



Tax Depreciation Report

2807/111 Mary Street,
Brisbane City QLD 4000

Ho Mun Yee and Yeung Wai Man
Conduit Road
Midlevels
HONG KONG

Issue Schedule	
Issue Date:	Issued by:
24 October 2019	Mark Kilroy Bsc (Hons) MRICS

Ho Mun Yee and Yeung Wai Man
Conduit Road
Midlevels
HONG KONG

October 2019
Job No: RES4000081

Tax Depreciation Report – 2807/111 Mary Street, Brisbane City QLD 4000

We thank you for choosing Koste Pty Ltd to prepare the attached Tax Depreciation report and schedule for the above property.

This report has been prepared to provide an independent review of Tax Depreciation entitlements available on the subject property, under The Income Tax Assessment Act 1997.

Koste Pty Ltd are a registered tax agent (24836767) who comply with the Tax Agent Services Act 2009. The attached schedule is based on an apportionment of the total expenditure, together with the Tax Commissioners current intentions in preparing this document.

As you continue to grow your portfolio, we would be pleased to provide you with free estimates of tax depreciation allowances on purchases. We can also provide updates for \$100+GST on any revised depreciation reports which may include new capital works and write-offs on disposed assets over the coming years.

The majority of our custom is based on repeat customers and from word of mouth. Testimonials are important to our business especially on social media including Google+, LinkedIn and Facebook. If you are pleased with our service and have some time to write a short testimonial on either social media or via an email, this would be greatly appreciated.

If you or your accountant require any further clarification on the contents of this report, please do not hesitate in contacting a member of our team on 1300 669 400 where they would be more than happy to assist.

Yours Sincerely

Koste Pty Ltd

Koste Pty Ltd
Tax Depreciation Quantity Surveyors



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1. Property Information

Date of Report

24 October 2019

Purchaser

Ho Mun Yee and Yeung Wai Man

Property Address

2807/111 Mary Street, Brisbane City QLD 4000

Property Type

Residential Unit

Date of Construction

1 October 2018

Property Photo



2. Report Details

2.1 Introduction

Koste Pty Ltd has prepared an independent Tax Depreciation Schedule for the purchase of the subject property under the Income Tax Act 1997.

We have evaluated and reported the allowances based on the following:

Division 40 (Capital Allowances)

Referred to as Depreciating Assets, identified as assets which can be removed with ease including; Appliances, Furnishings and the like. Koste will identify and provide an analysis using both Diminishing Value and Prime Cost methods of depreciation. All items which have a value less than \$300 will be written off in the first year.

Division 40 (Capital Allowances) - Low Value Pool

Low Cost Assets are depreciating assets which have a cost of between \$300 and \$1,000 at your purchase date. These assets are depreciated at 18.75% in the first year, and 37.5% in each subsequent year.

Division 43 (Capital Works)

Capital works often referred to as Building Allowances entitles the tax payer to a deduction on assessable income producing buildings and other capital works. The opening value of these assets will be calculated on the date of installation; typical assets may include Windows, Doors and Walls.

3. Capital Allowances

3.1 Entitlement

Capital Allowances Division 40 of the Income Tax Act 1997 allows the taxpayer to a deduction of the decline in value of a depreciating asset used for income producing purpose over its effective life. A depreciating asset will deteriorate over the life and will therefore decline in value.

3.2 Qualifying Expenditure Calculation

On a property acquisition, Capital Allowances (Plant and Equipment) are based on a reasonable apportionment of the purchase price relating to qualifying plant under the Income Tax Assessment Act (ITAA) 1977 Section 40 – 195.

3.3 Effective Life

The Commissioner of Taxation provides regular tax rulings which determine the period an asset can be used to produce income. Included within this report is as new effective life rates.

3.4 Immediate Write-Off Assets

A depreciating asset which costs less than \$300 can be immediately written off under Division 40 of ITAA. Please note that this is only applicable to residential property investments.

3.5 Low Value Pool

Assets which have a starting value of between \$300 and \$1000 have been included within the Low Value Pool. These assets are depreciated at 18.75% in the first year and 37.5% for all subsequent years on a diminishing basis.

An asset that has a written down value under \$1000 in following years will be allocated to the low value pool and depreciated at 37.5% using diminishing value method. This method does not apply to assets that were depreciated using the prime cost method in any previous years.

