|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Simms Manufacturing is considering two alternative investment proposals with the following data:

|  |  |  |
| --- | --- | --- |
|   | Proposal X | Proposal Y |
| Investment | $620,000 | $400,000 |
| Useful life | 8 years | 8 years |
| Estimated annual netcash inflows for 8 years | $130,000 | $80,000 |
| Residual value | $60,000 | $0 |
| Depreciation method | Straight-line | Straight-line |
| Required rate of return | 14% | 10% |

 How long is the payback period for Proposal X?Answer  |
| Question 4 answers

|  |  |  |
| --- | --- | --- |
|  | a. | 4.50 years  |
|  | b. | 4.77 years  |
|  | c. | 8 years |
|  | d. | 10.33 years |

 |