



## Tax Depreciation Report

13/5 Hay Street,  
Box Hill South VIC 3128

Jiajin He  
16 Morello Place  
BERWICK, VIC 3806

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

Jiajin He  
16 Morello Place  
BERWICK, VIC 3806

October 2019  
Job No: RES3128011

### **Tax Depreciation Report – 13/5 Hay Street, Box Hill South VIC 3128**

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

29 October 2019

### Purchaser

Jiajin He

### Property Address

13/5 Hay Street, Box Hill South VIC 3128

### Real Property Description

LOT 13 PS726284

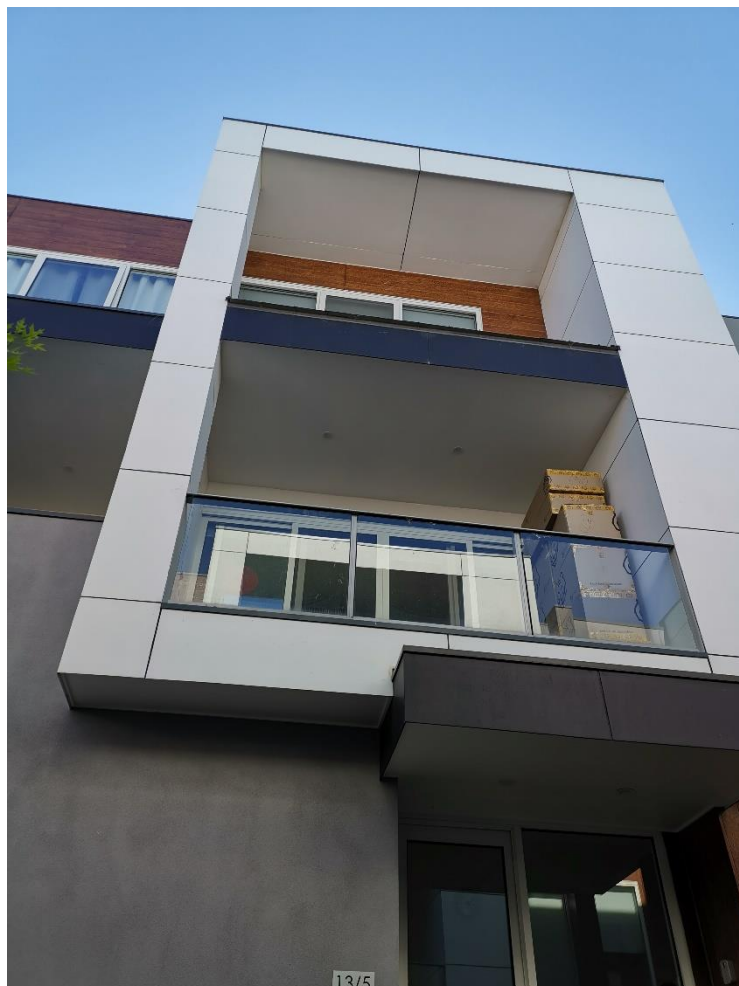
### Property Type

Residential Townhouse

### Date of Construction

29 August 2017

### 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"> <li>• Cash-flow during initial years of asset ownership</li> <li>• Ability to use Low Value Pool for assets less than \$1000 (Note: unable to write off these assets)</li> </ul>					<ul style="list-style-type: none"> <li>• Write off assets when they are demolished or disposed.</li> </ul>				
Calculation Example					Calculation Example				
<p>Under Diminishing Value method, the effective life is dividing by 200.</p> <p><b>200 / 10 Years = 20% (Adjusted Value)</b></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><b>100 / 10 Years = 10% (Straight Line)</b></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	28 September 17 to 30 June 18	9,020	3,819	12,839	6,756	19,595
2	1 July 18 to 30 June 19	9,982	6,299	16,281	8,968	25,249
3	1 July 19 to 30 June 20	7,882	4,309	12,191	8,968	21,159
4	1 July 20 to 30 June 21	6,371	2,693	9,064	8,968	18,032
5	1 July 21 to 30 June 22	4,856	2,322	7,178	8,968	16,146
6	1 July 22 to 30 June 23	3,121	2,827	5,948	8,968	14,916
