkbox"/> Month <input type="checkbox"/> Year <input type="checkbox"/> (Other) = \$ 50.00 X 68.04	\$3,402.00	
B. Sales Tax	\$480.00	
C. Other	0	
Subtotal: (Line 2A + Line 2B + Line 2c)		\$3,882.00
3. Total Purchase Costs		\$11,882.00
4. Less the following, if mechanical life is longer than program level:		
A. Estimated Salvage Value	\$0	
B. Present Value of \$1 for _____ periods	\$0	
C. Present Value of Salvage Value (Line 4A X Line 4B)	\$0	
5. Net Purchase Costs (Line 3 – Line 4)		\$11,882.00
6. LEASE Payment per <input checked="" type="checkbox"/> Month <input type="checkbox"/> Year <input type="checkbox"/> (Other)		\$350.00
7. Add the following Lease Costs for the Same Period as Line 6 Above:	Included	
A. Maintenance contract (if not included in lease payment)		
B. Sales Tax	\$21.00	
C. Other	\$0	
Subtotal: (Line 7A + Line 7B + Line 7C)		\$21.00
8. Total Lease Payment		\$371.00
9. Present Value of annuity of \$1 for 96 periods (useful life)	68.04	
10. Present Value of the Lease (Line 8 X Line 9) (rounding to whole dollar)		\$25,243.00
11. Difference between purchase costs and lease costs (Line 10 – Line 5 or Line 5 – Line 10)		\$13,361.00
Line 11 Indicated the potential Life Period Savings if <input checked="" type="checkbox"/> Purchased <input type="checkbox"/> Leased		
COMPUTATION OF AMORTIZED COSTS		
12. Annuity Whose Present value is \$1 for 96 Periods (Useful Life)	0.147	
13. Amortized Cost of Purchase (Line 5 X Line 12) per Period		\$175.00
14. Difference in Periodic payment (Line 8 – Line 13 or Line 13-Line 8)		\$196.00
Line 14 indicates the Potential Periodic Payment Savings if <input checked="" type="checkbox"/> Purchased <input type="checkbox"/> Leased		
COMPUTATION OF BREAK-EVEN POINT		
15. Net Purchase Costs Less Maintenance (Line 5 – Line 2A)	\$8,480.00	
16. Total lease Payment (Line 8) less maintenance (\$50.00) if included in Payment	\$321.00	
17. Factor for the Present Value of Annuity of \$1 per Period (Line 15 Divided by Line 16)		26.42
18. Break-Even Point = <input checked="" 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)		30
19. MOST ECONMONICAL METHOD OF ACQUISITION = <input checked="" type="checkbox"/> PURCHASE <input type="checkbox"/> LEASE		