

<b>Classpad Help Series sponsored by Casio Education Australia</b>		<b>www.casioed.net.au</b>	
923	Loan Repayments in Financial	Author	Charlie Watson
		Date	14 March 2011
		CPM OS	03.05.0000

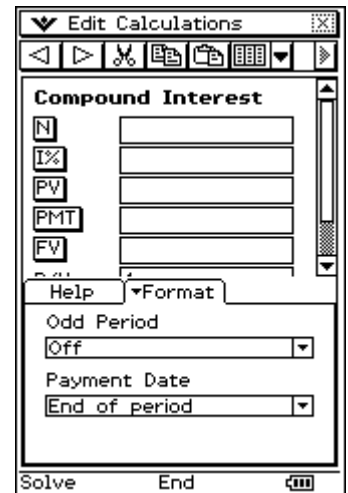
Start in the Financial application.

Tap **Edit**, **Clear All**.

Tap **Compound Interest**.

Tap the **Format** tab.

Check the settings are as shown. If not, adjust.



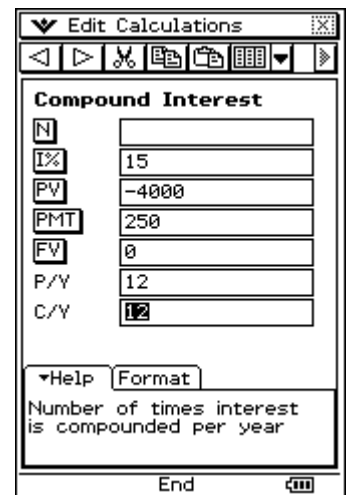
Tap the **Help** tab.

*Suppose a student wishes to purchase a car priced at \$4000. The student has no savings but due to a part-time job can afford to repay \$250 every month. A bank offers the student a loan of \$4000 at an annual interest rate of 15% compounded monthly.*

*How many complete months will it take the student to repay the loan?*

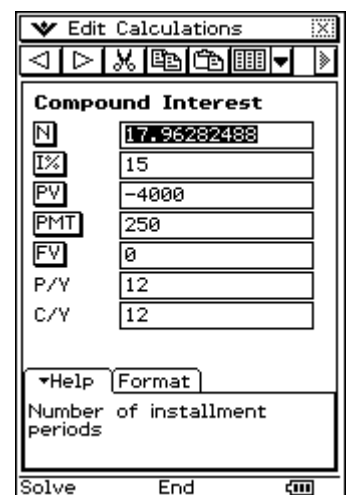
Enter the values shown at right.

As you enter each value, the Help box at the bottom of the page explains the meaning of each variable.



Tap the **N** icon.

Since the number of installment periods must, in practice, be a whole number, 17.96 is rounded up to a solution of 18 months.



*Determine how much interest will be paid in total on the loan.*

Set **N** to exactly **18** and tap the **FV** icon.

We can now see that the final payment of \$250 was \$9.24 too much, and so in practice should have been \$240.76.

The total repaid was 18 payments of \$250 less \$9.24, which comes to \$4490.76.

The total interest paid is \$490.76 - the total repaid less \$4000, the amount of the original loan.

Compound Interest	
N	18
I%	15
PV	-4000
PMT	250
FV	-9.238306197
P/Y	12
C/Y	12

▼Help Format  
Future value

Solve End

*Determine the monthly repayment to repay the loan in exactly 18 months.*

Set the **FV** back to **0** and tap on the **PMT** icon.

18 monthly payments of \$249.54 would pay off the loan.

Compound Interest	
N	18
I%	15
PV	-4000
PMT	249.5391491
FV	0
P/Y	12
C/Y	12

▼Help Format  
Amount paid each period

Solve End

*How much could be borrowed if the student could afford \$300 payments?*

Set the **PMT** to **300** and tap on the **PV** icon.

The student could afford a loan of just over \$4800.

Compound Interest	
N	18
I%	15
PV	-4808.864679
PMT	300
FV	0
P/Y	12
C/Y	12

▼Help Format

Solve End