

Present Value of £1 to be Paid in the Future

This table shows how much a future payment of £1 is worth today for different discount rates.

To use the table, find the vertical column under your discount rate (or cost of capital). Then find the horizontal row corresponding to the number of years it will take to receive the payment.

The point at which the column and the row intersect is your present value of £1. You can multiply this value by the number of pounds you expect to receive, in order to find the present value of the total amount you expect.

Example: As an example of how the table can be used to compute the net present value of a major project, consider the following:

NewCo is considering buying a new machine. After all the factors are considered (including initial costs, tax savings from depreciation, revenue from additional sales, and taxes on additional revenues) the following cash flows are expected from the machine:

Year 0:	(£10,000)
Year 1:	£ 3,000
Year 2:	£ 3,500
Year 3:	£ 3,500
Year 4:	£ 3,000

Assume that NewCo's cost of capital is 9%, using the net present value tables shows whether the proposed new machine would at least cover its financial costs:

<i>Year</i>	<i>Cash Flow</i>	<i>Table Factor</i>	<i>Present Value</i>
1	(£10,000) x	1.000000 =	(£10,000.00)
2	£ 3,000 x	0.917431 =	£2,752.29
3	£ 3,500 x	0.841680 =	£2,945.88
4	£ 3,500 x	0.772183 =	£2,702.64
5	£ 3,000 x	0.708425 =	£2,125.28

		NPV =	£ 526.09

Since the net present value of the cash flow is positive, the purchase of the new machine would be at least slightly profitable for NewCo and should be purchased.