7	1 July 23 to 30 June 24	2,433	2,112	4,545	8,968	13,513
8	1 July 24 to 30 June 25	2,018	1,320	3,338	8,968	12,306
9	1 July 25 to 30 June 26	1,482	1,190	2,672	8,968	11,640
10	1 July 26 to 30 June 27	1,239	744	1,983	8,968	10,951
11	1 July 27 to 30 June 28	895	823	1,718	8,968	10,686
12	1 July 28 to 30 June 29	749	514	1,263	8,968	10,231
13	1 July 29 to 30 June 30	627	322	949	8,968	9,917
14	1 July 30 to 30 June 31	527	201	728	8,968	9,696
15	1 July 31 to 30 June 32	278	434	712	8,968	9,680
16	1 July 32 to 30 June 33	0	949	949	8,968	9,917
17	1 July 33 to 30 June 34	0	593	593	8,968	9,561
18	1 July 34 to 30 June 35	0	371	371	8,968	9,339
19	1 July 35 to 30 June 36	0	232	232	8,968	9,200
20	1 July 36 to 30 June 37	0	145	145	8,968	9,113
21	1 July 37 to 30 June 38	0	91	91	8,968	9,059
22	1 July 38 to 30 June 39	0	57	57	8,968	9,025
23	1 July 39 to 30 June 40	0	35	35	8,968	9,003
24	1 July 40 to 30 June 41	0	22	22	8,968	8,990
25	1 July 41 to 30 June 42	0	14	14	8,968	8,982
26	1 July 42 to 30 June 43	0	9	9	8,968	8,977
27	1 July 43 to 30 June 44	0	5	5	8,968	8,973
28	1 July 44 to 30 June 45	0	3	3	8,968	8,971
29	1 July 45 to 30 June 46	0	2	2	8,968	8,970
30	1 July 46 to 30 June 47	0	1	1	8,968	8,969
31	1 July 47 to 30 June 48	0	1	1	8,968	8,969
32	1 July 48 to 30 June 49	0	1	1	8,968	8,969
33	1 July 49 to 30 June 50	0	0	0	8,968	8,968
34	1 July 50 to 30 June 51	0	0	0	8,968	8,968
35	1 July 51 to 30 June 52	0	0	0	8,968	8,968
36	1 July 52 to 30 June 53	0	0	0	8,968	8,968
37	1 July 53 to 30 June 54	0	0	0	8,968	8,968
38	1 July 54 to 30 June 55	0	0	0	8,968	8,968
39	1 July 55 to 30 June 56	0	0	0	8,968	8,968
40	2056+	0	0	0	10,477	10,477
<b>Totals</b>		<b>51,480</b>	<b>32,461</b>	<b>83,941</b>	<b>358,017</b>	<b>441,958</b>

