

		ENTITY											
Blank Undo		0	1	2	3	4	5	6	7	8	9	10	
Pre-tax													
Value net assets		2000	1950	1932	1945	1986	2054	Combined depreciating asset and appreciating asset					
Net receipts		0	250	213	181	154	131	0 0 0 0 0					
Change in value		0	-50	-18	13	41	68	Net asset value increase from Year 3					
Income		0	200	195	193	195	199	Economic income = Net receipts + change in asset value					
Cash flow		-2000	250	213	181	154	2185	0 0 0 0 0 0					
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		2000	1700	1490	1343	1240	1168	0 0 0 0 0					
Change in tax value			-300	-210	-147	-103	-72	30% annual depreciation allowances for asset depreciating at 15% pa					
Balancing adjustmt			0	0	0	0	276	Balancing adjustment on disposal of depreciating asset					
CGT bal adj			0	0	0	0	611	Realised gain on sale of of appreciating asset					
Post-tax cash flow		-2000	265	212	171	138	1901	Entity tax rate 30%					
Acc tax paid			-15	-14	-4	11	294	Entity's return higher than 7% because of capital gains and depreciation tax preferences in taxable income					
Post-tax return %	IRR Clr		0.0	0.0	0.0	0.0	7.4						

ENTITY OWNERS													
Retain entity/sell (0/1)			0	0	0	0	0	No interests sold		0	0	0	
Retain/distribute			1	1	1	1	1	All cash distributed each year				0	
Value (share)		2000	1950	1932	1945	1986	0	Annual tax value changes to entity interests equal economic income less actual distributions ('post-tax cash flow') and entity tax paid. In final liquidation year, there is \$199 of economic income and \$283 entity tax paid and the \$1901 distribution comprises \$661 of 'franked' dividends and \$1240 return of capital. Year 4's tax value of \$1986 plus the \$199 economic income less the \$283 of entity tax and the \$661 of 'franked' dividend in the final distribution equals \$1240, the amount of returned capital. Thus, there is no net capital loss for tax purpose on liquidation.					
Tax value (share)		2000	1950	1932	1945	1986	0						
Franked div int (share)			-35	2	24	35	661						
Unfrank div int (share)			250	192	160	144	-746						
Return of cap (share)		-2000	50	18	0	0	1240						
Tax paid	10% to 5.3% post tax over		109	91	81	76	-190	\$461 total tax revenue (ie 47% x \$982 of total economic income)					
CGT base	5 yrs as economic income		0	0	0	0	0						
CGT	taxed at 47% each year		0	0	0	0	0						
Post-tax cash flow		-2000	156	121	90	62	2091						
Post-tax return			0.0	0.0	0.0	0.0	0.0						
Return(sales) Delete							5.30%						
Acc overall i/tax paid			94	186	276	368	461						

'Franked' and 'unfranked' dividends in a year reflect the amount of taxable income and amount of economic income not in taxable income, respectively. Individual owners pay tax at 47% each year on franked (grossed up) plus unfranked dividends less franking credits regardless of actual distributions. \$661 of franked dividends (\$945 grossed up) in final year reflect realised capital gains and depreciation adjustments, \$746 of which had been taxed before as unfranked dividends.

FULL INTEGRATION ON ECONOMIC INCOME (WITH IMPUTATION): DISTRIBUTIONS EACH YEAR AND NO SALES OF INTERESTS