

**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)**

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

$$a = \frac{\sum Cf_s}{Cf_0} = \frac{\quad + \quad + \quad}{\quad} = \quad$$

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

$$b = \quad$$

$$IRR = a^b - 1 = \quad - 1$$

$$IRR = \quad$$