

CHE374 - Quiz #6 (Saturday 19th October 2024)

Six mutually exclusive projects A, B, C, D, E, and F, are being considered. The projects have been ordered by first costs. The IRR Comparison tables are presented below (for example, the 11.6% of row 3, column 3 represents the IRR resulting from the cash-flows of taking project B cash-flows and subtracting project A cash-flows (i.e. B-A)).

Which project should be chosen using a MARR of 11% in the following table:

MARR = 11%

Project	Null	A	B	C	D	E
A		13.7%				
B	13.3%	11.6%				
C	9.7%	0.0%	-13.9%			
D	10.4%	5.4%	2.1%	15.2%		
E	11.9%	9.8%	9.2%	18.7%	22.1%	
F	12.2%	10.9%	10.7%	17.6%	18.7%	15.2%

☐ A

☒ B

☐ C

☐ D

☐ E

☐ F

Therefore Project B is the Best

Which project should be chosen using a MARR of 8% in the following table:

MARR = 8%

Project	Null	A	B	C	D	E
A		9.4%				
B	11.3%	28.6%				
C	10.4%	15.2%	0.0%			
D	10.8%	15.2%	7.9%	15.2%		
E	11.1%	15.2%	10.4%	15.2%	15.2%	
F	10.4%	12.4%	7.9%	10.4%	7.9%	0.0%

☐ A

☐ B

☐ C

☐ D

☒ E

☐ F

Therefore project E is the Best