



Tax Depreciation Report

306C/8 Bond Street,
Caulfield East, VIC 3145

Miao Cao
2/1831 Dandenong Road
OAKLEIGH EAST, VIC 3166

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

Miao Cao
2/1831 Dandenong Road
OAKLEIGH EAST, VIC 3166

October 2019
Job No: RES3145003

Tax Depreciation Report – 306C/8 Bond Street, Caulfield East, VIC 3145

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



TABLE OF CONTENTS

1. Property Information	2
2. Report Details	3
3. Capital Allowances	4
4. Capital Works	6
5. Summary of Entitlements – Diminishing Value Method	7
6. Summary of Entitlements – Prime Cost Method	8
7. Comparison Graphs	9
8. Capital Expenditure Analysed	10
9. Reconciliation of Capital Expenditure	10
10. Diminishing Value Depreciation Schedule	11
11. Prime Cost Depreciation Schedule	13
12. Division 43 Capital Works Schedule	15
13. Definition of Terms	16
14. Contact Details	17
15. Disclaimer	18

1. Property Information

Date of Report

30 October 2019

Purchaser

Miao Cao

Property Address

306C/8 Bond Street, Caulfield East, VIC 3145

Real Property Description

LOT 306C PS745039

Property Type

Residential Unit

Date of Construction

1 August 2019

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	11 September 19 to 30 June 20	6,993	2,572	9,565	3,036	12,601
2	1 July 20 to 30 June 21	5,691	4,752	10,443	3,792	14,235
3	1 July 21 to 30 June 22	4,650	2,970	7,620	3,792	11,412
4	1 July 22 to 30 June 23	3,245	2,895	6,141	3,792	9,933
5	1 July 23 to 30 June 24	2,707	1,810	4,517	3,792	8,309
6	1 July 24 to 30 June 25	1,994	1,812	3,806	3,792	7,598
7	1 July 25 to 30 June 26	1,345	1,806	3,151	3,792	6,943
8	1 July 26 to 30 June 27	1,142	1,128	2,270	3,792	6,062
9	1 July 27 to 30 June 28	644	1,380	2,024	3,792	5,816
10	1 July 28 to 30 June 29	565	863	1,428	3,792	5,220
11	1 July 29 to 30 June 30	329	858	1,187	3,792	4,979
12	1 July 30 to 30 June 31	307	536	844	3,792	4,636
13	1 July 31 to 30 June 32	287	335	622	3,792	4,414
14	1 July 32 to 30 June 33	268	210	477	3,792	4,269
15	1 July 33 to 30 June 34	250	131	381	3,792	4,173
16	1 July 34 to 30 June 35	233	82	315	3,792	4,107
17	1 July 35 to 30 June 36	218	51	269	3,792	4,061
18	1 July 36 to 30 June 37	203	32	235	3,792	4,027
19	1 July 37 to 30 June 38	190	20	210	3,792	4,002
20	1 July 38 to 30 June 39	177	12	189	3,792	3,981
21	1 July 39 to 30 June 40	165	8	173	3,792	3,965
22	1 July 40 to 30 June 41	154	5	159	3,792	3,951
23	1 July 41 to 30 June 42	144	3	147	3,792	3,939
24	1 July 42 to 30 June 43	134	2	136	3,792	3,928
25	1 July 43 to 30 June 44	125	1	126	3,792	3,918
26	1 July 44 to 30 June 45	117	1	118	3,792	3,910
27	1 July 45 to 30 June 46	109	0	110	3,792	3,902
28	1 July 46 to 30 June 47	102	0	102	3,792	3,894
29	1 July 47 to 30 June 48	95	0	95	3,792	3,887
30	1 July 48 to 30 June 49	89	0	89	3,792	3,881
31	1 July 49 to 30 June 50	83	0	83	3,792	3,875
32	1 July 50 to 30 June 51	77	0	77	3,792	3,869
33	1 July 51 to 30 June 52	72	0	72	3,792	3,864
34	1 July 52 to 30 June 53	67	0	67	3,792	3,859
35	1 July 53 to 30 June 54	0	354	354	3,792	4,146
36	1 July 54 to 30 June 55	0	221	221	3,792	4,013
37	1 July 55 to 30 June 56	0	138	138	3,792	3,930
38	1 July 56 to 30 June 57	0	86	86	3,792	3,878
39	1 July 57 to 30 June 58	0	54	54	3,792	3,846
40	2058+	0	90	90	4,113	4,203
Totals		32,972	25,219	58,191	151,245	209,436

