Decision Based on IRR - Python Exercise

# Question:

Based on the internal rate of return (IRR) of Project 1 and Project 2, choose which project meets the 10% required rate of return.

# Question Explanation (20 words):

We compare both IRRs with the 10% required rate of return and select the project with the higher qualifying IRR.

# Answer (Code):

# Given IRRs from previous calculations  
irr\_project1 = 28.92  
irr\_project2 = 28.78  
  
# Decision based on required rate of return  
required\_rate = 10  
if irr\_project1 > required\_rate and irr\_project1 > irr\_project2:  
 decision = "Project 1"  
elif irr\_project2 > required\_rate and irr\_project2 > irr\_project1:  
 decision = "Project 2"  
else:  
 decision = "Neither project has a sufficient IRR"  
print("Chosen Project:", decision)

# Answer Explanation (20 words):

Project 1 is chosen because its IRR of 28.92% is above 10% and slightly higher than Project 2's 28.78% IRR.

