

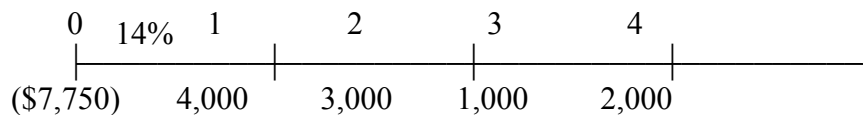
Sharp Business/Financial Calculator EL-733A

COMPUTING NPV AND IRR:

Consider a project with the following characteristics:

<u>Year</u>	<u>CF</u>
0	(\$7,750)
1	4,000
2	3,000
3	1,000
4	2,000

If the firm's required rate of return is 14 percent, the cash flow time line for this project is:



To solve for the net present value (NPV) using follow these steps:

Press **2nd F** **CA** This clears all the registers.

Enter 7,750, press **+/-** and press **CFi**

Enter 4,000 and press **CFi**

Enter 3,000 and press **CFi**

Enter 1,000 and press **CFi**

Enter 2,000 and press **CFi**

Enter 14 and press **i**

Press **NPV**; NPV = -73.69

To compute the internal rate of return (IRR), press **NPV**; IRR = 13.44%

The project is not acceptable.--NPV < 0 and IRR < k = 14%