

## HW - Chapter 7 - Capital Budgeting- Q10

### Statement Showing the Evaluation of Two Machines

	Machine 'X'	Machine 'Y'
Capital Cost	(15,00,000)	(10,00,000)
Running Cost	(10,12,400)	(10,55,400)
	(4,00,000 x 2.531)	(600,000 x 1.759)
PV of outflows	(25,12,400)	(20,55,400)
÷ Cumulative Discounting Factor	2.531	1.759
Annualised Outflows	9,92,561	11,68,505

**Recommendation:** Ae Bee Cee Ltd. should buy Machine 'X' since equivalent annual cash outflow is less than that of Machine 'Y'.