C = 0

therefore the present value at 1 February 1991 =

$$\frac{A + B - C}{1 + F}$$

$$= \$408,163$$

It will be found that the present value of the cashflows, by continuing to discount as shown above and in accordance with Determination G10B, is $1,192,343 (which figure is arrived at as demonstrated in the table below). This amount is the value of the property for the purposes of a yield to maturity accrual.

Date	Amount	Profit	Total	Present Value
Deposit	100,000		100,000	100,000
1/8/91	200,000		200,000	190,476
1/2/92	200,000	25,000	225,000	204,082
1/8/92	200,000		200,000	172,768
1/2/93	200,000	30,000	230,000	189,222
1/8/93	200,000		200,000	156,705
1/2/94	200,000	40,000	240,000	179,092
				1,192,345

The amounts calculated using the yield to maturity method, Determination G3: Yield to Maturity Method will be expenditure incurred by the buyer of the property. The results are shown in a table below. These amounts are spread on a daily basis between income years using Determination G1A as follows:

This amount can be used as the basis of a yield to maturity accrual. The cashflows and expenditure incurred in each period are:

	Cashflows	Cumulative Discounted Cashflows Period End (y)	Cumulative Discounted Cashflows Period Begin (z)	Expenditure incurred (y - z)
1/2/95	(240,000)	240,000	228,571	11,429
1/8/94	(200,000)	428,571	408,162	20,409
1/2/94	(230,000)	638,162	607,773	30,389
1/8/93	(200,000)	807,773	769,308	38,465
1/2/93	(225,000)	994,308	946,960	47,348
1/8/92	(200,000)	1,146,960	1,092,343	54,617
1/2/92	$1,192,345			
	(100,000)			
				202,657

The yield to maturity rate (note that it is assumed no fees or other payments are made in relation to the financial arrangement) is 10.0%.

Period Ending	Expenditure in respect of Period	Days in Period	Allocation to Income Year	Days	Amount	Total Amount
1/2/95	11,428	184	1994/95	184	11,428	25,297
			1994/95	123	13,869	
1/8/94	20,408	181	1993/94	58	6,539	63,068
1/2/94	30,389	184	1993/94	123	30,389	
			1993/94	123	26,140	
1/8/93	38,466	181	1992/93	58	12,326	96,586
1/2/93	47,348	184	1992/93	184	47,348	
			1992/93	123	36,912	
1/8/92	54,618	182	1991/92	59	17,706	17,706
1/2/92						
	202,657	1,096		1,096	202,657	202,657

Note: The yield to maturity method will enable the calculation of an amount of income or expenditure for the final year to which a financial arrangement relates. However for the purposes of calculating the amount deemed to be income derived or expenditure incurred in the final income year it is necessary to apply section 64F of the Act - the base price adjustment.

On 1 February 1993 the profits of the company are $500,000. The buyer therefore pays $50,000 to the purchaser. The buyer's forecast of future payments remains as originally estimated. The method in Determination G25: Variations to the Terms of a Financial Arrangement is used to calculate expenditure incurred in the period and future income years

That is, if the changed cashflows had been known at the beginning of the arrangement the present value would be $1,215,019 and the yield to maturity rate is 10.0%.

The cashflows and expenditure incurred in each period are:

	Cashflows		Expenditure incurred
1/2/95	(240,000)	payment	11,427
1/8/94	(200,000)	"	20,408
1/2/94	(230,000)	"	30,389
1/8/93	(200,000)	"	38,466
1/2/93	(250,000)	"	48,539
1/8/92	(200,000)	"	55,752
1/2/92	$1,215,019	value of property	
	(100,000)	deposit	
			204,981*

The amounts would be spread between income years as follows:

Period Ending	Expenditure in respect of Period	Days in Period	Allocation to Income Year	Days	Amount	Total Amount
1/2/92						
1/8/92	55,752	182	1991/92	59	18,073	18,073
			1992/93	123	37,679	
1/2/93	48,539	184	1992/93	184	48,539	
1/8/93	38,466	181	1992/93	58	12,326	98,544
			1993/94	123	26,140	
1/2/94	30,389	184	1993/94	184	30,389	
1/8/94	20,408	181	1993/94	58	6,539	63,068
			1994/95	123	13,869	
1/2/95	11,427	184	1994/95	184	11,427	25,296
	204,981	1,096		1,096	204,981	204,981

Using the formula in Determination G25 expenditure incurred in the 1993 income year is:

a = 0

b = expenditure incurred in the current and previous income years had the changes been known as at the Transfer Date.

= 18,073 + 98,544

= 116,617

c = 0

d = expenditure incurred in previous income years

= 17,706

Thus, a − b − c + d = −98,911

This amount is expenditure incurred by the issuer in the 1993 income year. If the remaining estimates are accurate the expenditure incurred in the respective income years would be as follows:

1992	17,706
1993	98,911
1994	63,068
1995	25,296
	204,981

A party will be required to change an estimate or re-estimate at the end of any year where the actual cashflows and/or factual circumstances are such that the applicable estimate or re-estimate is no longer "fair and reasonable". In default of any such estimate or re-estimate, the Commissioner may adopt or substitute his own estimates.

Thus, if the cashflows change from estimates in the 1994 year to an extent that the re-estimates are no longer fair and