3.6 Method of Depreciation

We provide you with a choice to calculate the decline in value for depreciating assets. Your choice on whether to use Diminishing Value or Prime Cost method of depreciation should be discussed with your accountant. Once a depreciation method is chosen for an asset this cannot be changed.

Diminishing Value Method					Prime Cost Method				
<p>Diminishing value method is often the most popular form of depreciation due to the cash-flow benefits in the early years of asset ownership.</p>					<p>Prime Cost Method of Depreciation, often referred to as straight line depreciation is depreciated at a constant rate each year.</p>				
Benefits					Benefits				
<ul style="list-style-type: none"> • Cash-flow during initial years of asset ownership • Ability to use Low Value Pool for assets less than \$1000 (Note: unable to write off these assets) 					<ul style="list-style-type: none"> • Write off assets when they are demolished or disposed. 				
Calculation Example					Calculation Example				
<p>Under Diminishing Value method, the effective life is dividing by 200.</p> <p>200 / 10 Years = 20% (Adjusted Value)</p> <p>If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.</p>					<p>Under Prime Cost method, the effective life is dividing by 100.</p> <p>100 / 10 Years = 10% (Straight Line)</p> <p>If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.</p>				
Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
\$2,000	\$1,600	\$1,280	\$1,024	\$819.20	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000

4. Capital Works

4.1 Entitlement

Capital Works Division 43 of the Income Tax Act 1997 allows the taxpayer to a deduction of the decline in value of a depreciating asset used for income producing purpose over its effective life.

4.2 Method of Depreciation

Capital Works allowances under Division 43 are based on the historical construction costs and are not based on an apportionment of the purchase price. Where construction costs are not available, a qualified Quantity Surveyor will establish costs in accordance with the Tax Ruling TR97/25.

Capital Works are depreciated by Prime Cost method only, which may vary dependant on the date the construction works commenced and the property usage. Where a property has been updated over the years, capital works expenditure may be allocated in different periods. Clients must make any construction periods clear wherever possible to ensure your claim is maximised.

4.3 Method of Depreciation

Structural improvements such as fencing, paths and other hard landscaping can also be written off at 2.5% per annum if construction started after 27 February 1992.

5. Summary of Entitlements – Diminishing Value Method

Year	Financial Year	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	1 February 19 to 30 June 19	6,556	3,963	10,519	4,640	15,159
2	1 July 19 to 30 June 20	12,020	6,640	18,660	11,365	30,025
3	1 July 20 to 30 June 21	9,947	4,483	14,429	11,365	25,794
4	1 July 21 to 30 June 22	8,541	2,802	11,343	11,365	22,708
5	1 July 22 to 30 June 23	7,029	2,452	9,481	11,365	20,846
6	1 July 23 to 30 June 24	6,114	1,532	7,647	11,365	19,012
7	1 July 24 to 30 June 25	5,197	1,329	6,525	11,365	17,890
8	1 July 25 to 30 June 26	4,244	1,500	5,744	11,365	17,109
9	1 July 26 to 30 June 27	3,772	937	4,710	11,365	16,075
10	1 July 27 to 30 June 28	3,218	924	4,142	11,365	15,507
11	1 July 28 to 30 June 29	2,581	1,220	3,801	11,365	15,166
12	1 July 29 to 30 June 30	2,359	762	3,121	11,365	14,486
13	1 July 30 to 30 June 31	2,162	476	2,639	11,365	14,004
14	1 July 31 to 30 June 32	1,795	656	2,451	11,365	13,816
15	1 July 32 to 30 June 33	1,675	410	2,085	11,365	13,450
16	1 July 33 to 30 June 34	1,564	256	1,820	11,365	13,185
17	1 July 34 to 30 June 35	1,459	160	1,620	11,365	12,985
18	1 July 35 to 30 June 36	1,362	100	1,462	11,365	12,827
19	1 July 36 to 30 June 37	1,271	63	1,334	11,365	12,699
20	1 July 37 to 30 June 38	1,187	39	1,226	11,365	12,591
21	1 July 38 to 30 June 39	1,107	24	1,132	11,365	12,497
22	1 July 39 to 30 June 40	1,034	15	1,049	11,365	12,414
23	1 July 40 to 30 June 41	965	10	974	11,365	12,339
24	1 July 41 to 30 June 42	900	6	906	11,365	12,271
25	1 July 42 to 30 June 43	840	4	844	11,365	12,209
26	1 July 43 to 30 June 44	784	2	787	11,365	12,152
27	1 July 44 to 30 June 45	732	1	733	11,365	12,098
28	1 July 45 to 30 June 46	683	1	684	11,365	12,049
29	1 July 46 to 30 June 47	638	1	638	11,365	12,003
30	1 July 47 to 30 June 48	595	0	596	11,365	11,961
31	1 July 48 to 30 June 49	555	0	556	11,365	11,921
32	1 July 49 to 30 June 50	518	0	519	11,365	11,884
33	1 July 50 to 30 June 51	484	0	484	11,365	11,849
34	1 July 51 to 30 June 52	452	0	452	11,365	11,817
35	1 July 52 to 30 June 53	422	0	422	11,365	11,787
36	1 July 53 to 30 June 54	393	0	393	11,365	11,758
37	1 July 54 to 30 June 55	367	0	367	11,365	11,732
38	1 July 55 to 30 June 56	343	0	343	11,365	11,708
39	1 July 56 to 30 June 57	320	0	320	11,365	11,685
40	2057+	4,478	0	4,478	15,338	19,816
Totals		100,665	30,770	131,435	451,848	583,283

