Should I Buy This Ferrari?



The question

- 1984, living in London
- Ferrari Dino 308 GTB ~1975 model
- Price ~GBP 7,000
- Should I buy it and bring to Australia to sell?



Costs

- Purchase
- Insurance
- Running
- . Shipping
- . Customs
- Miscellaneous sale costs

Costs

	Year 1	Year 2	Year 3
Purchase	£7,000.00		
Insurance	£1,250.00	£1,250.00	£1,250.00
Running	£4,000.00	£4,000.00	£4,000.00
Shipping			£2,000.00
Customs			£6,500.00
Sale Costs			£1,000.00
Total Cost	£12,250.00	£5,250.00	£13,750.00

Benefits

- Sale???

Benefits

	Year 1	Year 2	Year 3
Sale			£20,000.00
Driving	£500.00	£500.00	£500.00
Total Benefit	£500.00	£500.00	£20,500.00

Cost Benefit Analysis

. Cash Flow

	Year 1	Year 2	Year 3
Total Benefit	£500.00	£500.00	£20,500.00
Total Cost	£12,250.00	£5,250.00	£13,750.00
Net Cashflow	(£11,750.00)	(£4,750.00)	£6,750.00

- NPV (£9,536) assuming 10% rate
- · IRR (198%)

An Alternative Scenario — the Ford Escort XR3i

- Buy a cheaper car
- Use for a few years
- Dispose when returning from the UK



Costs of Escort

	Year 1	Year 2	Year 3
Purchase	£6,000.00		
Insurance	£500.00	£500.00	£500.00
Running	£3,000.00	£3,000.00	£2,500.00
Shipping			£0.00
Customs			£0.00
Sale Costs			£200.00
Total Cost	£9,500.00	£3,500.00	£3,200.00

Benefits of Escort

	Year 1	Year 2	Year 3
Sale			£4,000.00
Driving	£500.00	£500.00	£500.00
Total Benefit	£500.00	£500.00	£4,500.00

Cost Benefit Analysis for Escort

Cash Flow

	Year 1	Year 2	Year 3
Total Benefit	£500.00	£500.00	£4,500.00
Total Cost	£9,500.00	£3,500.00	£3,200.00
Net Cashflow	(£9,000.00)	(£3,000.00)	£1,300.00

- NPV
 (£9,684) assuming 10% rate
- . IRR (158%)

Decision

- Would you buy the Ferrari?
- Would you buy the Ford?
- Would you do something else?
- . What I did

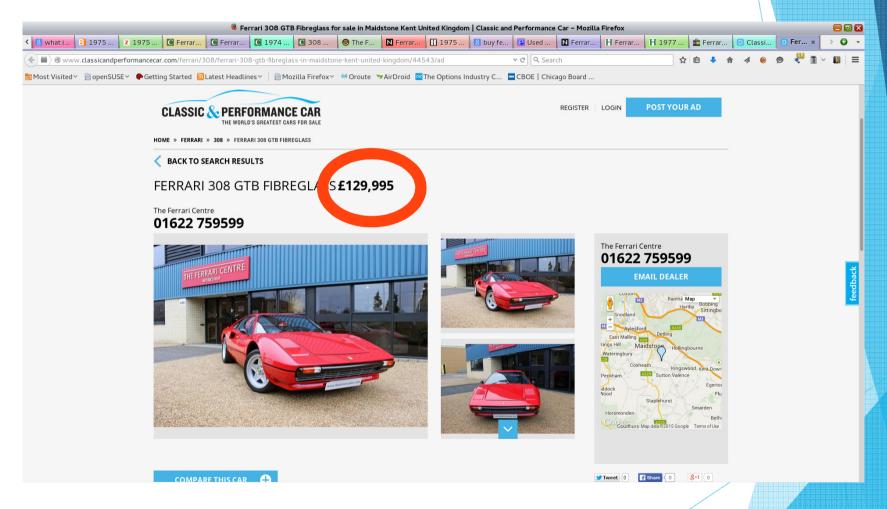
Who was this?



The Aftermath

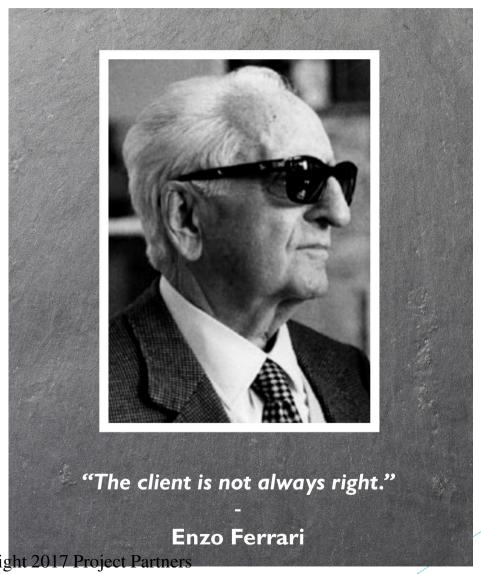
- Enzo Ferrari passes in 1988, age 90
- All cars he works on become instant collector's items
- In April 2015 a Ferrari 308 GTB was listed on www.carandclassic.co.uk at GBP 55,000

The Aftermath



From the Internet 24 April 2015

Final word ...



To Contact Me

https://www.linkedin.com/in/perry-oren-5256ab