



# NPV

# FORMULA

# IN EXCEL

Discount Rate		1%
Month	Amount of Undiscounted Future Cash Flows	
1	25000	
2	25000	
3	25000	
4	25000	
5	25000	
6	25000	
7	25000	
8	25000	
9	25000	
10	25000	
11	25000	
12	25000	
<b>Total</b>	<b>300000</b>	
Upfront cost		(120,000)

**Solution:**

The Analyst at the investment firm calculates NPV as follows:

NPV Calculation **\$161,377** = NPV(D24,D27:D38)+D41

Labels: Rate, Undiscounted future cash flows, Formula, Initial investment

Another way to calculate this manually, one month at a time to break down the future cash flows, is to discount each month individually as follows. The below table takes the future cash flow of the specific month