

Blank Undo		COMPANY HOLDING APPRECIATING ASSET											
Year		0	1	2	3	4	5	6	7	8	9	10	
Pre-tax													
Value net assets		1000	1100	1210	1331	1464	1611	Value of appreciating asset					
Net receipts		0	0	0	0	0	0	0	0	0	0	0	
Cash flow		-1000	0	0	0	0	1611	Realised capital gain on sale (at liquidation)					
Pre-tax return %	IRR Clr		0.0	0.0	0.0	0.0	10.0	0.0	0.0	0.0	0.0	0.0	
Post-tax													
Tax value		1000	1000	1000	1000	1000	1000	0	0	0	0	0	
Change in tax value			0	0	0	0	0	0	0	0	0	0	
Balancing adjustmt			0	0	0	0	0	0	0	0	0	0	
CGT bal adj			0	0	0	0	611	No company tax on realised capital gain					
Post-tax cash flow		-1000	0	0	0	0	1611	0	0	0	0	0	
Acc tax paid			0	0	0	0	0	0	0	0	0	0	
Post-tax return %	IRR Clr		0.0	0.0	0.0	0.0	10.0	Pre-tax return pa (annual growth in asset value)					
COMPANY SHAREHOLDERS													
Retain entity/sell (0/1)			1	1	1	1	0	Interests sold each year				0	0
Retain/distribute			0	0	0	0	1	Liquidation with all cash distributed in Year 5					0
Value (share)		1000	1100	1210	1331	1464	0	Share value reflecting year-by-year value of appreciating asset (no capitalisation effect of ultimate impact on shareholder return on liquidation)					
Tax value (share)		0	0	0	0	0	0						
Franked div (share)			0	0	0	0	0						
Unfranked div (share)			0	0	0	0	611	Untaxed capital gain realised on sale of appreciating asset					
Return of cap (share)		-1000	0	0	0	0	1000	0	0	0	0	0	
Tax paid			0	0	0	0	287	Tax at 47% on \$611 unfranked dividends					
CGT base			0	0	0	0	0	0	0	0	0	0	
CGT			0	0	0	0	0	No capital gains taxation on shares					
Post-tax cash flow		-1000	1100	1210	1331	1464	1324	0	0	0	0	0	
Post-tax return			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Return(sales)	Delete		10.00%	10.00%	10.00%	10.00%	-9.60%						
Acc overall i/tax paid			0	0	0	0	287						

10% after-tax return for shareholders selling out year by year prior to liquidation.

Over final year, shareholders buy in at \$1464 receive \$1324 on liquidation and lose out by -9.6%, ie $(\$1324 - \$1464) \times 100 / 1464\%$

COMPANY HOLDING APPRECIATING ASSET WITH NO ASSET PRICE EFFECTS