

TI – BA II PLUS 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

UNEVEN CASH FLOWS

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	
Select cash flow worksheet	[CF]	CF ₀	Old contents
Clear cash flow memory	[2 nd][CLR WORK]	CF ₀	0.00
Enter initial cash flow	0 [ENTER]	CF ₀	0.00
Enter cash flow for first year	[↓] 6500 [ENTER] [↓]	C01= F01=	6500 1.00
Enter cash flow for second year	[↓] 6500 [ENTER] [↓]	C02= F02=	6500 1.00
Enter cash flow for third year	[↓] 8500 [ENTER] [↓]	C03= F03=	8500 1.00
Enter cash flow for fourth year	[↓] 8500 [ENTER] [↓]	C04= F04=	8500 1.00
Enter cash flow for fifth year	[↓] 12000 [ENTER] [↓]	C05= F05=	12000 1.00
Access NPV portion of cash flow worksheet	[NPV]	I =	0.00
Enter interest rate per period	12 [ENTER]	I =	12.00
Compute net present value	[↓] [CPT]	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	
Select cash flow area	[CF]	CF ₀	Old contents
Clear cash flow memory	[2 nd][CLR WORK]	CF ₀	0.00
Enter initial cash flow	0 [ENTER]	CF ₀	0.00
Enter cash flow for first & second year	[↓] 6500 [ENTER] [↓] 2 [ENTER]	C01= F01=	6500 2.00
Enter cash flow for third & fourth year	[↓] 8500 [ENTER] [↓] 2 [ENTER]	C02= F02=	8500 2.00
Enter cash flow for fifth year	[↓] 12000 [ENTER] [↓]	C03= F03=	12000 1.00
Access NPV portion of cash flow worksheet	[NPV]	I =	0.00
Enter interest rate per period	12 [ENTER]	I =	12.00
Compute net present value	[↓] [CPT]	NPV =	29,246.48967

TO EDIT THE CASH FLOWS AFTER THEY HAVE BEEN ENTERED

TO EDIT A CASH FLOW

Simply type over the cash flow and press [ENTER]

DELETING A CASH FLOW

1. Press [↓] or [↑] until the cash flow you want to delete is displayed.
2. Press [2nd] [DEL]

The cash flow you specified (and its frequency) is deleted. The calculator decreases the I.D. number of the subsequent cash flows so that there is no gap.

INSERTING A CASH FLOW

1. Press [↓] or [↑] until the display shows the current cash flow where you want to insert the new cash flow.
2. Press [2nd] [INS].
3. Key in the value of the new cash flow and press [ENTER].

The new cash flow is entered “before” the current cash flow. The calculator increases the numbers of the current and subsequent cash flows (e.g., C02 becomes C03).

4. If necessary, press [↓]. Then key in a value for the frequency and press [ENTER].