expenses generated by these two machines are presented in the following table:

	Expenses	
	Existing machine	New machine (est.)
Items produced and sold	10,000	10,000
Unit price (VNĐ1,000)	60	60
Cost of one item produced (VNĐ1,000)	20	20
Wage and salary for one item (VNĐ1,000)	15	10
Variable expenses per item (VNĐ1,000)	5	5
Annual overhead expenses (VNĐ1,000)	100,000	100,000
Amortization (VNĐ1,000)		10,000

The new machine will reduce expenses on wage and salary by VNĐ5,000 per item produced, but increase the annual amortization by VNĐ10,000,000 . All remaining expenses of two plans are the same regardless of the volume produced and consumed.

We take the said four steps to analyze the appropriate information:

- Step 1: Gathering needed information (the above table has supplied all).

- *Step 2* : Putting aside capital expenditure: there's no capital expenditure in this illustration.

- *Step 3*: Putting aside identical incomes and expenses of the two plans which are: unit price (VNĐ60,000), cost of one item produced (VNĐ20,000), variable expenses (VNĐ5,000), overhead expenses (VNĐ100,000,000), and expenses on wage and salary (VNĐ10,000).

- *Step 4*: The remaining information consists of a saving of expenses on wage and salary (VNĐ5,000) and amortization of new machine (VNĐ10,000,000 per year).

The above mentioned information is appropriate to decision - making process. We can easily see that:

+ The saving of expenses on wage and salary by using new machine is 10,000 items x VNĐ5,000 = VNĐ50,000,000 .

+ Annual amortization of new machine is VNĐ10,000,000

Thus, the saving achieved is VNĐ40,000,000 .

In addition to this method of analyzing expenses in order to make decision, we can prepare financial statements for each plan and compare them. The result will be the same. However, the method of analyzing expenses can save us a lot of time because we need not work out identical expenses which exist in all plans■

HOTEL - RESTAURANT THE MOST ATTRACTIVE INDUSTRY TO FOREIGN INVESTMENT

by MINH TÂM

Up to October 1995, of 441 valid foreign investment projects in HCMC, 52 are in hotel industry with total investment of US$ 1,959.5 million representing one fifth of total investment of the said 441 projects (US$5,993.3 million). The second most attractive is manufacturing industry (US$,303.3 million). Of the total industrial output of HCMC of VNĐ7,421.1 billion in the first 10 months of 1995, the manufacturing industry contributed VNĐ1,037.9 billion.

Of these projects, few invested in education, health care, and water and power supply. Up to now, besides housing industry, there were 33 over-100-million dollar projects investing mainly in real estate and consultant service businesses.

Hong Kong is the leading investor in terms of number of projects (71). The next is Taiwan (68), and then, Singapore (59). Taiwan put the biggest investment in HCMC: US$1,694 million and was the biggest buyer of goods produced in HCMC. Up to October 1995, Taiwan has bought US$144.6 million worth of goods produced in HCMC and consumed 16.8% of garment exported by HCMC - based companies.

Foreign investment in the first 10 months of 1995

	Number	Total capital (US$ million)	%
Total number of projects	93	1,897	100
* Forms of foreign investment			
Joint venture	58	1,725	90.9
Business Co-operation Contract	6	26	1.4
100% foreign-owned enterprise	29	146	7.7
* Industry			
Manufacturing	44	268	14.12
Real estate and Consultant service	29	919	48.44
Finance and Credit services	5	70	3.69
Hotel and restaurant	2	531	27.9
Transportation and warehouse	4	10.5	0.5