

IF YOU THINK THE BEST, YOU WILL NOT BE FAR WRONG
(INVESTMENT SELECTION CRITERIA - IRR)

MASCAFÉ13 is having a great success with their coffee pods, so they are thinking about building a new plant to grind and pack coffee. Investment data are:

Initial outlay	30.000€
CF1	21.187,50€
CF2	13.062,50€
CF 3	30.562,50€
Market interest rate	6%

Calculate IRR:

1º) Calculate IRR (fill in the formula and calculate)

$$IRR = \frac{\sum Cf_s}{Cf_0} \left(\frac{1}{\sum Cf_s \times t_s} \right) - 1$$

$$a = \frac{\sum Cf_s}{Cf_0} = \frac{\text{_____} + \text{_____} + \text{_____}}{\text{_____}} = \text{_____}$$

$$b = \left(\frac{1}{\sum Cf_s \times t_s} \right) = \frac{1}{\text{_____} \times \text{_____} + \text{_____} \times \text{_____} + \text{_____} \times \text{_____}}$$

$$b = \text{_____}$$

$$IRR = a^b - 1 = \text{_____} - 1$$

$$IRR = \text{_____}$$