The diminishing value method involves multiplying the remaining amount (or also known as the written down value) of the item by the depreciation rate each year. Hence the term diminishing value method as it diminishes in value each year never quite reaching zero.

Example

	DV Rate	Opening Value	Year 1	WDV	Year 2
Carpet	20%	\$1,000	\$200	\$800	\$160

6. Summary of Entitlements – Prime Cost Method

Year	Financial Year	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	1 February 19 to 30 June 19	3,888	3,963	7,851	4,640	12,491
2	1 July 19 to 30 June 20	6,535	6,440	12,975	11,365	24,340
3	1 July 20 to 30 June 21	6,535	4,025	10,560	11,365	21,925
4	1 July 21 to 30 June 22	6,535	2,516	9,051	11,365	20,416
5	1 July 22 to 30 June 23	6,535	1,572	8,107	11,365	19,472
6	1 July 23 to 30 June 24	6,482	983	7,465	11,365	18,830
7	1 July 24 to 30 June 25	6,407	614	7,021	11,365	18,386
8	1 July 25 to 30 June 26	6,249	384	6,633	11,365	17,998
9	1 July 26 to 30 June 27	6,191	240	6,431	11,365	17,796
10	1 July 27 to 30 June 28	6,191	150	6,341	11,365	17,706
11	1 July 28 to 30 June 29	5,068	94	5,161	11,365	16,526
12	1 July 29 to 30 June 30	3,420	59	3,479	11,365	14,844
13	1 July 30 to 30 June 31	2,947	37	2,984	11,365	14,349
14	1 July 31 to 30 June 32	2,279	23	2,301	11,365	13,666
15	1 July 32 to 30 June 33	2,111	14	2,125	11,365	13,490
16	1 July 33 to 30 June 34	2,111	9	2,120	11,365	13,485
17	1 July 34 to 30 June 35	2,111	6	2,117	11,365	13,482
18	1 July 35 to 30 June 36	2,111	3	2,114	11,365	13,479
19	1 July 36 to 30 June 37	2,111	2	2,113	11,365	13,478
20	1 July 37 to 30 June 38	2,111	1	2,112	11,365	13,477
21	1 July 38 to 30 June 39	2,111	1	2,112	11,365	13,477
22	1 July 39 to 30 June 40	2,111	1	2,112	11,365	13,477
23	1 July 40 to 30 June 41	2,111	0	2,111	11,365	13,476
24	1 July 41 to 30 June 42	2,111	0	2,111	11,365	13,476
25	1 July 42 to 30 June 43	2,111	0	2,111	11,365	13,476
26	1 July 43 to 30 June 44	2,111	0	2,111	11,365	13,476
27	1 July 44 to 30 June 45	2,111	0	2,111	11,365	13,476
28	1 July 45 to 30 June 46	2,111	0	2,111	11,365	13,476
29	1 July 46 to 30 June 47	2,111	0	2,111	11,365	13,476
30	1 July 47 to 30 June 48	2,111	0	2,111	11,365	13,476
31	1 July 48 to 30 June 49	1,261	0	1,261	11,365	12,626
32	1 July 49 to 30 June 50	0	0	0	11,365	11,365
33	1 July 50 to 30 June 51	0	0	0	11,365	11,365
34	1 July 51 to 30 June 52	0	0	0	11,365	11,365
35	1 July 52 to 30 June 53	0	0	0	11,365	11,365
36	1 July 53 to 30 June 54	0	0	0	11,365	11,365
37	1 July 54 to 30 June 55	0	0	0	11,365	11,365
38	1 July 55 to 30 June 56	0	0	0	11,365	11,365
39	1 July 56 to 30 June 57	0	0	0	11,365	11,365
40	2057+	0	0	0	15,338	15,338
Totals		110,299	21,136	131,435	451,848	583,283