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	11 September 19 to 30 June 20	4,113	2,572	6,685	3,036	9,721
2	1 July 20 to 30 June 21	3,598	4,180	7,778	3,792	11,570
3	1 July 21 to 30 June 22	3,598	2,613	6,211	3,792	10,003
4	1 July 22 to 30 June 23	3,598	1,633	5,231	3,792	9,023
5	1 July 23 to 30 June 24	3,598	1,021	4,619	3,792	8,411
6	1 July 24 to 30 June 25	3,469	638	4,107	3,792	7,899
7	1 July 25 to 30 June 26	3,389	399	3,788	3,792	7,580
8	1 July 26 to 30 June 27	3,057	249	3,306	3,792	7,098
9	1 July 27 to 30 June 28	3,057	156	3,213	3,792	7,005
10	1 July 28 to 30 June 29	3,057	97	3,154	3,792	6,946
11	1 July 29 to 30 June 30	1,810	61	1,871	3,792	5,663
12	1 July 30 to 30 June 31	1,497	38	1,535	3,792	5,327
13	1 July 31 to 30 June 32	742	24	765	3,792	4,557
14	1 July 32 to 30 June 33	509	15	524	3,792	4,316
15	1 July 33 to 30 June 34	446	9	455	3,792	4,247
16	1 July 34 to 30 June 35	348	6	353	3,792	4,145
17	1 July 35 to 30 June 36	324	4	328	3,792	4,120
18	1 July 36 to 30 June 37	324	2	326	3,792	4,118
19	1 July 37 to 30 June 38	324	1	325	3,792	4,117
20	1 July 38 to 30 June 39	324	1	325	3,792	4,117
21	1 July 39 to 30 June 40	324	1	325	3,792	4,117
22	1 July 40 to 30 June 41	324	0	324	3,792	4,116
23	1 July 41 to 30 June 42	324	0	324	3,792	4,116
24	1 July 42 to 30 June 43	324	0	324	3,792	4,116
25	1 July 43 to 30 June 44	324	0	324	3,792	4,116
26	1 July 44 to 30 June 45	324	0	324	3,792	4,116
27	1 July 45 to 30 June 46	324	0	324	3,792	4,116
28	1 July 46 to 30 June 47	324	0	324	3,792	4,116
29	1 July 47 to 30 June 48	324	0	324	3,792	4,116
30	1 July 48 to 30 June 49	324	0	324	3,792	4,116
31	1 July 49 to 30 June 50	51	0	51	3,792	3,843
32	1 July 50 to 30 June 51	0	0	0	3,792	3,792
33	1 July 51 to 30 June 52	0	0	0	3,792	3,792
34	1 July 52 to 30 June 53	0	0	0	3,792	3,792
35	1 July 53 to 30 June 54	0	0	0	3,792	3,792
36	1 July 54 to 30 June 55	0	0	0	3,792	3,792
37	1 July 55 to 30 June 56	0	0	0	3,792	3,792
38	1 July 56 to 30 June 57	0	0	0	3,792	3,792
39	1 July 57 to 30 June 58	0	0	0	3,792	3,792
40	2058+	0	0	0	4,113	4,113
Totals		44,472	13,719	58,191	151,245	209,436

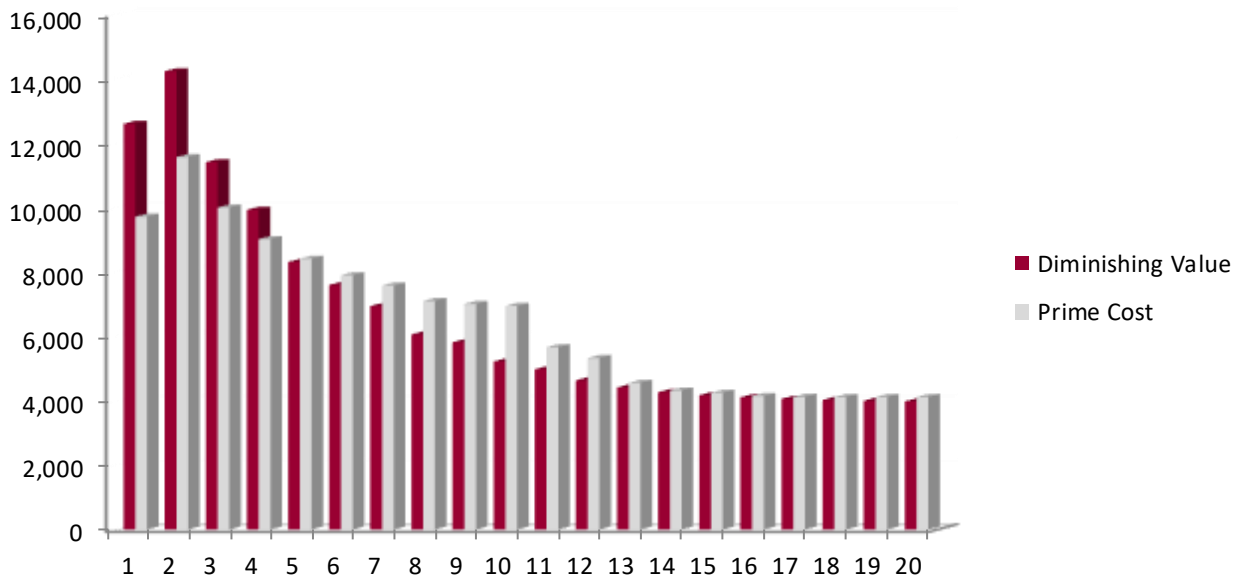
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

