

SOLUTION 1.2

FIRST ALTERNATIVE: Relevant costs = $2 \times 15,000 = €30,000$

SECOND ALTERNATIVE: Relevant costs = $8,000 + 16,000 = €24,000$ (the wages paid to the two existing employees are not relevant costs, because they will be paid no matter the alternative which is chosen).

$24,000 < 30,000$ » the second alternative is the best.