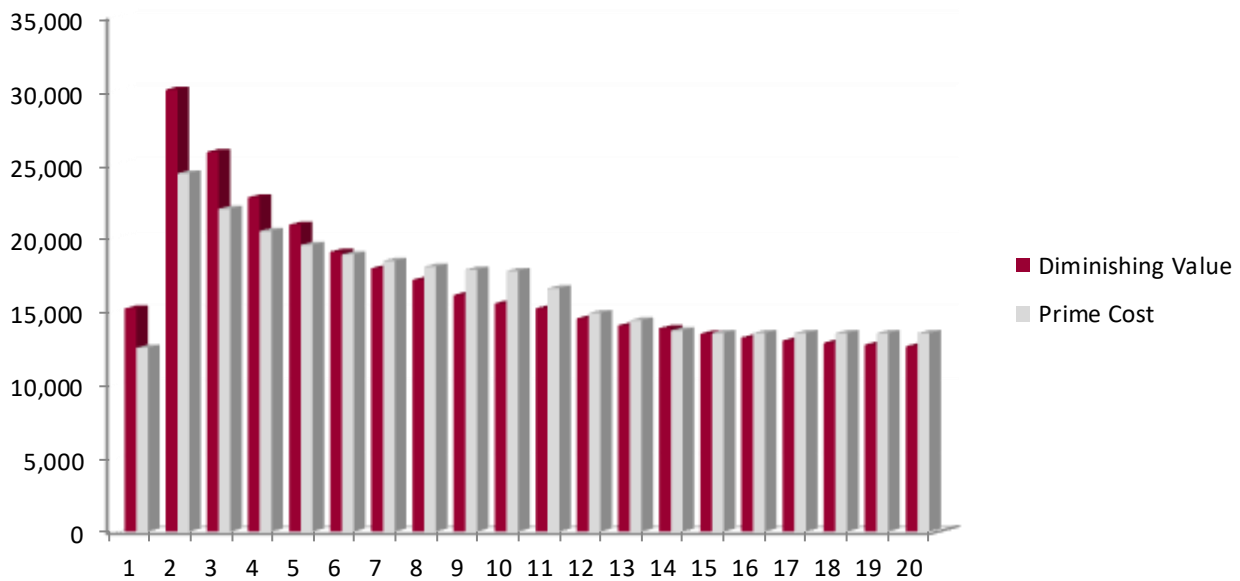
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

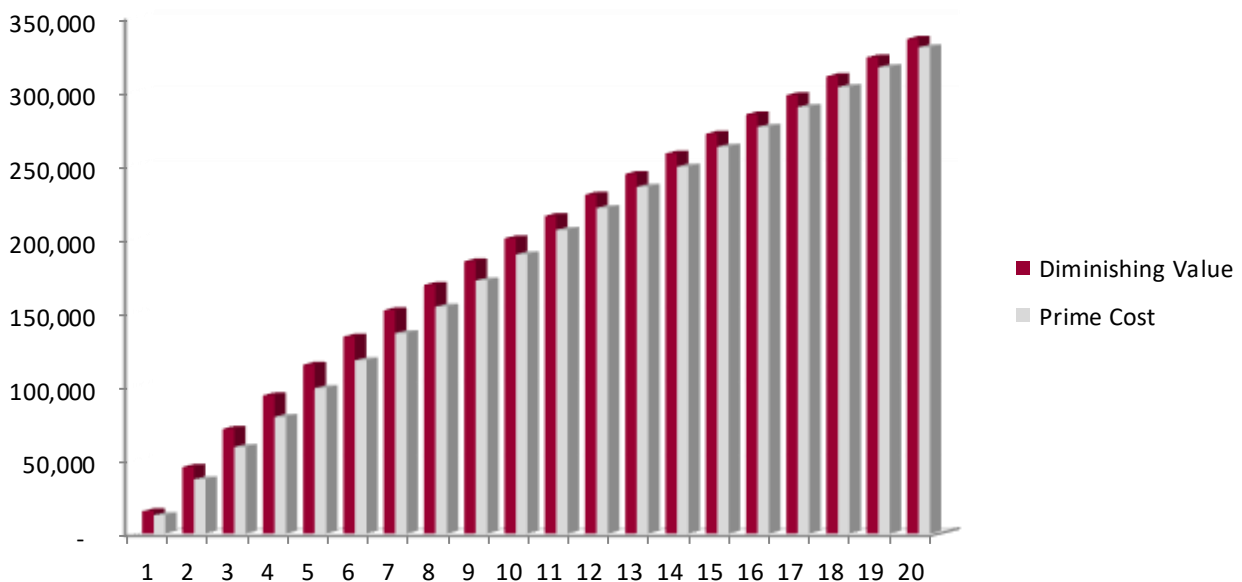
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