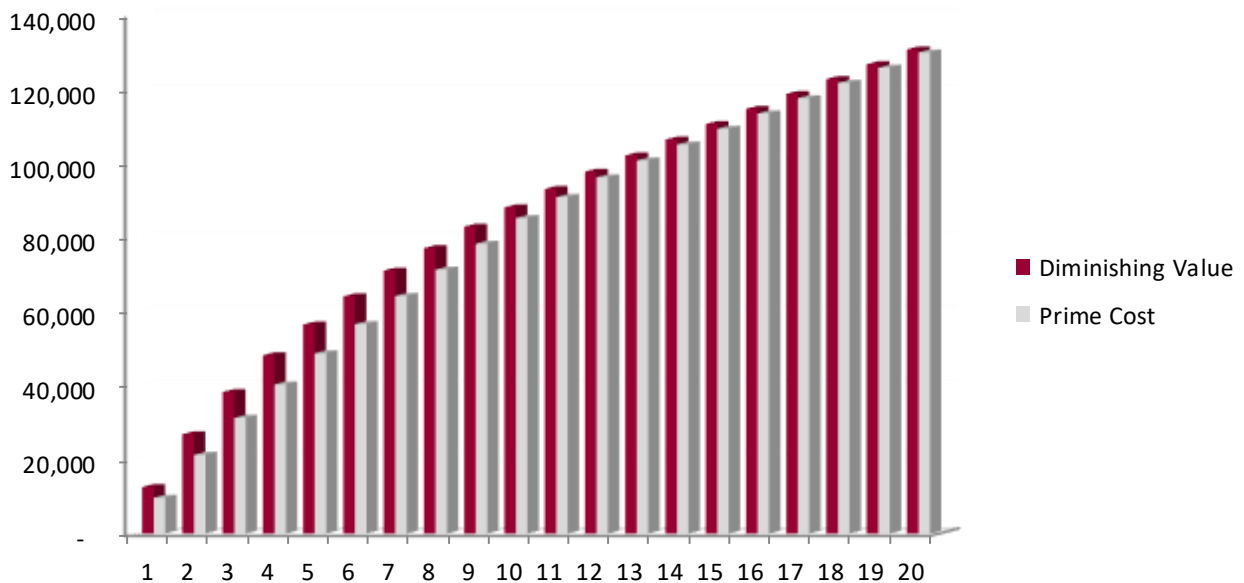
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	22 June 2017
Settlement Date	11 September 2019

Expenditure Analysed

Purchase Price	\$453,230
Stamp Duty	\$14,288
Total Expenditure Analysed	\$467,518

Historical Construction Details

Construction Start Date	28 January 2018
Construction Completion Date	1 August 2019
Historical Construction Cost (Estimated)*	\$179,616