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	28 September 17 to 30 June 18	4,555	3,819	8,374	6,756	15,130
2	1 July 18 to 30 June 19	5,926	6,205	12,131	8,968	21,099
3	1 July 19 to 30 June 20	5,926	3,878	9,804	8,968	18,772
4	1 July 20 to 30 June 21	5,926	2,424	8,350	8,968	17,318
5	1 July 21 to 30 June 22	5,926	1,515	7,441	8,968	16,409
6	1 July 22 to 30 June 23	5,874	947	6,821	8,968	15,789
7	1 July 23 to 30 June 24	5,787	592	6,379	8,968	15,347
8	1 July 24 to 30 June 25	5,100	370	5,470	8,968	14,438
9	1 July 25 to 30 June 26	5,100	231	5,331	8,968	14,299
10	1 July 26 to 30 June 27	5,100	144	5,244	8,968	14,212
11	1 July 27 to 30 June 28	2,625	90	2,715	8,968	11,683
12	1 July 28 to 30 June 29	1,822	56	1,878	8,968	10,846
13	1 July 29 to 30 June 30	1,465	35	1,500	8,968	10,468
14	1 July 30 to 30 June 31	1,196	22	1,218	8,968	10,186
15	1 July 31 to 30 June 32	993	14	1,007	8,968	9,975
16	1 July 32 to 30 June 33	254	9	262	8,968	9,230
17	1 July 33 to 30 June 34	0	5	5	8,968	8,973
18	1 July 34 to 30 June 35	0	3	3	8,968	8,971
19	1 July 35 to 30 June 36	0	2	2	8,968	8,970
20	1 July 36 to 30 June 37	0	1	1	8,968	8,969
21	1 July 37 to 30 June 38	0	1	1	8,968	8,969
22	1 July 38 to 30 June 39	0	1	1	8,968	8,969
23	1 July 39 to 30 June 40	0	0	0	8,968	8,968
24	1 July 40 to 30 June 41	0	0	0	8,968	8,968
25	1 July 41 to 30 June 42	0	0	0	8,968	8,968
26	1 July 42 to 30 June 43	0	0	0	8,968	8,968
27	1 July 43 to 30 June 44	0	0	0	8,968	8,968
28	1 July 44 to 30 June 45	0	0	0	8,968	8,968
29	1 July 45 to 30 June 46	0	0	0	8,968	8,968
30	1 July 46 to 30 June 47	0	0	0	8,968	8,968
31	1 July 47 to 30 June 48	0	0	0	8,968	8,968
32	1 July 48 to 30 June 49	0	0	0	8,968	8,968
33	1 July 49 to 30 June 50	0	0	0	8,968	8,968
34	1 July 50 to 30 June 51	0	0	0	8,968	8,968
35	1 July 51 to 30 June 52	0	0	0	8,968	8,968
36	1 July 52 to 30 June 53	0	0	0	8,968	8,968
37	1 July 53 to 30 June 54	0	0	0	8,968	8,968
38	1 July 54 to 30 June 55	0	0	0	8,968	8,968
39	1 July 55 to 30 June 56	0	0	0	8,968	8,968
40	2056+	0	0	0	10,477	10,477
<b>Totals</b>		<b>63,575</b>	<b>20,366</b>	<b>83,941</b>	<b>358,017</b>	<b>441,958</b>

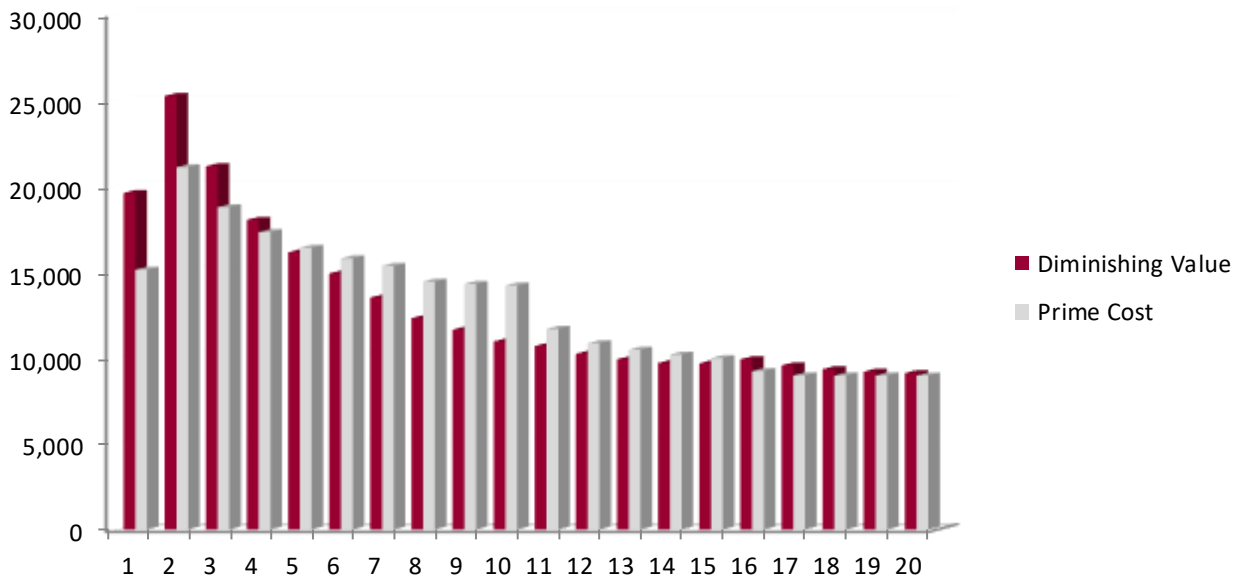
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

