

Present Value Calculation

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A	B	C	D	E
Date that Cash is Paid Out or is Received	Amount of Cash Paid Out	Amount of Cash Received	Present Value at Day 1 for each 1.000 received at the time in Col A if the rate is 10%	Present Value on Day 1 of the Cash Received on the dates shown (C x D)
Day 1	\$ 100,000			
1 Year after Day 1		\$ 20,000	0.909	\$ 18,180
2 Years after Day 1		23,000	0.826	18,998
3 Years after Day 1		25,000	0.751	18,775
4 Years after Day 1		25,000	0.683	17,075
5 Years after Day 1		20,000	0.621	12,420
6 Years after Day 1		20,000	0.564	11,280
7 Years after Day 1		10,000	0.513	5,130
8 Years after Day 1			0.467	
9 Years after Day 1			0.424	
10 Years after Day 1			0.386	
11 Years after Day 1			0.350	
12 Years after Day 1			0.319	
13 Years after Day 1			0.290	
14 Years after Day 1			0.263	
15 Years after Day 1			0.239	
Totals	\$ 100,000			\$ 101,858

Notes:

This form assumes there is one payment (investment) occurring on Day 1. It also assumes that the receipts occur only at the end of the year.

Column E is referred to as the discounted cash flow amount.

If the total of Column E is equal to the total of Column B, the rate of return on the amount invested is exactly 10%. If the total of Column E is more than the total of Column B, the rate of return is more than 10%. If Column E is less than Column B, the rate of return is less than 10%.

The present value factors for rates other than 10% (which are used in Column D) can be found within AccountingCoach.com's Explanation of the Present Value of a Single Amount.

For a blank form see **Form G13**.

Learn more about present value calculations at www.AccountingCoach.com.