

# Analysis Table 4

May 1991                      Case 2: Endowment Mortgage                      £40,000 Borrowed over 20 Years @ 11.85% p.a.                      Analysis Table 4

Year	Gross Cash Flow Out	Interest Paid	Premium Paid	Interest Applicable for Tax Relief	Tax Relief on Interest	Tax Relief on Premium	Net Cash Flow Out	→ @ y% Internal Rate of Return				Tax Relief at 52% p.a.	
								@ 13%	@15%	@14.5%	14.39%		
								pv	pv	pv	pv		
1	5829.60	4740.00	1089.60	3200.00	1664.00	70.82	4094.78	3623.70	3560.67	3576.22	3579.67		
2	5829.60	4740.00	1089.60	3200.00	1664.00	70.82	4094.78	3206.81	3096.24	3123.34	3129.35		
3	5829.60	4740.00	1089.60	3200.00	1664.00	70.82	4094.78	2837.89	2692.38	2727.81	2735.69		
4	5829.60	4740.00	1089.60	3200.00	1664.00	70.82	4094.78	2511.41	2341.20	2382.37	2391.54		
5	5829.60	4740.00	1089.60	3200.00	1664.00	70.82	4094.78	2222.48	2035.83	2080.67	2090.69		
6	5829.60	4740.00	1089.60	3200.00	1664.00	70.82	4094.78	1966.80	1770.29	1817.18	1827.69		
7	5829.60	4740.00	1089.60	3200.00	1664.00	70.82	4094.78	1740.53	1539.38	1587.06	1597.77		
8	5829.60	4740.00	1089.60	3200.00	1664.00	70.82	4094.78	1540.29	1338.60	1386.07	1396.77		
9	5829.60	4740.00	1089.60	3200.00	1664.00	70.82	4094.78	1363.09	1163.99	1210.55	1221.06		
10	5829.60	4740.00	1089.60	3200.00	1664.00	70.82	4094.78	1206.27	1012.17	1057.25	1067.46		
11	5829.60	4740.00	1089.60	3200.00	1664.00	70.82	4094.78	1067.50	880.15	923.36	933.17		
12	5829.60	4740.00	1089.60	3200.00	1664.00	70.82	4094.78	944.69	765.34	806.43	815.78		
13	5829.60	4740.00	1089.60	3200.00	1664.00	70.82	4094.78	836.01	665.52	704.30	713.16		
14	5829.60	4740.00	1089.60	3200.00	1664.00	70.82	4094.78	739.83	578.71	615.11	623.44		
15	5829.60	4740.00	1089.60	3200.00	1664.00	70.82	4094.78	654.72	503.23	537.22	545.02		
16	5829.60	4740.00	1089.60	3200.00	1664.00	70.82	4094.78	579.40	437.59	469.18	476.45		
17	5829.60	4740.00	1089.60	3200.00	1664.00	70.82	4094.78	512.74	380.51	409.77	416.52		
18	5829.60	4740.00	1089.60	3200.00	1664.00	70.82	4094.78	453.75	330.88	357.88	364.12		
19	5829.60	4740.00	1089.60	3200.00	1664.00	70.82	4094.78	401.55	287.72	312.55	318.32		
20	5829.60	4740.00	1089.60	3200.00	1664.00	70.82	4094.78	355.35	250.19	272.97	278.27		
								PV = $\sum pv \rightarrow$	28,764.81	25,630.59	26,357.29	26,521.94	
								yields FV $\rightarrow$	331,459.43	419,484.01	395,376.17	390,271.19	
												<b>OK</b>	

$$FV = P(1 + i)^n + £14,643$$

$$= £40,000 (1.1185)^{20} + £14,643$$

i.e. FV = £390,289.86