

Blank Undo		INFRASTRUCTURE COMPANY											
Year		0	1	2	3	4	5	6	7	8	9	10	
<b>Pre-tax</b>													
Value net assets		1000	1100	1210	1331	1464	1560	1662	1772	1890	2017	1960	Asset value
Net receipts		0	0	0	0	0	220	226	232	240	249	258	Includes interest earned from retentions in 10% bank a/c
Cash flow		-1000	0	0	0	0	51	53	56	59	62	2219	
Pre-tax return %	IRR Clr		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.0	
<b>Post-tax</b>													
Tax value		1000	1000	1000	1000	1000	1119	1243	1374	1512	1658	1619	Tax value
Change in tax value			0	0	0	0	-50	-48	-45	-43	-41	-39	Depreciation balancing adjustment on asset sale
Balancing adjustmnt			5% depreciation on \$1000 cap expenditure				0		0	0	0	341	
CGT bal adj			Company tax rate 30%				0		0	0	0	0	
Post-tax cash flow		-1000	0	0	0	0	0	0	0	0	0	2050	
Acc tax paid			0	0	0	0	51	104	160	220	282	450	
Post-tax return %	IRR Clr		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.4	

Company's return higher than 7% because no tax on up-front accrued gains

SHAREHOLDERS													
Retain entity/sell (0/1)			1	1	1	1	1	1	1	1	1	0	Shares sold each year
Retain/distribute			0	0	0	0	0	0	0	0	0	1	No cash distributed until liquidation
Value (share)		1000	1100	1210	1331	1464	1611	1766	1933	2110	2299	0	
Tax value (share)		1000	1100	1210	1331	1464	1611	1766	1933	2110	2299	1299	
Franked div (share)			0	0	0	0	0	0	0	0	0	1050	
Unfranked div (share)			0	0	0	0	0	0	0	0	0	0	10% pre-tax to 5.3% post-tax in early accrued gain years, then less than 5.3% pa through double tax on retentions when shares sold
Return of cap (share)		-1000	0	0	0	0	0	0	0	0	0	1000	
Tax paid			0	0	0	0	0	0	0	0	0	255	
CGT base	Shareholders taxed at 47% on accrued annual gains		100	110	121	133	146	156	166	177	189	-1299	
CGT			47	52	57	63	69	73	78	83	89	-611	
Post-tax cash flow		-1000	1053	1158	1274	1402	1542	1693	1855	2027	2210	2406	
Post-tax return			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Return(sales)	Delete		5.30%	5.30%	5.30%	5.30%	5.30%	5.13%	4.99%	4.86%	4.75%	4.65%	
Acc overall i/tax paid			47	99	156	218	338	465	599	741	892	705	Extra tax revenue beyond \$583 because of cash retained in 10% bank account

With no distributions before liquidation, \$1000 of cash on liquidation returns the original \$1000 capital contibuted. Thus, a capital loss of \$1299 is realised by those buying in Year 9 shares whose value has increased to \$2299 through retentions (ie \$2299-1000).

**INFRASTRUCTURE COMPANY: FULL IMPUTATION WITH SALES OF SHARES BUT NO DISTRIBUTIONS EACH YEAR**