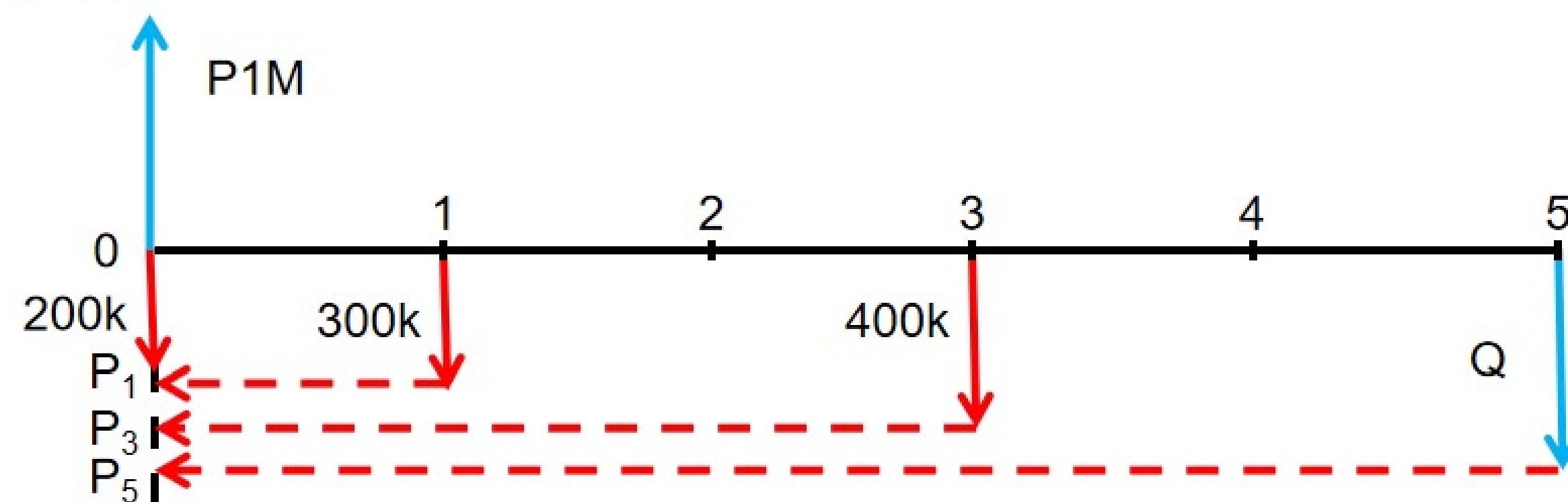# Sample Problem with Cash Flow Diagram

1. A man bought a lot worth P1,000,000 if paid in cash. On the installment basis, he paid a downpayment of P200,000; P300,000 at the end of one year; P400,000 at the end of three years and a final payment at th end of five years. What was the final payment if interest was 20%?

Given:

Req'd: Q

Sol'n: Inflow Cash = Outflow Cash

Ref. @ Period 0 $1,000,000 = 200,000 + P_1 + P_3 + P_5$

$1,000,000 = 200,000 + 300,000 (1+.20)^{-1} + 400,000(1+.20)^{-3} + Q (1+.20)^{-5}$

Ans: Q = P 792,560

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