

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 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
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/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	10% to 5.3% over 5 yrs		109	91	75	57	161					
CGT base	(approx 47% tax on annual economic income)		0	0	0	0	-692					
CGT			0	0	0	0	-325					
Post-tax cash flow		-2000	156	121	96	81	2066					
Post-tax return			0.0	0.0	0.0	0.0	0.0					
Return(sales)	Delete						5.32%	\$461 total tax revenue (ie 47% x \$982 of total economic income from the entity's assets)				
Acc overall i/tax paid			94	186	271	343	461					

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