

## Calculations.

### Customers & Shareholders- Threshold margin

$$\text{Threshold Margin} = \frac{(\text{incremental investment in assets per } \text{£}1 \text{ sales \%}) \times (\text{Cost of capital})}{(1 + \text{Cost of capital}) \times (1 - \text{tax rate})}$$

$$\frac{(40\text{p additional investment in assets per } \text{£}1 \text{ extra sales}) \times 7\%}{(1 + 7\%) \times (1 - 30\% \text{ corporation tax rate})}$$

$$\frac{0.4}{1.07} \times \frac{0.07}{0.7} = \frac{0.028}{0.75} = 3.7\%$$