

Blank Undo		ENTITY										
Year		0	1	2	3	4	5	6	7	8	9	10
Pre-tax												
Value net assets		2000	1950	1932	1945	1986	2054	Combined value of all assets				
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 increases 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
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 - not taxed				
Post-tax cash flow		-2000	250	213	181	154	2185	0	0	0	0	0
Acc tax paid			0	0	0	0	0	Entity's untaxed 10% return				
Post-tax return %	IRR Clr		0.0	0.0	0.0	0.0	10.0	0.0	0.0	0.0	0.0	0.0

ENTITY OWNERS/BENEFICIARIES												
Retain entity/sell (0/1)		0	0	0	0	0	0	No interests sold				
Retain/distribute		1	1	1	1	1	1	All cash retained each year				
Value (share)		2000	1950	1932	1945	1986	0	With all cash from net receipts being distributed across the years, \$692 of distributions out of tax preferences (accrued gains and accelerated depreciation) is untaxed and equivalent to a return of capital. In the final liquidation year, the \$2185 distributed comprises \$945 taxable income (including realised gains and depreciation adjustments) and \$1240 return of capital. Added to the \$68 return of capital in Years 1 & 2 when cash distributed exceeds annual economic income and the \$692 of previously distributed untaxed income, the total return of capital of \$2000 matches that originally contributed.				
Tax value (share)		0	0	0	0	0	0					
Franked div (share)		0	0	0	0	37	945					
Unfranked div (share)		200	195	181	117	0	0					
Return of cap (share)		-2000	50	18	0	0	1240					
Tax paid	10% to 5.8% post tax over 5 yrs same for direct investor even though losses different	0	0	0	0	17	444					
CGT base		0	0	0	0	0	0					
CGT		0	0	0	0	0	0					
Post-tax cash flow		-2000	250	213	181	136	1741					
Post-tax return		0.0	0.0	0.0	0.0	0.0	0.0					
Return(sales) Delete							5.81%					
Acc overall i/tax paid		0	0	0	0	17	461	\$461 total tax revenue (ie 47% x \$982 of total economic income)				

'Unfranked dividends' in a year reflect economic income of the entity that is not included in taxable income in that year because of tax preferences. They total \$692 across all years and are not taxed and do not reduce tax values of entity interests. 'Franked dividends' reflect income included in taxable income (losses are carried forward in the entity). They total \$982 across all years, matching the economic income from the entity's assets.

DISCRETIONARY TRUST: DISTRIBUTIONS EACH YEAR AND NO SALES OF INTERESTS