

GEARED INVESTMENT PROJECT													
	0	1	2	3	4	5	6	7	8	9	10		
Value assets	1400	1440	1499	1577	1673	1788	← Depreciating and appreciating assets					0	
Value liabilities	-1330	-1330	-1330	-1330	-1330	-1330	← Debt					0	
Gearing	0.95	0.92	0.89	0.84	0.80	0.74	← Gearing					0.00	
Year	0	1	2	3	4	5	6	7	8	9	10		
Pre-tax													
Value net assets	70	110	169	247	343	458	← Negative net receipts each year (interest payments more than project's pre-gearing net receipts)					0	
Net receipts	0	-33	-48	-61	-72	-81	←					0	
Cash flow	-70	-33	-48	-61	-72	377	←					0	
Pre-tax return %	IRR	Clr	0.0	0.0	0.0	0.0	10.0	← Pre-tax return					0.0
Post-tax													
Tax value	70	-50	-134	-193	-234	-263	← Annual depreciation deductions					0	
Change in tax value		-120	-84	-59	-41	-29	←					0	
Balancing adjustmt		0	0	0	0	110	← 110 claw-back of excess depreciation deductions					0	
CGT bal adj		0	0	0	0	611	← 1/2 of 611 capital gain included in assessment					0	
Post-tax cash flow	-70	39	14	-5	-19	233	← Cumulative 99 tax revenue loss after 144 tax paid in Year 5 (47% of 1/2 611 gain plus 110 balancing adjust less 29 depreciation and 81 of negative net recpts)					0	
Acc tax paid		-72	-134	-190	-243	-99	←					0	
Post-tax return %	IRR	Clr	0.0	0.0	0.0	0.0	41.1	←					0.0

Negative tax amounts are tax savings from full loss offset

Post-tax return

Tax on 133 pa interest received by financiers not included

INVESTMENT PROJECT WITH GEARING AND NO PRICE EFFECTS (DEPRECIATING/APPRECIATING ASSETS AND DEBT COMBINED)