

Analysis Table 5

May 1991 Case 2: Repayment Mortgage £40,000 Borrowed over 20 Years @ 11.85% p.a. Analysis Table 5

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 52% p.a.
								@ 14.5%	@14.4%	@14.345%		
								pv	pv	pv	pv	
1	5472.88	4740.00	564.88	3200.00	1664.00	10.92	3797.96	3317.00	3319.90	3318.88		
2	5472.88	4673.06	631.82	3200.00	1664.00	10.92	3797.96	2896.94	2902.01	2900.23		
3	5472.88	4598.19	706.69	3200.00	1664.00	10.92	3797.96	2530.08	2536.72	2534.39		
4	5472.88	4514.45	790.43	3200.00	1664.00	10.92	3797.96	2209.68	2217.41	2214.70		
5	5472.88	4420.78	884.10	3200.00	1664.00	10.92	3797.96	1929.85	1938.30	1935.33		
6	5472.88	4316.02	988.86	3200.00	1664.00	10.92	3797.96	1685.46	1694.32	1691.21		
7	5472.88	4198.84	1106.04	3200.00	1664.00	10.92	3797.96	1472.01	1481.04	1477.88		
8	5472.88	4067.77	1237.11	3200.00	1664.00	10.92	3797.96	1285.60	1294.62	1291.46		
9	5472.88	3921.17	1383.71	3136.94	1631.21	10.92	3830.75	1132.49	1141.43	1138.29		
10	5472.88	3757.20	1547.68	3005.76	1563.00	10.92	3898.96	1006.69	1015.52	1012.42		
11	5472.88	3573.80	1731.08	2859.04	1486.70	10.92	3975.26	896.41	905.06	902.02		
12	5472.88	3368.67	1936.21	2694.94	1401.37	10.92	4060.59	799.69	808.12	805.16		
13	5472.88	3139.23	2165.65	2511.38	1305.92	10.92	4156.04	714.84	723.01	720.14		
14	5472.88	2882.60	2422.28	2306.08	1199.16	10.92	4262.80	640.35	648.23	645.46		
15	5472.88	2595.56	2709.32	2076.45	1079.75	10.92	4382.21	574.92	582.51	579.84		
16	5472.88	2274.51	3030.37	1819.61	946.20	10.92	4515.76	517.42	524.70	522.14		
17	5472.88	1915.41	3389.47	1532.33	796.81	10.92	4665.15	466.84	473.83	471.37		
18	5472.88	1513.76	3791.12	1211.01	629.73	10.92	4832.23	422.33	429.02	426.67		
19	5472.88	1064.51	4240.37	851.61	442.84	10.92	5019.12	383.11	389.52	387.27		
20	5472.88	562.02	4742.86	449.62	233.80	10.92	5228.16	348.53	354.67	352.51		
		(Column F) Total →			26,028.49	$PV = \sum pv \rightarrow$		25,230.24	25,379.94	25,327.37		
	N.B.	Arithmetic Average (per month)			£108.45	yields FV →		378,469.70	374,120.13	375,636.32		
										OK		

FV = P(1 + i)ⁿ
 = £40,000 (1.1185)²⁰
 i.e. FV = £375,646.86