

**HP – 10B HELP SHEET – Uneven Cash Flows: NPV & IRR**  
**TERRY COLLEGE OF BUSINESS- REAL ESTATE PROGRAM**

Please report any errors in these examples to [hmunneke@cba.uga.edu](mailto:hmunneke@cba.uga.edu)

**UNEVEN CASH FLOWS**

Suppose you are considering the purchase of some rental property that will produce the following cash flows:

If annual cash flows must set period per year to 1

Year	Cash Flow
1	\$6,500
2	6,500
3	8,500
4	8,500
5	12,000

If your required rate of return is 12 percent, how should you be willing to pay for the property?

$$m = 1 \quad i = 12 \quad PV = ?$$

Procedure	Keystrokes	Display
Clear cash flow memory	[SHIFT][CLEAR ALL]	
Set the payment per year (if necessary)	1 [SHIFT][P/YR]	1.00
Enter initial cash flow	0 [CFj]	CF0 ( <i>flashes</i> ) 0.00
Enter cash flow for first year	6500 [CFj]	CF1 ( <i>flashes</i> ) 6500
Enter cash flow for second year	6500 [CFj]	CF2 ( <i>flashes</i> ) 6500
Enter cash flow for third year	8500 [CFj]	CF3 ( <i>flashes</i> ) 8500
Enter cash flow for fourth year	8500 [CFj]	CF4 ( <i>flashes</i> ) 8500
Enter cash flow for fifth year	12000 [CFj]	CF5 ( <i>flashes</i> ) 12000
Enter annual interest rate	12 [I/YR]	12.00
Compute present value	[SHIFT] [NPV]	29,246.48967

### UNEVEN CASH FLOWS (*alternative method*)

Suppose you are considering the purchase of some rental property that will produce the following cash flows:

Year	Cash Flow
1	\$6,500
2	6,500
3	8,500
4	8,500
5	12,000

If your required rate of return is 12 percent, how should you be willing to pay for the property?

$$m = 1 \quad i = 12 \quad PV = ?$$

Procedure	Keystrokes	Display
Clear cash flow memory	[SHIFT][CLEAR ALL]	
Set the payment per year (if necessary)	1 [SHIFT][P/YR]	1.00
Enter initial cash flow	0 [CFj]	CF0 ( <i>flashes</i> ) 0.00
Enter cash flow for first & second year	6500 [CFj] 2 [SHIFT] [Nj]	CF1 ( <i>flashes</i> ) N1 ( <i>flashes</i> ) 2.00
Enter cash flow for third & fourth year	8500 [CFj] 2 [SHIFT] [Nj]	CF2 ( <i>flashes</i> ) N2 ( <i>flashes</i> ) 2.00
Enter cash flow for fifth year	12000 [CFj]	CF3 ( <i>flashes</i> ) 12000
Enter annual interest rate	12 [I/YR]	12.00
Compute present value	[SHIFT] [NPV]	29,246.48967

### VIEWING AND REPLACING CASH FLOWS

To view a cash flow list press the following:

1. [RCL] 0 to see the initial cash flow.
2. [RCL] [CFj] to see the next flow.
3. [RCL] [SHIFT] [Nj] to see the number of times the cash flow occurs.

Repeat steps 2 and 3 until all cash flows are reviewed.

You can also view cash flows individually by pressing [RCL], followed by a register number. Register numbers coincide with cash flow numbers. For example, press [RCL] 4 to see cash flow 4, then [RCL] [Nj] to see the number of consecutive occurrences.

To replace a cash flow, enter the new cash flow and press [SHIFT] [STO] followed by the cash flow (register) number.

To replace the number of times a particular cash flow occurs, [RCL] the cash flow whose number of occurrences will change. Then, enter the number of times it occurs and press [SHIFT] [Nj].

To replace both the cash flow and number of times it occurs, enter the new cash flow, press [SHIFT] [STO] followed by the cash flow (register) number. Then enter the number of times it occurs and press [SHIFT] [Nj].

Since cash flows cannot be deleted or inserted, use [SHIFT] [CLEAR ALL] to start over.