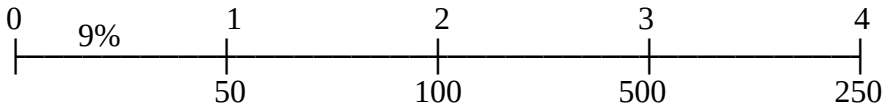
Texas Instruments BAII PLUS

USING THE CASH FLOW REGISTER:

Consider the following cash flow pattern:

Year	CF
1	50
2	100
3	500
4	250

If your opportunity cost rate is 9 percent, the cash flow time line for this project is:



This represents an uneven cash flow stream. To solve for the present value of this cash flow pattern, follow these steps:

Press CF	This opens the cash flow register.
Press 2ND CLR WORK	This clears any numbers that might be in the CF register from previous work. CFo = 0 should be displayed. For this problem, the cash flow in Period 0 is 0, so CFo = 0 is appropriate.
Press ↓; Enter 50 and press ENTER	C01 = 50 should be displayed
Press ↓;	F01 = 1 should be displayed; this indicates the frequency, or number of times, the C01 value occurs in in consecutive years. Because 50 is received in Year 1 but not in Year 2, F01 = 1. If 50 is receive in Year 1 and Year 2, you could change F01 to 2.
Press ↓; Enter 100 and press ENTER	C02 = 100 should be displayed
Press ↓;	F02 = 1 should be displayed; the interpretation of this number is the same as for F01.
Press ↓; Enter 500 and press ENTER	C03 = 500 should be displayed
Press ↓;	F03 = 1 should be displayed; the

		interpretation of this number is the same as for F01.
Press ↓ ; Enter 250 and press ENTER	C04 =	250 should be displayed
Press NPV ;	I =	0 should be displayed; this indicates that you must enter the interest rate, which is the required rate of return before the NPV can be computed.
Enter 9 and press ENTER	I =	9 should be displayed
Press ↓ ;	NPV =	0 should be displayed; the NPV has not been computed yet.
Press CPT ;	NPV =	693.237018 should be displayed. This is the PV of the cash flows given in the time line.