7. Comparison Graphs

20 YEAR COMPARISON GRAPH



20 YEAR CUMULATIVE GRAPH



Advantages of using diminishing value method over prime cost method, as can be seen in the 20 year comparison graph, diminishing value method has higher deductions in the first few years. Prime cost method has lower deductions over the first few years, but around the 5-6 year mark starts to give higher deductions and in later years. However cumulatively they equal out at about the 10 year mark. It comes down to whether you want the higher deductions in the first few years or the more evenly spread out deductions approach.

8. Capital Expenditure Analysed

Purchase Details

Contract Date	25 January 2016
Settlement Date	1 February 2019

Expenditure Analysed

Purchase Price	\$970,000
Stamp Duty	\$36,675
Legals	\$1,300
Total Expenditure Analysed	\$1,007,975

Historical Construction Details

Construction Start Date	1 February 2016
Construction Completion Date	1 October 2018
Historical Construction Cost (Estimated)*	\$537,657

9. Reconciliation of Capital Expenditure

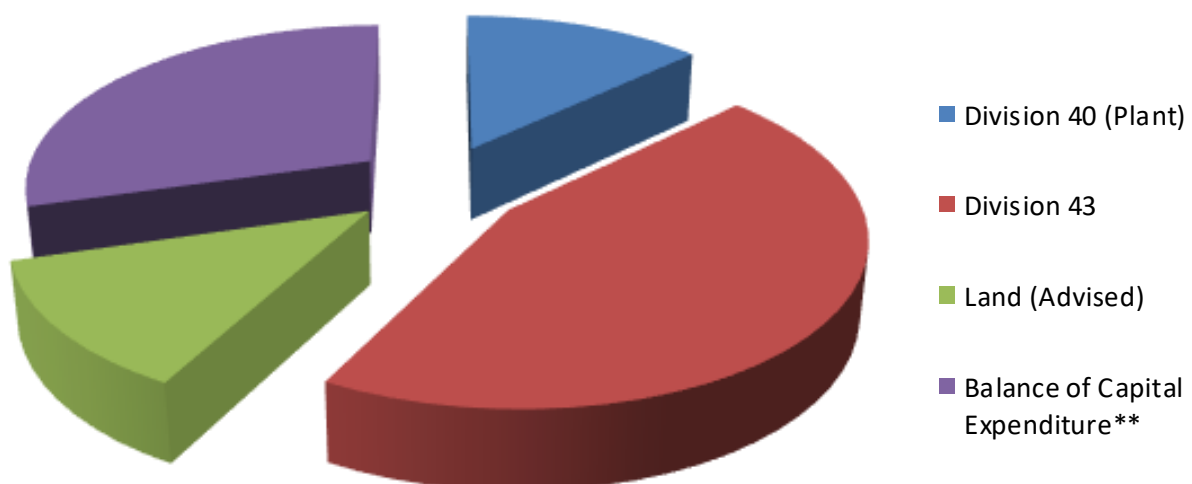
Apportionment of cost relating to:

Division 40 (Plant)	\$131,435
Division 43	\$451,848
Land (Advised)	\$126,906
Balance of Capital Expenditure**	\$297,786
Total Expenditure Analysed	\$1,007,975

Notes

* The historical construction has been calculated and the eligible qualifying expenditure for the purposes of calculating the Division 43 deductions capital works has been taken from this total by excluding the plant (Division 40) and any non eligible expenditure items