9. Reconciliation of Capital Expenditure

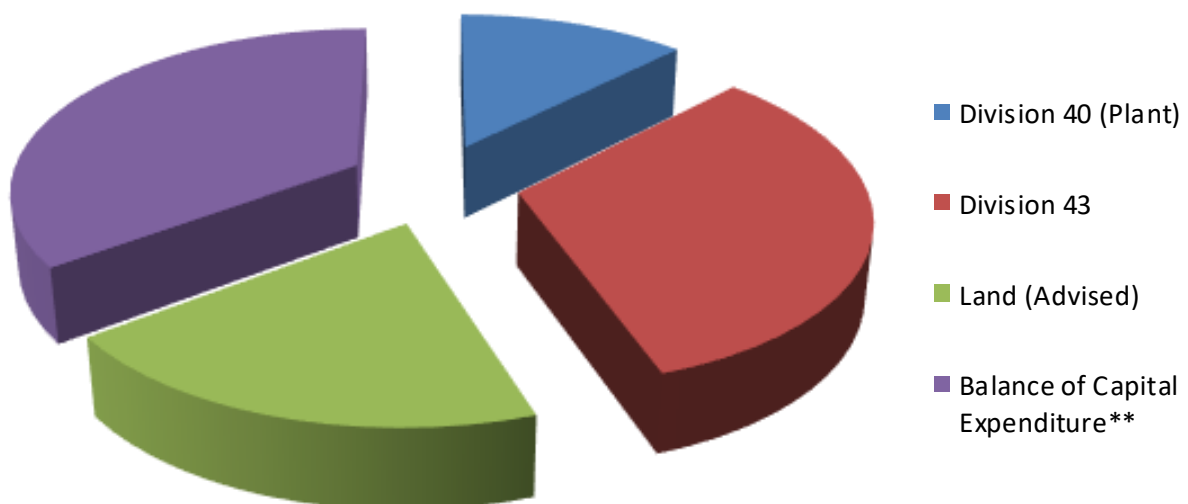
Apportionment of cost relating to:

Division 40 (Plant)	\$58,191
Division 43	\$151,245
Land (Advised)	\$93,504
Balance of Capital Expenditure**	\$164,578
Total Expenditure Analysed	\$467,518

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	Diminishing	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	Value Rate												
Air-conditioning assets (excl. ducting, pipes & vents)													
Mini split system upto 20KW	20.00%	11-Sep-19	7,549	1,209	1,268	1,014	812	649	519	416	332	266	213
Bathroom assets													
Exhaust fans (including light/heating)	18.75%	11-Sep-19	1,258	236	383	240	150	94	58	37	23	14	9
Computer systems													
Building management system	40.00%	11-Sep-19	799	256	204	127	80	50	31	19	12	8	5
Door closers													
	18.75%	11-Sep-19	703	132	214	134	84	52	33	20	13	8	5
Fire control assets													
Detection & alarm systems, detectors	18.75%	11-Sep-19	1,327	249	404	253	158	99	62	39	24	15	9
Detection & alarm systems, fire indicator panel	18.75%	11-Sep-19	999	187	304	190	119	74	46	29	18	11	7
Emergency warning & intercommunication system	18.75%	11-Sep-19	543	102	165	103	65	40	25	16	10	6	4
Hoses and nozzles	18.75%	11-Sep-19	336	63	102	64	40	25	16	10	6	4	2
Pumps, diesel & electric	18.75%	11-Sep-19	339	64	103	65	40	25	16	10	6	4	2
Fire sprinklers - pumps only													
	18.75%	11-Sep-19	339	64	103	65	40	25	16	10	6	4	2
Floor coverings (removable without damage)													
Carpets	20.00%	11-Sep-19	5,034	806	846	676	541	433	346	277	222	332	208
Floating timber	13.33%	11-Sep-19	1,829	195	218	189	164	142	346	216	135	84	53
Furniture													
Furniture	15.00%	11-Sep-19	1,510	181	199	169	360	225	141	88	55	34	21
Furniture	18.75%	11-Sep-19	2,824	529	860	538	336	210	131	82	51	32	20
Gymnasium equipment													
Equipment	18.75%	11-Sep-19	425	80	130	81	51	32	20	12	8	5	3
Hot water systems (excluding piping)													
Gas or electric	16.67%	11-Sep-19	1,438	192	208	173	324	203	127	79	50	31	19
Kitchen assets													
Cooktops	16.67%	11-Sep-19	2,139	285	309	257	215	179	335	209	131	82	51
Dishwashers	20.00%	11-Sep-19	3,020	483	507	406	325	260	208	312	195	122	76
Ovens	16.67%	11-Sep-19	2,768	369	400	333	278	231	193	361	226	141	88
Rangehoods	16.67%	11-Sep-19	1,132	151	368	230	144	90	56	35	22	14	9
Refrigerators	16.67%	11-Sep-19	3,774	504	545	454	379	315	263	219	183	342	214
Lifts (including hydraulic & tractions lifts)													
	6.67%	11-Sep-19	9,706	518	613	572	534	498	465	434	405	378	353
Lights													
Shades, removable	18.75%	11-Sep-19	3,626	680	1,105	690	432	270	169	105	66	41	26
MATV - amplifiers & modulators													
	18.75%	11-Sep-19	699	131	213	133	83	52	32	20	13	8	5
Carried forward			54,115	7,665	9,772	7,157	5,750	4,273	3,653	3,056	2,210	1,987	1,405

