

Investment

Weekly Cash Flow Calculation

Stuart Litchfield
114 Jacaranda Ave
Tweed Heads, NSW, 2485
PH 07 5599 8044
FX 07 5599 8055



Prepared By	Clients Details	Date Prepared
Stuart A Litchfield	A Client	4 Jun 2011

Purchase Costs:

Purchase	\$210,000.00
Solicitors Fees	\$1,500.00 (Rough cost)
Building and Pest Inspection	\$350.00 (Rough cost)
Application fees	\$0.00
Settlement Fees	\$100.00
Mortgage Registration Fee	\$120.50 (Government Fee)
Property Transfer Fee	\$299.70 (Government Fee)
Stamp duty on Property	\$6,093.00 (Government Fee)
Other	\$0.00
Estimated Total Costs:	\$218,463.20

Cash Flow Per Annum

		Variable
Income :	\$10,120.00**	Rental \$220.00 per week
Less Costs:		
Interest Expense	\$15,292.42 (assumes Interest only)	Interest 7.00% Per Annum
Council Rates	\$1,200.00 (estimate)	
Insurance	\$0.00 (If Applicable)	
Body Corporate	\$1,500.00 (If Applicable)	
Repairs & Maintenance	\$500.00 (estimate)	
Total Expense	\$18,492.42	
Cash to find each year (negative cash flow)	\$8,372.42	
Negative cash flow - Per Week	\$161.01	

Tax Effect

		Variable
Cash Loss from Rental Property	8,372.42	
Additional expenses:		
Owners travel costs for inspection	?	
Owners Admin costs (phone, mail, etc)	?	
Depreciation (can vary greatly)	Assume: 2000	
Total Loss for tax return	Approx: 10,372.42	
Tax saved (assumes 30.00% Tax Rate)	3,111.73	Marginal tax rate 30.00%

Summary Annual Cash Flow

Negative Cash Flow	8,372.42
Less Tax Saved	3,111.73
Net annual cash to find	5,260.70
Cash to find - Per Week after tax	/52 = \$101.17

See notes on next page:

Disclaimer:

The information herein is provided as an example only.

(All calculations will vary depending on individual circumstances)

Active Finance Pty Ltd does not warrant or represent that the information above is free from errors or omissions.

Active Finance Pty Ltd accepts no responsibility for any loss, damage, cost or expense (whether direct or indirect) incurred by you as a result of any error, omission or misrepresentation in any information above.

Notes:

****Consider untenanted period – assume 50 weeks rented Per annum.**

Agent will take approx 8% & first week rent for each tenancy
(go for longer lease with mid-term rent increase)

Assumption is all funds are borrowed. You can't borrow the full amount required secured only by the investment property. Often the "deposit" comes from cash out on a property already owned.

Mortgage Insurance will often be a consideration. Sometimes lenders will add this one-off cost to the loan – but not always – CHECK with us!

We recommend you have a professional depreciation schedule completed soon after purchase – we can refer you to a suitable quantity surveyor.

We recommend you check all figures with your tax accountant.

Disclaimer:

The information herein is provided as an example only.

(All calculations will vary depending on individual circumstances)

Active Finance Pty Ltd does not warrant or represent that the information above is free from errors or omissions.

Active Finance Pty Ltd accepts no responsibility for any loss, damage, cost or expense (whether direct or indirect) incurred by you as a result of any error, omission or misrepresentation in any information above.