

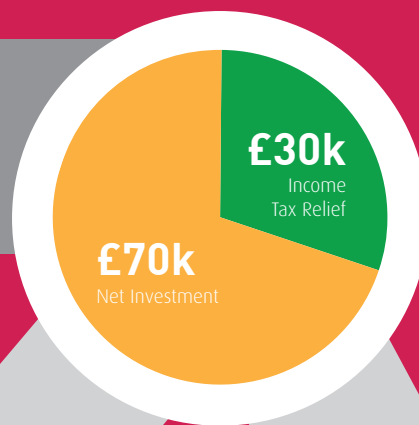
# WORKING EXAMPLES

Below we provide a number of working examples based upon a higher rate tax payer investing £100,000 into an EIS investment. The examples illustrate different scenarios dependent on whether the investor has Capital Gains to defer. In the second example, the investor has realised a gain of £100,000 that is used to invest into the EIS qualifying company.

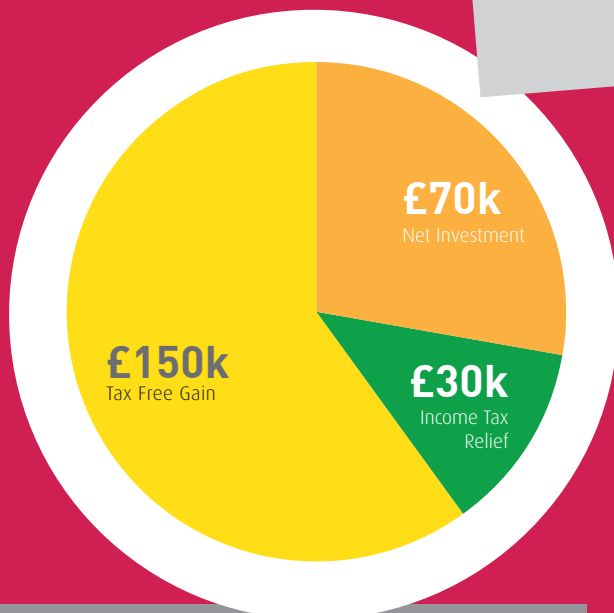
## £100,000 INVESTMENT

### INCOME TAX RELIEF

|                                |          |
|--------------------------------|----------|
| GROSS Investment into Shares   | £100,000 |
| LESS Income Tax Relief         | £30,000  |
| NET Initial Cost of Investment | £70,000  |



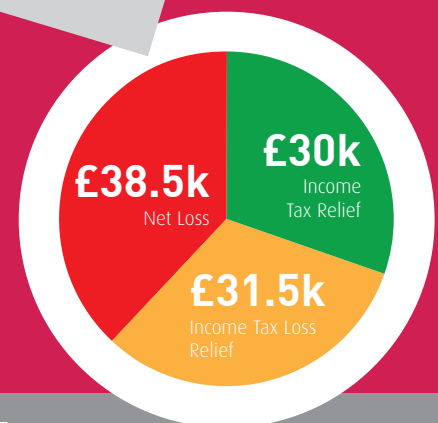
## 150% INCREASE IN VALUE AFTER 3 YEARS



### TAX FREE GAINS

|                                      |          |
|--------------------------------------|----------|
| REALISED Value on Sale of Shares     | £250,000 |
| LESS Original Cost of Investment     | £70,000  |
| TAX FREE GAIN                        | £180,000 |
| ADJUSTED Gain as % of Net Investment | 257%     |

## LOSS



### LOSS RELIEF

|                               |         |
|-------------------------------|---------|
| REALISED Value of Shares      | £0      |
| NET Initial Cost              | £70,000 |
| TAX RELIEF @ 45%              | £31,500 |
| NET LOSS                      | £38,500 |
| LOSS as % of GROSS Investment | 38.5 %  |

