

Key Facts about the Texas Instruments BAII Plus Calculator

BUS307 – Finance

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In our class, starting in Chapter 4, we will primarily use the Time Value of Money (TVM) and Cash Flow (CF) functions of our calculator.

The TVM functions of this calculator are primarily centered around the five registers (cells) which, for simplicity, I'll call buttons on the third row of this calculator: N, I/Y, PV, PMT, FV. The Cash Flow functionality primarily uses the CF, NPV and IRR buttons on the second row of your calculator. Other keys will be used as well.

Your calculator has some built-in defaults that, in some cases, will need to be turned off or changed. It also has rules for entering data that you must learn and follow. You must be proficient in the operation of the calculator to perform the work in Chapter 4. Here are some of the most common things you need to understand:

	What I want to do?	How to do it?	Where to find in manual?
1	Have an overview of my calculator.	Read "Getting Started"	pp. 1-16
2	Change the number of decimal places	Your calculator, by default, shows 2 decimal places. To specify "floating point decimal" (shows only what is required for your entry/result), Press "2 nd " key [Format] "9" key then "Enter" key "2 nd " [CPT] to quit setup	Ch 1, p. 20
3	Clear the calculator of previously stored values.	Many methods exist depending on what you want to clear	Ch 1, pp. 8-9
4	Have an overview of TVM worksheet and CF worksheet	Read Chapter 2	Ch 2, pp. 1-18
5	Set number of compounding periods (C/Y) per year and number of payment periods (P/Y) per year to 1.	Your calculator, by default, assumes 12 payments or compounding periods per year, because it assumes you will want to perform consumer finance calculations. In most of our calculations, we need $P/Y = C/Y = 1$. Press "2 nd " [P/Y] (It will display "= 12") "1" "Enter" "2 nd " [CPT] to quite setup....	Ch 3, p. 8, steps 2-3
6	Understand TVM Worksheet	Read Chapter 3 in calculator book. Try examples in the text book with your calculator as your read along.	Ch. 3
7	Understand the Cash Flow (CF) Worksheet	Read Chapter 4 in calculator book. Try examples in the text book with your calculator as your read along.	Ch. 4
8	Understand the Error Codes	Read A14-A16 in calculator book Hey, exactly what is Error 5?	

NOTE: This two-page document is not designed to teach you everything you need to know, it just covers the highlights.

SUGGESTION to help you master calculator:

See pages 91-92 in the textbook for an overview of using the calculator. Try the examples in the text book until you get the correct answer with your calculator.

EXAMPLES:

Pages 91 in text book: $N = 5$, $I/Y = 10$, $PV = -100$, $PMT = 0$, Compute FV by keying CPT FV = 161.05
Common Error: If you get 104.24, see # 5 in table on prior page

Pages 101 in text book: $I/Y = 12$, $PV = -25,000$, $PMT = 0$, $FV = 50,000$, Compute N by keying CPT N = 6.1163

If you get 69.66, see # 5 in table on prior page.

If you get "Error 5", you keyed in the PV and FV with the same sign – one must be positive and one must be negative.

Don't stop here! Continue in your book with example problems and homework.

Common Errors:

- **See page 92 of our textbook for more common errors!**
- Not making change noted in # 5 on prior page. You'll never get any of the textbook or homework problems correct, if you don't make this change.
- Not setting up the problem correctly – draw the time line unless the problem is obvious!
- Error 5: You keyed in PV and FV with the same sign – one must be positive and one must be negative
- Not entering all values with the same periodicity. Be sure that your interest rate (I/Y), number of time periods (N) and payment (PMT) are for the same time period.
- Not "clearing" the TVM registers... You just did a problem that used all five buttons. Now you are doing a problem that only requires 4 buttons, but the fifth button still contains its last value. You must either
 1. Clear just the 5th button by keying 0 (zero) as its value OR
 2. Clear all five buttons by keying "2nd" "Clear TVM"
(Use method two if you aren't going to use any of the previous 5 values, because it clears everything.)
- Not entering the values correctly in TVM functions. In the TVM functions, you key the number you want to input THEN hit the correct button (of the five TVM buttons). E.g., I want $N=5$, so I key "5" followed by "N".
NOTE: You can check to see what each of the five buttons contains by clicking the Recall key. E.g., you want to know what is in the PV register, you key "RCL" "PV" and the calculator will display the contents.
- Not entering values correctly in the CF worksheet. In the CF (Cash Flow) worksheet, it is different. If I want $CFO = 10,000$, then (assuming I'm already in the CF worksheet reading $CFO=0$), I key "10000" then "Enter". Then use the arrow keys to go to the next cash flow.
- Not keying in the interest rate properly. If I want $I=10\%$, I just key in "10" "I/Y" (not 0.10)