** Balance of capital expenditure comprises the apportionment of all capital works which are ineligible for depreciation or capital allowances



10. Diminishing Value Depreciation Schedule

Assets Generally Division 40 - Plant and Equipment	Diminishing Value Rate	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Air-conditioning assets (excl. ducting, pipes & vents)													
Mini split system upto 20KW	20.00%	1-Feb-19	15,142	1,236	2,781	2,225	1,780	1,424	1,139	911	729	583	467
Bathroom assets													
Exhaust fans (including light/heating)	18.75%	1-Feb-19	495	93	151	94	59	37	23	14	9	6	4
Ceiling Fans	18.75%	1-Feb-19	990	186	302	189	118	74	46	29	18	11	7
Computer systems													
Building management system	40.00%	1-Feb-19	639	104	201	125	78	49	31	19	12	7	5
Door closers	18.75%	1-Feb-19	640	120	195	122	76	48	30	19	12	7	5
Fire control assets													
Detection & alarm systems, detectors	18.75%	1-Feb-19	2,601	488	793	495	310	194	121	76	47	30	18
Detection & alarm systems, fire indicator panel	18.75%	1-Feb-19	726	136	221	138	86	54	34	21	13	8	5
Emergency warning & intercommunication system	18.75%	1-Feb-19	2,969	557	905	565	353	221	138	86	54	34	21
Hoses and nozzles	18.75%	1-Feb-19	1,235	232	376	235	147	92	57	36	22	14	9
Fire extinguishers	18.75%	1-Feb-19	404	76	123	77	48	30	19	12	7	5	3
Stair pressurisation & extraction fans	18.75%	1-Feb-19	1,550	291	472	295	184	115	72	45	28	18	11
Floor coverings (removable without damage)													
Carpets	20.00%	1-Feb-19	7,081	578	1,301	1,040	832	666	533	426	341	273	218
Furniture	15.00%	1-Feb-19	2,376	146	335	284	242	206	175	371	232	145	91
Furniture	18.75%	1-Feb-19	3,438	645	1,047	655	409	256	160	100	62	39	24
Hot water systems (excluding piping)													
Gas or electric	16.67%	1-Feb-19	4,649	316	722	602	501	418	348	290	242	202	168
Kitchen assets													
Cooktops	16.67%	1-Feb-19	2,970	202	461	384	320	267	222	185	348	217	136
Dishwashers	20.00%	1-Feb-19	3,564	291	655	524	419	335	268	215	322	201	126
Ovens	16.67%	1-Feb-19	4,158	283	646	538	449	374	311	260	216	180	338
Rangehoods	16.67%	1-Feb-19	1,782	121	277	231	192	360	225	141	88	55	34
Laundry assets													
Clothes dryers	20.00%	1-Feb-19	1,931	158	355	284	227	340	213	133	83	52	32
Lifts (including hydraulic & tractions lifts)	6.67%	1-Feb-19	63,342	1,724	4,108	3,834	3,578	3,340	3,117	2,909	2,715	2,534	2,365
Lights													
Shades, removable	18.75%	1-Feb-19	4,635	869	1,412	883	552	345	215	135	84	53	33
MATV - amplifiers & modulators	18.75%	1-Feb-19	1,453	272	443	277	173	108	68	42	26	16	10
Carried forward			128,772	9,122	18,280	14,097	11,135	9,351	7,565	6,475	5,712	4,690	4,130

Diminishing Value Depreciation Schedule (cont.)

Assets Generally	Diminishing Value Rate	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Division 40 - Plant and Equipment													
Brought forward			128,772	9,122	18,280	14,097	11,135	9,351	7,565	6,475	5,712	4,690	4,130
Security systems & equipment													
Electronic	30.00%	1-Feb-19	1,442	177	380	332	208	130	81	51	32	20	12
\$300 items	100.00%	1-Feb-19	1,220	1,220									
Pooled Plant Total				3,963	6,640	4,483	2,802	2,452	1,532	1,329	1,500	937	924
Effective Life Plant Total				6,556	12,020	9,947	8,541	7,029	6,114	5,197	4,244	3,772	3,218
Total Division 40			131,435	10,519	18,660	14,429	11,343	9,481	7,647	6,525	5,744	4,710	4,142
Division 43 - Capital Works Allowance													
	Rate		Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Building Works - Completed 2018	2.50%	01-Feb-19	447,685	4,608	11,287	11,287	11,287	11,287	11,287	11,287	11,287	11,287	11,287
Building Works - Completed 1900			484										
Building Works - Completed 1900			581										
Structural Improvements - Completed 2018	2.50%	01-Feb-19	3,098	32	78	78	78	78	78	78	78	78	78
Total Division 43			451,848	4,640	11,365	11,365	11,365	11,365	11,365	11,365	11,365	11,365	11,365
Total Depreciation			583,283	15,159	30,025	25,794	22,708	20,846	19,012	17,890	17,109	16,075	15,507

