

Annual Cost Worksheet – TMR Wagon Example

Purchase Price	\$30,000		
MARR	6%		
Useful Life	7 years	(DDB salvage)	
Repairs	5%		
Taxes/Insurance	1.5%		

Calculate Salvage Value

Rate of Decline		28.6%			
Rate of Retention		71.4%			
No. of Years		7			
Factor for _____ years		0.0949			
Salvage Value	\$30,000	x	0.0949	=	\$2,847

Annual Values

	Amount		Factor		AV
Price (-)	\$30,000	x	0.1791	=	\$5,373
Salvage (+)	\$2,847	x	0.1191	=	\$339
Repairs (-)	\$1,500	x	1	=	\$1,500
Taxes/Ins (-)	\$450	x	1	=	\$450
Total Annual Cost				=	\$7,662

Pay Off

Number of Cows	200				
Milk Price (\$/lb)	0.12				
Find \$/cow/yr	\$7,662	/	100	=	\$38.31
Find lbs/cow/year	\$38.31	/	0.12	=	319