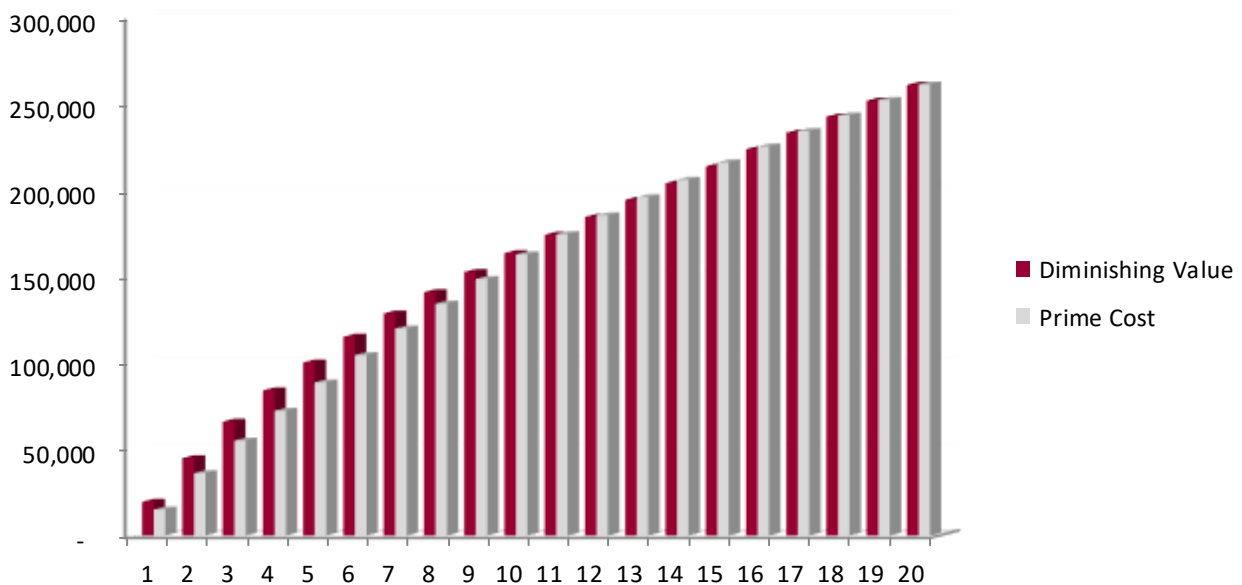
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	11 May 2015
Settlement Date	28 September 2017

### Expenditure Analysed

Purchase Price	\$788,800
Stamp Duty	\$42,398
<b>Total Expenditure Analysed</b>	<b>\$831,198</b>

### Historical Construction Details

Construction Start Date	2 December 2016
Construction Completion Date	29 August 2017
Historical Construction Cost (Estimated)*	\$413,547
Lot Entitlement	18
Overall Lot Entitlement	1,000

## 9. Reconciliation of Capital Expenditure

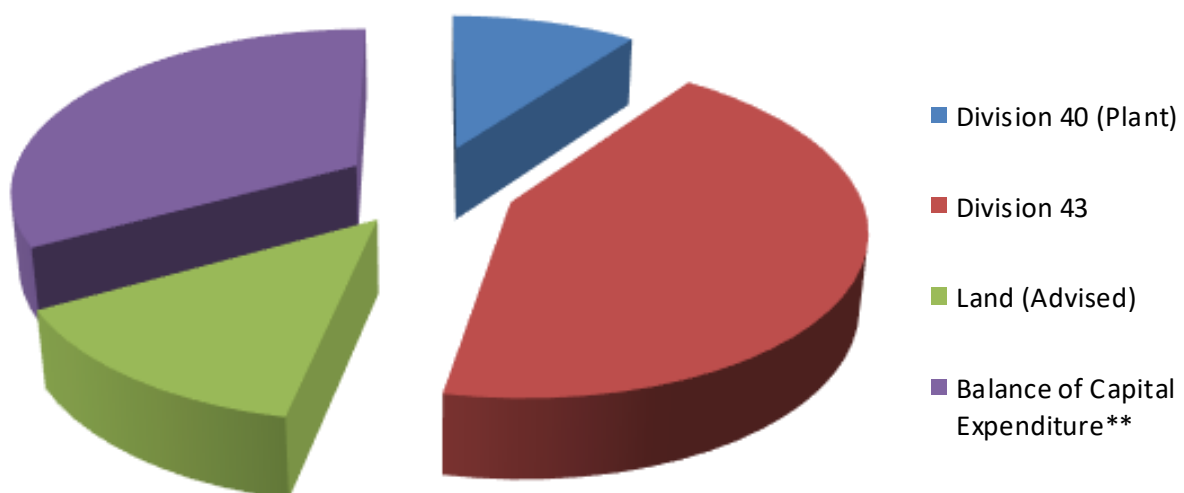
### Apportionment of cost relating to:

Division 40 (Plant)	\$83,941
Division 43	\$358,017
Land (Advised)	\$113,805
Balance of Capital Expenditure**	\$275,435
<b>Total Expenditure Analysed</b>	<b>\$831,198</b>

### 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
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>													
Mini split system upto 20KW	20.00%	28-Sep-17	17,608	2,653	2,991	2,393	1,914	1,531	1,225	980	784	627	502
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	28-Sep-17	1,887	354	575	359	225	140	88	55	34	21	13
<b>Blinds Residential</b>													
Blinds Residential	20.00%	28-Sep-17	1,845	278	313	251	201	301	188	118	73	46	29
Blinds Residential	18.75%	28-Sep-17	2,207	414	673	420	263	164	103	64	40	25	16
<b>Cleaning equipment</b>													
Vacuum cleaner, ducted system, hoses, motors & wands	20.00%	28-Sep-17	2,515	379	427	342	273	219	328	205	128	80	50
<b>Computer systems</b>													
General	18.75%	28-Sep-17	734	138	224	140	87	55	34	21	13	8	5
<b>Door closers</b>													
Door closers	18.75%	28-Sep-17	377	71	115	72	45	28	18	11	7	4	3
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	28-Sep-17	1,384	259	422	263	165	103	64	40	25	16	10
<b>Floor coverings ( removable without damage)</b>													
Carpets	20.00%	28-Sep-17	5,460	823	927	742	594	475	380	304	243	365	228
Floating timber	13.33%	28-Sep-17	7,567	760	908	787	682	591	512	444	385	333	289
<b>Furniture</b>													
Furniture	15.00%	28-Sep-17	4,654	526	619	526	447	380	323	275	234	198	169
Furniture	18.75%	28-Sep-17	3,895	730	1,187	742	464	290	181	113	71	44	28
<b>Garage doors, automatic</b>													
Controls	40.00%	28-Sep-17	356	107	93	58	36	23	14	9	6	3	2
Motors	20.00%	28-Sep-17	2,515	379	427	342	273	219	328	205	128	80	50
<b>Garbage disposal</b>													
Garbage bins	18.75%	28-Sep-17	335	63	102	64	40	25	16	10	6	4	2
<b>Hot water systems (excluding piping)</b>													
Solar	13.33%	28-Sep-17	7,337	737	880	763	661	573	496	430	373	323	280
<b>Kitchen assets</b>													
Cooktops	16.67%	28-Sep-17	1,782	224	260	216	180	338	211	132	83	52	32
Dishwashers	20.00%	28-Sep-17	2,830	426	481	385	308	246	369	231	144	90	56
Ovens	16.67%	28-Sep-17	2,620	329	382	318	265	221	184	345	216	135	84
Rangehoods	16.67%	28-Sep-17	1,363	171	199	372	233	145	91	57	36	22	14
<b>Laundry assets</b>													
Clothes dryers	18.75%	28-Sep-17	943	177	287	180	112	70	44	27	17	11	7
Carried forward			70,215	9,999	12,491	9,735	7,468	6,137	5,198	4,076	3,045	2,489	1,869

