

QUANTITATIVE SECTION II (Question 6 out of 7)

6. A production company wants to increase capacity by adding a new machine. The firm is considering proposals from two vendors, Vendor ABC and Vendor XYZ. The variable cost for machine offered by Vendor ABC is \$150 per unit, and for XYZ, \$180 per unit. Similarly, the fixed costs for machine by Vendor ABC is \$900,000, and for XYZ is \$750,000. The revenue generated by the units processed on these machines is \$210 per unit. Which machine should be purchased if the estimated output is 50,000 units?

(5 marks)