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Problem # 1

XYZ Company is looking to invest in some new machinery to replace its current malfunctioning one. The new machine, which costs $420,000, would increase annual [revenue](https://corporatefinanceinstitute.com/resources/knowledge/accounting/sales-revenue/) by $200,000 and annual expenses by $50,000. The machine is estimated to have a useful life of 12 years and zero salvage value.

Problem # 2

XYZ Company is considering investing in a project that requires an initial investment of $100,000 for some machinery. There will be net inflows of $20,000 for the first two years, $10,000 in years three and four, and $30,000 in year five. Finally, the machine has a salvage value of $25,000.