INVESTMENT ANALYSIS AND VALUING NEW EQUIPMENT USING RETURN ON INVESTMENT (ROI) APPROACH AT PT.PANARUB

by

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STATEMENT BY THE AUTHOR

I hereby declare that this submission is my own work and to the best of my knowledge, it contains neither material previously published or written by another person, nor material which to a substantial extent has been accepted for the award of any other degree or diploma at any educational institution, except where due acknowledgement is made in the thesis.

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ABSTRACT

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This research based on the study case in PT. Panarub Industry, especially in Assembly Line Project Automation (ALPA) is addressed how to give investment appraisal to valuing new equipment. The subject of interest this thesis is deciding exactly how to allocate a limited amount of capital resources among competing investment alternatives in order to provide the greatest economic benefit to PT. Panarub Industry. Many decision models and methods for evaluation and comparison of alternatives have been described in the various business, economic, accounting, and engineering journals. The purpose of this thesis is to help the company in making decision regarding the investment appraisal. In this research investment appraisal is solved using decision support system that based on engineering economy. The use of Payback Period, Internal Rate of Return, Net Cash Flow, and Break Even point are described in detail in regard of the second part of the objective. The development of decision support system tool to calculate investments appraisal are described and made using Microsoft Excel and Microsoft Visual Basic. Finally, the result is compare to find which of those alternatives can be considered the best alternative.

Keyword: Investment appraisal, Net Present Value, Internal Rate of Return, Payback period, Microsoft Visual Basic, Microsoft excel, Seat of the pants method.

DEDICATION

I dedicate this thesis for my beloved parents; Howdiarso and Hedy.

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