Years	3.0%	3.5%	4.0%	4.5%	5.0%
1	£0.970874	£0.966184	£0.961538	£0.956938	£0.952381
2	£0.942596	£0.933511	£0.924556	£0.915730	£0.907029
3	£0.915142	£0.901943	£0.888996	£0.876297	£0.863838
4	£0.888487	£0.871442	£0.854804	£0.838561	£0.822702
5	£0.862609	£0.841973	£0.821927	£0.802451	£0.783526
6	£0.837484	£0.813501	£0.790315	£0.767896	£0.746215
7	£0.813092	£0.785991	£0.759918	£0.734828	£0.710681
8	£0.789409	£0.759412	£0.730690	£0.703185	£0.676839
9	£0.766417	£0.733731	£0.702587	£0.672904	£0.644609
10	£0.744094	£0.708919	£0.675564	£0.643928	£0.613913
11	£0.722421	£0.684946	£0.649581	£0.616199	£0.584679
12	£0.701380	£0.661783	£0.624597	£0.589664	£0.556837
13	£0.680951	£0.639404	£0.600574	£0.564272	£0.530321
14	£0.661118	£0.617782	£0.577475	£0.539973	£0.505068
15	£0.641862	£0.596891	£0.555265	£0.516720	£0.481017
16	£0.623167	£0.576706	£0.533908	£0.494469	£0.458112
17	£0.605016	£0.557204	£0.513373	£0.473176	£0.436297
18	£0.587395	£0.538361	£0.493628	£0.452800	£0.415521
19	£0.570286	£0.520156	£0.474642	£0.433302	£0.395734
20	£0.553676	£0.502566	£0.456387	£0.414643	£0.376889
21	£0.537549	£0.485571	£0.438834	£0.396787	£0.358942
22	£0.521893	£0.469151	£0.421955	£0.379701	£0.341850
23	£0.506692	£0.453286	£0.405726	£0.363350	£0.325571
24	£0.491934	£0.437957	£0.390121	£0.347703	£0.310068
25	£0.477606	£0.423147	£0.375117	£0.332731	£0.295303
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Years	5.5%	6.0%	6.5%	7.0%	7.5%
1	£0.947867	£0.943396	£0.938967	£0.934579	£0.930233
2	£0.898452	£0.889996	£0.881659	£0.873439	£0.865333
3	£0.851614	£0.839619	£0.827849	£0.816298	£0.804961
4	£0.807217	£0.792094	£0.777323	£0.762895	£0.748801
5	£0.765134	£0.747258	£0.729881	£0.712986	£0.696559
6	£0.725246	£0.704961	£0.685334	£0.666342	£0.647962
7	£0.687437	£0.665057	£0.643506	£0.622750	£0.602755
8	£0.651599	£0.627412	£0.604231	£0.582009	£0.560702
9	£0.617629	£0.591898	£0.567353	£0.543934	£0.521583
10	£0.585431	£0.558395	£0.532726	£0.508349	£0.485194
11	£0.554911	£0.526788	£0.500212	£0.475093	£0.451343
12	£0.525982	£0.496969	£0.469683	£0.444012	£0.419854
13	£0.498561	£0.468839	£0.441017	£0.414964	£0.390562
14	£0.472569	£0.442301	£0.414100	£0.387817	£0.363313
15	£0.447933	£0.417265	£0.388827	£0.362446	£0.337966
16	£0.424581	£0.393646	£0.365095	£0.338735	£0.314387
17	£0.402447	£0.371364	£0.342813	£0.316574	£0.292453
18	£0.381466	£0.350344	£0.321890	£0.295864	£0.272049
19	£0.361579	£0.330513	£0.302244	£0.276508	£0.253069
20	£0.342729	£0.311805	£0.283797	£0.258419	£0.235413
21	£0.324862	£0.294155	£0.266476	£0.241513	£0.218989
22	£0.307926	£0.277505	£0.250212	£0.225713	£0.203711
23	£0.291873	£0.261797	£0.234941	£0.210947	£0.189498
24	£0.276657	£0.246979	£0.220602	£0.197147	£0.176277
25	£0.262234	£0.232999	£0.207138	£0.184249	£0.163979
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Years	8.0%	8.5%	9.0%	9.5%	10.0%
1	£0.925926	£0.921659	£0.917431	£0.913242	£0.909091
2	£0.857339	£0.849455	£0.841680	£0.834011	£0.826446
3	£0.793832	£0.782908	£0.772183	£0.761654	£0.751315
4	£0.735030	£0.721574	£0.708425	£0.695574	£0.683013
5	£0.680583	£0.665045	£0.649931	£0.635228	£0.620921
6	£0.630170	£0.612945	£0.596267	£0.580117	£0.564474
7	£0.583490	£0.564926	£0.547034	£0.529787	£0.513158
8	£0.540269	£0.520669	£0.501866	£0.483824	£0.466507
9	£0.500249	£0.479880	£0.460428	£0.441848	£0.424098
10	£0.463193	£0.442285	£0.422411	£0.403514	£0.385543
11	£0.428883	£0.407636	£0.387533	£0.368506	£0.350494
12	£0.397114	£0.375702	£0.355535	£0.336535	£0.318631
13	£0.367698	£0.346269	£0.326179	£0.307338	£0.289664