11. Prime Cost Depreciation Schedule

Assets Generally	Prime Cost													
Division 40 - Plant and Equipment	Rate	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Air-conditioning assets (excl. ducting, pipes & vents)														
Mini split system upto 20KW	10.00%	01-Feb-19	15,142	618	1,514	1,514	1,514	1,514	1,514	1,514	1,514	1,514	1,514	
Bathroom assets														
Exhaust fans (including light/heating)	18.75%	01-Feb-19	495	93	151	94	59	37	23	14	9	6	4	
Ceiling Fans	18.75%	01-Feb-19	990	186	302	189	118	74	46	29	18	11	7	
Computer systems														
Building management system	20.00%	01-Feb-19	639	52	128	128	128	128	75					
Door closers	18.75%	01-Feb-19	640	120	195	122	76	48	30	19	12	7	5	
Fire control assets														
Detection & alarm systems, detectors	18.75%	01-Feb-19	2,601	488	793	495	310	194	121	76	47	30	18	
Detection & alarm systems, fire indicator panel	18.75%	01-Feb-19	726	136	221	138	86	54	34	21	13	8	5	
Emergency warning & intercommunication system	18.75%	01-Feb-19	2,969	557	905	565	353	221	138	86	54	34	21	
Hoses and nozzles	18.75%	01-Feb-19	1,235	232	376	235	147	92	57	36	22	14	9	
Fire extinguishers	18.75%	01-Feb-19	404	76	123	77	48	30	19	12	7	5	3	
Stair pressurisation & extraction fans	18.75%	01-Feb-19	1,550	291	472	295	184	115	72	45	28	18	11	
Floor coverings (removable without damage)														
Carpets	10.00%	01-Feb-19	7,081	289	708	708	708	708	708	708	708	708	708	
Furniture	7.50%	01-Feb-19	2,376	73	178	178	178	178	178	178	178	178	178	
Furniture	18.75%	01-Feb-19	3,438	645	1,047	655	409	256	160	100	62	39	24	
Hot water systems (excluding piping)														
Gas or electric	8.33%	01-Feb-19	4,649	158	387	387	387	387	387	387	387	387	387	
Kitchen assets														
Cooktops	8.33%	01-Feb-19	2,970	101	248	248	248	248	248	248	248	248	248	
Dishwashers	10.00%	01-Feb-19	3,564	146	356	356	356	356	356	356	356	356	356	
Ovens	8.33%	01-Feb-19	4,158	141	347	347	347	347	347	347	347	347	347	
Rangehoods	8.33%	01-Feb-19	1,782	61	149	149	149	149	149	149	149	149	149	
Laundry assets														
Clothes dryers	10.00%	01-Feb-19	1,931	79	193	193	193	193	193	193	193	193	193	
Lifts (including hydraulic & tractions lifts)	3.33%	01-Feb-19	63,342	862	2,111	2,111	2,111	2,111	2,111	2,111	2,111	2,111	2,111	
Lights														
Shades, removable	18.75%	01-Feb-19	4,635	869	1,412	883	552	345	215	135	84	53	33	
MATV - amplifiers & modulators	18.75%	01-Feb-19	1,453	272	443	277	173	108	68	42	26	16	10	
Carried forward			128,772	6,543	12,759	10,344	8,835	7,891	7,249	6,805	6,575	6,431	6,341	

Prime Cost Depreciation Schedule (cont.)