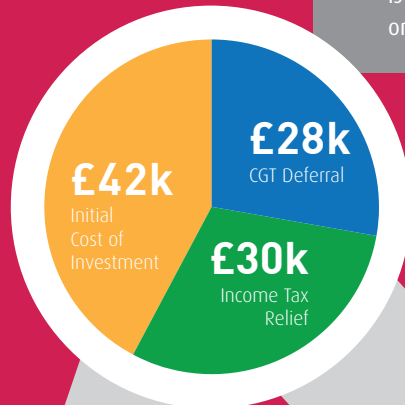
# £100,000

## INVESTED WITH CAPITAL GAINS TAX DEFERRAL

### INCOME TAX RELIEF

|                                |          |
|--------------------------------|----------|
| GROSS Investment into Shares   | £100,000 |
| LESS Income Tax Relief         | £30,000  |
| DEFERRED CGT Liability*        | £28,000  |
| NET Initial Cost of Investment | £42,000  |

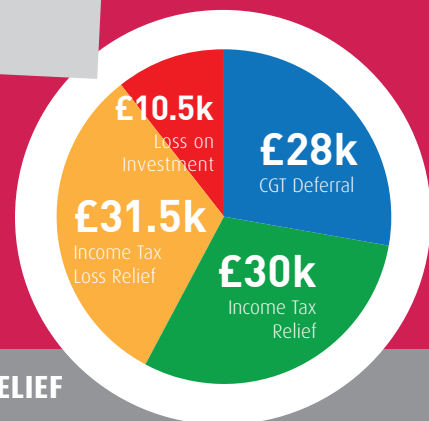
\* Assumed at 28%, the gain is deferred until there is a chargeable event, ie disposal of the shares or a breach of EIS rules



# 150%

## INCREASE IN VALUE AFTER 3 YEARS

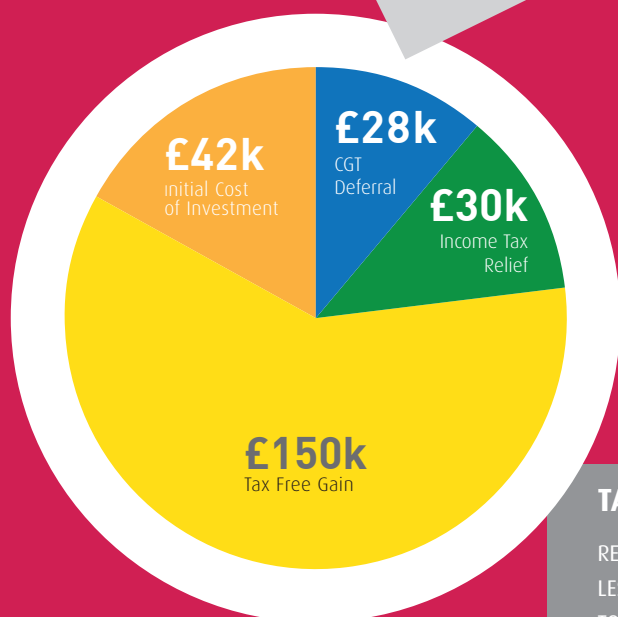
### LOSS



### LOSS RELIEF

|                               |         |
|-------------------------------|---------|
| REALISED Value of Shares      | £0      |
| NET Initial Cost              | £42,000 |
| TAX RELIEF @ 45%*             | £31,500 |
| NET LOSS                      | £10,500 |
| DEFERRED CGT Repayable        | £28,000 |
| LOSS as % of GROSS Investment | 38.5%   |

\* Loss Relief claimed on Net Cost of Investment and CGT Deferred



### TAX FREE GAINS

|                                      |          |
|--------------------------------------|----------|
| REALISED Value on Sale of Shares     | £250,000 |
| LESS Initial Cost of Investment      | £42,000  |
| TOTAL GAIN                           | £208,000 |
| LESS Repayment of Deferred CGT       | £28,000  |
| Tax Free Gain                        | £180,000 |
| ADJUSTED Gain as % of Net Investment | 257%     |