

Year	Investment	Net Receipts	Change in Value	Value	Income	Cash Flow	Tax Value	Tax Deprecn
0	1000			1000		-1000	1000	
1	0	0	100	1100	100	0	0	-1000
2	0	0	110	1210	110	0	0	0
3	0	303	-182	1029	121	303	0	0
4	0	257	-154	874	103	257	0	0
5	-743	219	-131	743	87	962	0	0

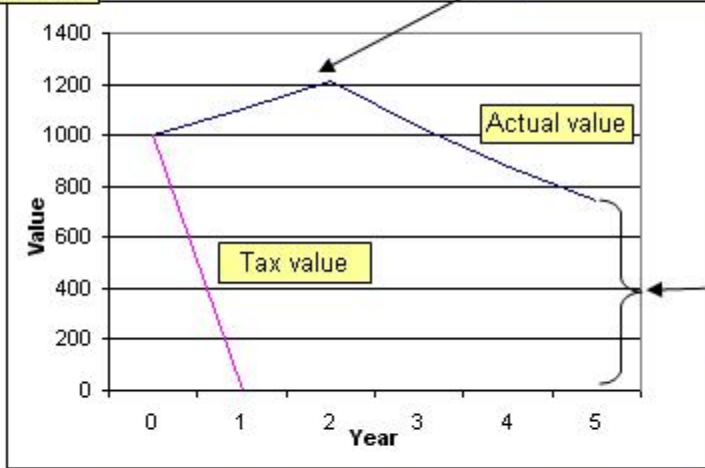
Tax value declines at 15% pa (reducing balance depreciation) from year of first receipts

Value increases as the delay before accessing first net receipts in Year 3 shortens - then declines at 15% pa

Pre-tax		Income less net receipts		Start year value x 10%	10.00%	Pre-tax return
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Year	Benchmark		Tax Treatment	
	Tax	Cash Flow	Tax	Cash Flow
0	0	-1000		-1000
1	47	-47	-470	470
2	52	-52	0	0
3	57	246	142	160
4	48	209	121	136
5	41	921	452	510

Post-tax	245	5.30%	245	8.35%
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Depreciation balancing adjustment on sale

\$470 of tax savings in Year 1 assumes other income against which to apply available deductions

**Benchmark:** Tax at 47% on net receipts plus annual change in value reduces 10% pre-tax return by 47% to 5.3%

**Selected tax treatment:** Tax at 47% on net receipts plus immediate write-off (plus balancing adjustment on sale) produces after-tax return of 8.4%.

**JIM'S APPLE TREES WITH IMMEDIATE WRITE-OFF**