Assets Generally	Prime Cost Rate	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Division 40 - Plant and Equipment														
			Brought forward	128,772	6,543	12,759	10,344	8,835	7,891	7,249	6,805	6,575	6,431	6,341
Security systems & equipment														
Electronic	15.00%	01-Feb-19	1,442	88	216	216	216	216	216	216	216	58		
\$300 items	100.00%	01-Feb-19	1,220	1,220										
Pooled Plant Total				3,963	6,440	4,025	2,516	1,572	983	614	384	240	150	
Effective Life Plant Total				3,888	6,535	6,535	6,535	6,535	6,482	6,407	6,249	6,191	6,191	
Total Division 40			131,435	7,851	12,975	10,560	9,051	8,107	7,465	7,021	6,633	6,431	6,341	
Division 43 - Capital Works Allowance														
	Rate		Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Building Works - Completed 2018	2.50%	01-Feb-19	447,685	4,608	11,287	11,287	11,287	11,287	11,287	11,287	11,287	11,287	11,287	
Building Works - Completed 1900			484											
Building Works - Completed 1900			581											
Structural Improvements - Completed 2018	2.50%	01-Feb-19	3,098	32	78	78	78	78	78	78	78	78	78	
Total Division 43			451,848	4,640	11,365	11,365	11,365	11,365	11,365	11,365	11,365	11,365	11,365	
Total Depreciation			583,283	12,491	24,340	21,925	20,416	19,472	18,830	18,386	17,998	17,796	17,706	

12. Division 43 Capital Works Schedule

The table below outlines the amount of Division 43 building write-off available for this property. The building write-off is claimed over forty years from the construction date of the works completed and is the remaining value after plant and equipment has been taken out.

Qualifying Building Allowance

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Building Works - Completed 2018	1 Feb 16 to 1 Oct 18	451,489	2.50%	11,287	447,685
Building Works - Completed 1900		484			484
Building Works - Completed 1900		581			581
Sub-total		452,554		11,287	448,750

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2018	1 Feb 16 to 1 Oct 18	3,124	2.50%	78	3,098
Sub-total		3,124		78	3,098
Totals		455,678		11,365	451,848

The table below demonstrates the various property types and the depreciation rates for Capital expenditure deductions. Eligibility is based on the date of construction commencement.

	Today - 27 Feb 92	26 Feb 92 - 16 Sept 87	15 Sept 87 - 18 Jul 85	17 Jul 85 - 22 Aug 84	21 Aug 84 - 20 Jul 82	19 Jul 82 - 21 Aug 79
Traveller Accommodation	4%	2.5%	4%	4%	2.5%	2.5%
Non Residential	2.5%	2.5%	4%	4%	2.5%	N/A
Manufacturing	4%	2.5%	4%	4%	2.5%	N/A
Residential	2.5%	2.5%	4%	N/A	N/A	N/A
Structural Improvement	2.5%	N/A	N/A	N/A	N/A	N/A

13. Definition of Terms

Adjusted Value	This is the value of an asset after a period of decline often referred to as the written down value or WDV.
Balancing Adjustment	The balancing adjustment amount is the difference between the termination value and the adjustable value of a depreciating asset at the time of a balancing adjustment event.
Decline in Value	Deductions for the cost of a depreciating asset are based on the decline in value between any two dates. This report includes both methods of the decline in value of a depreciating asset; the prime cost method and diminishing value method.
Depreciating Assets	Assets with limited effective life that are reasonably expected to decline in value.
Diminishing Value Method	This is the method of calculating the decline in value which uses the opening adjusted value as the basis for the calculation.
Effective Life	The effective life of a depreciating asset is how long it can be used by any entity for a taxable income producing purpose.
Immediate WriteOff	A depreciating asset which costs less than \$300 can be immediately written off at 100% of the total cost. This is only available where the asset is not part of a set e.g. table and chairs.
Installed Costs	This is the total cost of installing the asset inclusive of fees and labour etc.
Low Value Pool	Low cost assets which have a value between \$300 and \$1000. These assets are depreciated at 18.75% in the first year and 37.5% in each subsequent years.
Low Cost Asset	A depreciable asset with an installed cost of less than \$1000.
Low Value Asset	A depreciable asset that has an adjusted value of less than \$1000.
Non Eligible	This may include a proportion of the purchase price that is not claimable due to the age of the building or asset type.
Prime Cost Method	This is a method of calculating depreciation using a constant opening cost base often referred to as the "Straight Line" method.

14. Contact Details

COMPANY DETAILS	
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15. Disclaimer

This report has been prepared for the exclusive use of the parties named within this report, Koste Pty Ltd does not accept any contractual, tortious or other form of liability for any consequences that may arise from any other person acting upon or using this valuation.