

Analysis Table 2

May 1991

Case 1: Endowment Mortgage

£35,000 Borrowed over 20 Years @ 11.85% p.a.

Analysis Table 2

Year	Gross Cash Flow Out	Interest Paid	Principal Repaid	Interest Applicable for Tax Relief	Tax Relief on Interest	Tax Relief on Premium	Net Cash Flow Out	→ @ x% Internal Rate of Return				Tax Relief at 29% p.a.
								@ 12%	@13%	@13.2%	13.18%	
								pv	pv	pv	pv	
1	4789.73	4147.50	494.27	3200.00	928.00	5.36	3856.37	3443.19	3412.72	3406.69	3407.29	
2	4789.73	4088.93	552.84	3200.00	928.00	5.36	3856.37	3074.27	3020.10	3009.44	3010.50	
3	4789.73	4023.42	618.35	3200.00	928.00	5.36	3856.37	2744.89	2672.66	2658.52	2659.93	
4	4789.73	3950.14	691.63	3160.11	916.43	5.36	3867.94	2458.15	2372.28	2355.56	2357.22	
5	4789.73	3868.18	773.59	3094.54	897.42	5.36	3886.95	2205.56	2109.68	2091.11	2092.96	
6	4789.73	3776.51	865.26	3021.21	876.15	5.36	3908.22	1980.03	1877.19	1857.38	1859.35	
7	4789.73	3673.98	967.79	2939.18	852.36	5.36	3932.01	1778.64	1671.34	1650.78	1652.82	
8	4789.73	3559.30	1082.47	2847.44	825.76	5.36	3958.61	1598.82	1489.07	1468.15	1470.23	
9	4789.73	3431.03	1210.74	2744.82	796.00	5.36	3988.37	1438.25	1327.67	1306.71	1308.78	
10	4789.73	3287.55	1354.22	2630.04	762.71	5.36	4021.66	1294.87	1184.73	1163.97	1166.03	
11	4789.73	3127.08	1514.69	2501.66	725.48	5.36	4058.89	1166.83	1058.14	1037.76	1039.78	
12	4789.73	2947.59	1694.18	2358.07	683.84	5.36	4100.53	1052.50	946.02	926.15	928.12	
13	4789.73	2746.83	1894.94	2197.46	637.26	5.36	4147.11	950.41	846.69	827.45	829.35	
14	4789.73	2522.28	2119.49	2017.82	585.17	5.36	4199.20	859.24	758.70	740.14	741.98	
15	4789.73	2271.12	2370.65	1816.90	526.90	5.36	4257.47	777.82	680.73	662.91	664.67	
16	4789.73	1990.19	2651.58	1592.15	461.72	5.36	4322.65	705.12	611.64	594.58	596.26	
17	4789.73	1675.98	2965.79	1340.78	388.83	5.36	4395.54	640.19	550.40	534.10	535.71	
18	4789.73	1324.54	3317.23	1059.63	307.29	5.36	4477.08	582.20	496.12	480.57	482.10	
19	4789.73	931.44	3710.33	745.15	216.09	5.36	4568.28	530.41	447.98	433.18	434.64	
20	4789.73	491.77	4150.00	393.42	114.09	5.36	4670.28	484.15	405.30	391.21	392.6	
		(Column F) Total →			13,357.50	PV = ∑pv →		29,765.54	27,939.16	27,596.36	27,630.32	
	N.B.	Arithmetic Average (per month)			£55.66	yields FV →		287,127.12	321,945.39	329,443.04	328,684.87	
												OK

FV = P(1 + i)ⁿ
 = £35,000 (1.1185)²⁰
 i.e. FV = £328,691.00