

| Blank Undo | | ENTITY | | | | | | | | | | |
|---------------------|---------|--------|------|------|------|------|------|--|-----|-----|-----|-----|
| Year | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Pre-tax | | | | | | | | | | | | |
| Value net assets | | 2000 | 1850 | 1723 | 1614 | 1522 | 2054 | Combined depreciating asset and appreciating asset | | | | |
| Net receipts | | 0 | 250 | 213 | 181 | 154 | 131 | 0 | 0 | 0 | 0 | 0 |
| Change in value | | 0 | -150 | -128 | -108 | -92 | 532 | Net asset value increases from Year 3 | | | | |
| Income | | 0 | 100 | 85 | 72 | 61 | 663 | 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 | CGT on sale 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 | | | | |
| Retain/distribute | | | 1 | 1 | 1 | 1 | 1 | All cash distributed each year | | | | |
| Value (share) | | 2000 | 1850 | 1723 | 1614 | 1522 | 0 | All of the entity's income is taxed and distributed as franked dividends across the years (including liquidation). \$282 of distributions are recognised as income (includes no accrued gains) and taxed in owners' hands as unfranked dividends in years prior to liquidation. In addition, \$478 return of capital occurs in Years 1 to 4 when cash distributed exceeds annual measured 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 - \$282 - \$478). Thus, a capital loss of \$282 is realised on liquidation by those originally contributing capital (\$2000 - \$478 - \$1240). \$527 total tax revenue includes \$66 more than 47% x \$982 of total economic income because only 1/2 capital loss allowed | | | | |
| Tax value (share) | | 2000 | 1850 | 1723 | 1614 | 1522 | 282 | | | | | |
| Franked div (share) | | | -35 | 2 | 24 | 35 | 661 | | | | | |
| Unfranked div (share) | | | 150 | 83 | 39 | 11 | 0 | | | | | |
| Return of cap (share) | | -2000 | 150 | 128 | 108 | 92 | 1240 | | | | | |
| Tax paid | 10% to 4.9% over 5 yrs because only 1/2 capital loss allowed for CGT | | 62 | 39 | 24 | 14 | 161 | | | | | |
| CGT base | | | 0 | 0 | 0 | 0 | -282 | | | | | |
| CGT | | | 0 | 0 | 0 | 0 | -66 | | | | | |
| Post-tax cash flow | | -2000 | 203 | 173 | 147 | 125 | 1807 | | | | | |
| Post-tax return | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | | |
| Return(sales) | Delete | | | | | | 4.94% | | | | | |
| Acc overall i/tax paid | | | 47 | 87 | 121 | 150 | 527 | | | | | |

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 \$282 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 (NO ANNUAL REVALUATION OF LAND)