14	£0.340461	£0.319142	£0.299246	£0.280674	£0.263331
15	£0.315242	£0.294140	£0.274538	£0.256323	£0.239392
16	£0.291890	£0.271097	£0.251870	£0.234085	£0.217629
17	£0.270269	£0.249859	£0.231073	£0.213777	£0.197845
18	£0.250249	£0.230285	£0.211994	£0.195230	£0.179859
19	£0.231712	£0.212244	£0.194490	£0.178292	£0.163508
20	£0.214548	£0.195616	£0.178431	£0.162824	£0.148644
21	£0.198656	£0.180292	£0.163698	£0.148697	£0.135131
22	£0.183941	£0.166167	£0.150182	£0.135797	£0.122846
23	£0.170315	£0.153150	£0.137781	£0.124015	£0.111678
24	£0.157699	£0.141152	£0.126405	£0.113256	£0.101526
25	£0.146018	£0.130094	£0.115968	£0.103430	£0.092296
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Years	10.5%	11.0%	11.5%	12.0%	12.5%
1	£0.904977	£0.900901	£0.896861	£0.892857	£0.888889
2	£0.818984	£0.811622	£0.804360	£0.797194	£0.790123
3	£0.741162	£0.731191	£0.721399	£0.711780	£0.702332
4	£0.670735	£0.658731	£0.646994	£0.635518	£0.624295
5	£0.607000	£0.593451	£0.580264	£0.567427	£0.554929
6	£0.549321	£0.534641	£0.520416	£0.506631	£0.493270
7	£0.497123	£0.481658	£0.466741	£0.452349	£0.438462
8	£0.449885	£0.433926	£0.418602	£0.403883	£0.389744
9	£0.407136	£0.390925	£0.375428	£0.360610	£0.346439
10	£0.368449	£0.352184	£0.336706	£0.321973	£0.307946
11	£0.333438	£0.317283	£0.301979	£0.287476	£0.273730
12	£0.301754	£0.285841	£0.270833	£0.256675	£0.243315
13	£0.273080	£0.257514	£0.242900	£0.229174	£0.216280
14	£0.247132	£0.231995	£0.217847	£0.204620	£0.192249
15	£0.223648	£0.209004	£0.195379	£0.182696	£0.170888
16	£0.202397	£0.188292	£0.175227	£0.163122	£0.151901
17	£0.183164	£0.169633	£0.157155	£0.145644	£0.135023
18	£0.165760	£0.152822	£0.140946	£0.130040	£0.120020
19	£0.150009	£0.137678	£0.126409	£0.116107	£0.106685
20	£0.135755	£0.124034	£0.113371	£0.103667	£0.094831
21	£0.122855	£0.111742	£0.101678	£0.092560	£0.084294
22	£0.111181	£0.100669	£0.091191	£0.082643	£0.074928
23	£0.100616	£0.090693	£0.081786	£0.073788	£0.066603
24	£0.091055	£0.081705	£0.073351	£0.065882	£0.059202
25	£0.082403	£0.073608	£0.065785	£0.058823	£0.052624
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Years	13.0%	13.5%	14.0%	14.5%	15.0%
1	£0.884956	£0.881057	£0.877193	£0.873362	£0.869565
2	£0.783147	£0.776262	£0.769468	£0.762762	£0.756144
3	£0.693050	£0.683931	£0.674972	£0.666168	£0.657516
4	£0.613319	£0.602583	£0.592080	£0.581806	£0.571753
5	£0.542760	£0.530910	£0.519369	£0.508127	£0.497177
6	£0.480319	£0.467762	£0.455587	£0.443779	£0.432328
7	£0.425061	£0.412125	£0.399637	£0.387580	£0.375937
8	£0.376160	£0.363106	£0.350559	£0.338498	£0.326902
9	£0.332885	£0.319917	£0.307508	£0.295631	£0.284262
10	£0.294588	£0.281865	£0.269744	£0.258193	£0.247185
11	£0.260698	£0.248339	£0.236617	£0.225496	£0.214943
12	£0.230706	£0.218801	£0.207559	£0.196940	£0.186907
13	£0.204165	£0.192776	£0.182069	£0.172000	£0.162528
14	£0.180677	£0.169847	£0.159710	£0.150218	£0.141329
15	£0.159891	£0.149645	£0.140096	£0.131195	£0.122894
16	£0.141496	£0.131846	£0.122892	£0.114581	£0.106865
17	£0.125218	£0.116164	£0.107800	£0.100071	£0.092926
18	£0.110812	£0.102347	£0.094561	£0.087398	£0.080805
19	£0.098064	£0.090173	£0.082948	£0.076330	£0.070265
20	£0.086782	£0.079448	£0.072762	£0.066664	£0.061100
21	£0.076798	£0.069998	£0.063826	£0.058222	£0.053131
22	£0.067963	£0.061672	£0.055988	£0.050849	£0.046201
23	£0.060144	£0.054337	£0.049112	£0.044409	£0.040174
24	£0.053225	£0.047874	£0.043081	£0.038785	£0.034934
25	£0.047102	£0.042180	£0.037790	£0.033874	£0.030378
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