## 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
<b>Division 40 - Plant and Equipment</b>													
Brought forward			70,215	9,999	12,491	9,735	7,468	6,137	5,198	4,076	3,045	2,489	1,869
<b>Lights</b>													
Shades, removable	18.75%	28-Sep-17	8,604	1,613	2,621	1,638	1,024	640	400	250	156	98	61
<b>Security systems &amp; equipment</b>													
Electronic	30.00%	28-Sep-17	5,031	1,137	1,168	818	572	401	351	219	137	86	53
\$300 items	100.00%	28-Sep-17	91	91									
Pooled Plant Total				3,819	6,299	4,309	2,693	2,322	2,827	2,112	1,320	1,190	744
Effective Life Plant Total				9,020	9,982	7,882	6,371	4,856	3,121	2,433	2,018	1,482	1,239
<b>Total Division 40</b>			<b>83,941</b>	<b>12,839</b>	<b>16,281</b>	<b>12,191</b>	<b>9,064</b>	<b>7,178</b>	<b>5,948</b>	<b>4,545</b>	<b>3,338</b>	<b>2,672</b>	<b>1,983</b>
<b>Division 43 - Capital Works Allowance</b>													
	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 2017	2.50%	28-Sep-17	346,703	6,543	8,685	8,685	8,685	8,685	8,685	8,685	8,685	8,685	8,685
Structural Improvements - Completed 2017	2.50%	28-Sep-17	11,314	213	283	283	283	283	283	283	283	283	283
<b>Total Division 43</b>			<b>358,017</b>	<b>6,756</b>	<b>8,968</b>	<b>8,968</b>	<b>8,968</b>	<b>8,968</b>	<b>8,968</b>	<b>8,968</b>	<b>8,968</b>	<b>8,968</b>	<b>8,968</b>
<b>Total Depreciation</b>			<b>441,958</b>	<b>19,595</b>	<b>25,249</b>	<b>21,159</b>	<b>18,032</b>	<b>16,146</b>	<b>14,916</b>	<b>13,513</b>	<b>12,306</b>	<b>11,640</b>	<b>10,951</b>

## 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	
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>														
Mini split system upto 20KW	10.00%	28-Sep-17	17,608	1,327	1,761	1,761	1,761	1,761	1,761	1,761	1,761	1,761	1,761	
<b>Bathroom assets</b>														
Exhaust fans (including light/heating)	18.75%	28-Sep-17	1,887	354	575	359	225	140	88	55	34	21	13	
<b>Blinds Residential</b>	10.00%	28-Sep-17	1,845	139	184	184	184	184	184	184	184	184	184	
<b>Blinds Residential</b>	18.75%	28-Sep-17	2,207	414	673	420	263	164	103	64	40	25	16	
<b>Cleaning equipment</b>														
Vacuum cleaner, ducted system, hoses, motors & wands	10.00%	28-Sep-17	2,515	190	252	252	252	252	252	252	252	252	252	
<b>Computer systems</b>														
General	18.75%	28-Sep-17	734	138	224	140	87	55	34	21	13	8	5	
<b>Door closers</b>	18.75%	28-Sep-17	377	71	115	72	45	28	18	11	7	4	3	
<b>Fire control assets</b>														
Detection & alarm systems, detectors	18.75%	28-Sep-17	1,384	259	422	263	165	103	64	40	25	16	10	
<b>Floor coverings ( removable without damage)</b>														
Carpets	10.00%	28-Sep-17	5,460	411	546	546	546	546	546	546	546	546	546	
Floating timber	6.67%	28-Sep-17	7,567	380	504	504	504	504	504	504	504	504	504	
<b>Furniture</b>	7.50%	28-Sep-17	4,654	263	349	349	349	349	349	349	349	349	349	
<b>Furniture</b>	18.75%	28-Sep-17	3,895	730	1,187	742	464	290	181	113	71	44	28	
<b>Garage doors, automatic</b>														
Controls	20.00%	28-Sep-17	356	54	71	71	71	71	19					
Motors	10.00%	28-Sep-17	2,515	190	252	252	252	252	252	252	252	252	252	
<b>Garbage disposal</b>														
Garbage bins	18.75%	28-Sep-17	335	63	102	64	40	25	16	10	6	4	2	
<b>Hot water systems (excluding piping)</b>														
Solar	6.67%	28-Sep-17	7,337	369	489	489	489	489	489	489	489	489	489	
<b>Kitchen assets</b>														
Cooktops	8.33%	28-Sep-17	1,782	112	148	148	148	148	148	148	148	148	148	
Dishwashers	10.00%	28-Sep-17	2,830	213	283	283	283	283	283	283	283	283	283	
Ovens	8.33%	28-Sep-17	2,620	165	218	218	218	218	218	218	218	218	218	
Rangehoods	8.33%	28-Sep-17	1,363	86	114	114	114	114	114	114	114	114	114	
<b>Laundry assets</b>														
Clothes dryers	18.75%	28-Sep-17	943	177	287	180	112	70	44	27	17	11	7	
Carried forward			70,215	6,102	8,755	7,411	6,571	6,046	5,666	5,442	5,314	5,234	5,183	

