

Chapter 7: Pages 230, corrections and explanations

70924

New asset cost	120	Other Asset Base	1,200
Revenue per asset	60	Other Income	150



Year	4	3	2	1
Depreciation	20	40	40	20

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Year	Growth	Replace	Purchase	# of operating Assets	Revenue from assets	Total Revenue	CAPitalize						EXPense		Bigger Income?	Bigger ROA ?			
							Beginning Assets	4rd year asset	3rd year asset	2nd year asset	1st year asset	Total Depcn Expense	Book Value, End	CAP: CFO			CFI	CAP: Income	CAP: ROA
1	5	5	2.5	150	300	1,000					100	1,500	300	(600)	200	(300)			
2	4	4	7.0	420	570	1,500				80	280	1,700	570	(480)	290	90	8%	Cap	Cap
3	2	2	10.0	600	750	1,700	200	160	40	400	1,540	1,540	750	(240)	350	510	43%	Exp	Exp
4	5	5	11.0	660	810	1,540	100	160	80	100	440	1,700	810	(600)	370	210	18%	Cap	Cap
5	4	4	11.0	660	810	1,700	80	80	200	80	440	1,740	810	(480)	370	330	28%	Cap	Exp
6	2	2	11.0	660	810	1,740	40	200	160	40	440	1,540	810	(240)	370	570	48%	Exp	Exp
7	5	5	11.0	660	810	1,540	100	160	80	100	440	1,700	810	(600)	370	210	18%	Cap	Cap
8	4	4	11.0	660	810	1,700	80	80	200	80	440	1,740	810	(480)	370	330	28%	Cap	Exp
9	2	2	11.0	660	810	1,740	40	200	160	40	440	1,540	810	(240)	370	570	48%	Exp	Exp

5	x	20	100
4	x	60	240
2	x	100	200
540			

4	x	20	80
2	x	60	120
5	x	100	500
700			

