

Year	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 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
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	CGT on sale of of appreciating asset (100% of increase in value)				
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/BENEFICIARIES											
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	All of the entity's income is taxed and distributed as franked dividends across the years (including liquidation). \$692 of distributions are recognised as income (including accrued gains) and taxed in owners' hands as unfranked dividends in years prior to liquidation. In addition, \$68 return of capital occurs in Years 1 & 2 when cash distributed exceeds annual economic income. Therefore, only \$1240 of cash paid out on liquidation is counted as a return of capital compared to the original \$2000 capital contributed (\$2000 - \$68 - \$692). Thus, a capital loss of \$692 is realised on liquidation by those originally contributing capital (\$2000 - \$68 - \$1240).				
Tax value (share)	2000	1950	1932	1932	1932	692					
Franked div (share)		-35	2	24	35	661					
Unfranked div (share)		250	192	147	103	0					
Return of cap (share)	-2000	50	18	0	0	1240					
Tax paid		109	91	75	57	161					
CGT base		0	0	0	0	-692					
CGT		0	0	0	0	-163					
Post-tax cash flow	-2000	156	121	96	81	1903					
Post-tax return		0.0	0.0	0.0	0.0	0.0					
Return(sales) Delete						3.77%	\$624 total tax revenue includes \$163 more than 47% x \$982 of total economic income because only 1/2 capital loss allowed				
Acc overall i/tax paid		94	186	271	343	624					

Unfranked dividends in a year reflect economic income of the entity that is not taxed in the entity in that year because of capital gains and depreciation tax preferences. They total \$692 across all years. Franked dividends reflect income that is taxed in the entity. They total \$687 across all years including the final year when all realised capital gains are taxed - and, in turn, reflect all the \$982 of economic income from the entity's assets - ie \$687/(1-0.3). The Year 1 negative amount of franked dividends reflects reduced franked dividends paid because the \$50 tax loss in that year is written off against other income.

FULL IMPUTATION: DISTRIBUTION EACH YEAR AND NO SALES OF INTERESTS