## 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
<b>Division 40 - Plant and Equipment</b>													
Brought forward			70,215	6,102	8,755	7,411	6,571	6,046	5,666	5,442	5,314	5,234	5,183
<b>Lights</b>													
Shades, removable	18.75%	28-Sep-17	8,604	1,613	2,621	1,638	1,024	640	400	250	156	98	61
<b>Security systems &amp; equipment</b>													
Electronic	15.00%	28-Sep-17	5,031	569	755	755	755	755	755	687			
\$300 items	100.00%	28-Sep-17	91	91									
<b>Pooled Plant Total</b>				<b>3,819</b>	<b>6,205</b>	<b>3,878</b>	<b>2,424</b>	<b>1,515</b>	<b>947</b>	<b>592</b>	<b>370</b>	<b>231</b>	<b>144</b>
<b>Effective Life Plant Total</b>				<b>4,555</b>	<b>5,926</b>	<b>5,926</b>	<b>5,926</b>	<b>5,926</b>	<b>5,874</b>	<b>5,787</b>	<b>5,100</b>	<b>5,100</b>	<b>5,100</b>
<b>Total Division 40</b>			<b>83,941</b>	<b>8,374</b>	<b>12,131</b>	<b>9,804</b>	<b>8,350</b>	<b>7,441</b>	<b>6,821</b>	<b>6,379</b>	<b>5,470</b>	<b>5,331</b>	<b>5,244</b>
<b>Division 43 - Capital Works Allowance</b>													
	Rate		Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Building Works - Completed 2017</b>	2.50%	28-Sep-17	346,703	6,543	8,685	8,685	8,685	8,685	8,685	8,685	8,685	8,685	8,685
<b>Structural Improvements - Completed 2017</b>	2.50%	28-Sep-17	11,314	213	283	283	283	283	283	283	283	283	283
<b>Total Division 43</b>			<b>358,017</b>	<b>6,756</b>	<b>8,968</b>	<b>8,968</b>	<b>8,968</b>	<b>8,968</b>	<b>8,968</b>	<b>8,968</b>	<b>8,968</b>	<b>8,968</b>	<b>8,968</b>
<b>Total Depreciation</b>			<b>441,958</b>	<b>15,130</b>	<b>21,099</b>	<b>18,772</b>	<b>17,318</b>	<b>16,409</b>	<b>15,789</b>	<b>15,347</b>	<b>14,438</b>	<b>14,299</b>	<b>14,212</b>



## 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 2017	2 Dec 16 to 29 Aug 17	347,417	2.50%	8,685	346,703
<b>Sub-total</b>		<b>347,417</b>		<b>8,685</b>	<b>346,703</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2017	2 Dec 16 to 29 Aug 17	11,337	2.50%	283	11,314
<b>Sub-total</b>		<b>11,337</b>		<b>283</b>	<b>11,314</b>
<b>Totals</b>		<b>358,754</b>		<b>8,968</b>	<b>358,017</b>

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

<b>Adjusted Value</b>	This is the value of an asset after a period of decline often referred to as the written down value or WDV.
<b>Balancing Adjustment</b>	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.
<b>Decline in Value</b>	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.
<b>Depreciating Assets</b>	Assets with limited effective life that are reasonably expected to decline in value.
<b>Diminishing Value Method</b>	This is the method of calculating the decline in value which uses the opening adjusted value as the basis for the calculation.
<b>Effective Life</b>	The effective life of a depreciating asset is how long it can be used by any entity for a taxable income producing purpose.
<b>Immediate WriteOff</b>	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.
<b>Installed Costs</b>	This is the total cost of installing the asset inclusive of fees and labour etc.
<b>Low Value Pool</b>	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.
<b>Low Cost Asset</b>	A depreciable asset with an installed cost of less than \$1000.
<b>Low Value Asset</b>	A depreciable asset that has an adjusted value of less than \$1000.
<b>Non Eligible</b>	This may include a proportion of the purchase price that is not claimable due to the age of the building or asset type.
<b>Prime Cost Method</b>	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	
Company Name	Koste Pty Ltd
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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.