

Blank Undo		INDIVIDUAL DIRECT INVESTOR										
Year	0	1	2	3	4	5	6	7	8	9	10	
<b>Pre-tax</b>												
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 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
<b>Post-tax</b>												
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	274	211	165	130	1884	0	0	0	0	0	
Acc tax paid		-23	-22	-7	17	318	Individual's tax rate 47%					
Post-tax return %	IRR	Clr	0.0	0.0	0.0	0.0	7.2	Individual's after-tax return higher than 5.3% because of 1/2 capital gains and depreciation tax preferences				