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This article presents a technique for determining project acceptability and for rank ordering two mutually exclusive projects when multiple internal rates of return are present. This method is consistent with the net present value approach. In focusing on the even or odd parity of the number of real internal rates of return that are greater than the cost of capital, this method is shown to have generality and simplicity. This article also compares the proposed technique with the relevant internal rate of return approach defined in the recent literature.

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Source: Financial Review

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Source: The Engineering Economist

Complete Method for Separation of Internal Rates of Return

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