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			54,115	7,665	9,772	7,157	5,750	4,273	3,653	3,056	2,210	1,987	1,405
Security systems & equipment													
Electronic	30.00%	11-Sep-19	2,542	611	579	406	355	222	139	87	54	34	21
Swimming pools													
Filtration equipment	18.75%	11-Sep-19	302	57	92	57	36	22	14	9	5	3	2
\$300 items	100.00%	11-Sep-19	1,232	1,232									
Pooled Plant Total				2,572	4,752	2,970	2,895	1,810	1,812	1,806	1,128	1,380	863
Effective Life Plant Total				6,993	5,691	4,650	3,245	2,707	1,994	1,345	1,142	644	565
Total Division 40			58,191	9,565	10,443	7,620	6,141	4,517	3,806	3,151	2,270	2,024	1,428
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 2019	2.50%	11-Sep-19	149,810	3,007	3,756	3,756	3,756	3,756	3,756	3,756	3,756	3,756	3,756
Structural Improvements - Completed 2019	2.50%	11-Sep-19	1,435	29	36	36	36	36	36	36	36	36	36
Total Division 43			151,245	3,036	3,792	3,792	3,792	3,792	3,792	3,792	3,792	3,792	3,792
Total Depreciation			209,436	12,601	14,235	11,412	9,933	8,309	7,598	6,943	6,062	5,816	5,220

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%	11-Sep-19	7,549	604	755	755	755	755	755	755	755	755	755
Bathroom assets													
Exhaust fans (including light/heating)	18.75%	11-Sep-19	1,258	236	383	240	150	94	58	37	23	14	9
Computer systems													
Building management system	20.00%	11-Sep-19	799	128	160	160	160	160	31				
Door closers													
	18.75%	11-Sep-19	703	132	214	134	84	52	33	20	13	8	5
Fire control assets													
Detection & alarm systems, detectors	18.75%	11-Sep-19	1,327	249	404	253	158	99	62	39	24	15	9
Detection & alarm systems, fire indicator panel	18.75%	11-Sep-19	999	187	304	190	119	74	46	29	18	11	7
Emergency warning & intercommunication system	18.75%	11-Sep-19	543	102	165	103	65	40	25	16	10	6	4
Hoses and nozzles	18.75%	11-Sep-19	336	63	102	64	40	25	16	10	6	4	2
Pumps, diesel & electric	18.75%	11-Sep-19	339	64	103	65	40	25	16	10	6	4	2
Fire sprinklers - pumps only													
	18.75%	11-Sep-19	339	64	103	65	40	25	16	10	6	4	2
Floor coverings (removable without damage)													
Carpets	10.00%	11-Sep-19	5,034	403	503	503	503	503	503	503	503	503	503
Floating timber	6.67%	11-Sep-19	1,829	98	122	122	122	122	122	122	122	122	122
Furniture													
Furniture	7.50%	11-Sep-19	1,510	91	113	113	113	113	113	113	113	113	113
Furniture	18.75%	11-Sep-19	2,824	529	860	538	336	210	131	82	51	32	20
Gymnasium equipment													
Equipment	18.75%	11-Sep-19	425	80	130	81	51	32	20	12	8	5	3
Hot water systems (excluding piping)													
Gas or electric	8.33%	11-Sep-19	1,438	96	120	120	120	120	120	120	120	120	120
Kitchen assets													
Cooktops	8.33%	11-Sep-19	2,139	143	178	178	178	178	178	178	178	178	178
Dishwashers	10.00%	11-Sep-19	3,020	242	302	302	302	302	302	302	302	302	302
Ovens	8.33%	11-Sep-19	2,768	185	231	231	231	231	231	231	231	231	231
Rangehoods	8.33%	11-Sep-19	1,132	76	94	94	94	94	94	94	94	94	94
Refrigerators	8.33%	11-Sep-19	3,774	252	315	315	315	315	315	315	315	315	315
Lifts (including hydraulic & tractions lifts)													
	3.33%	11-Sep-19	9,706	259	324	324	324	324	324	324	324	324	324
Lights													
Shades, removable	18.75%	11-Sep-19	3,626	680	1,105	690	432	270	169	105	66	41	26
MATV - amplifiers & modulators													
	18.75%	11-Sep-19	699	131	213	133	83	52	32	20	13	8	5
Carried forward			54,115	5,091	7,305	5,772	4,814	4,215	3,712	3,447	3,301	3,209	3,152

Prime Cost Depreciation Schedule (cont.)

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	
Brought forward			54,115	5,091	7,305	5,772	4,814	4,215	3,712	3,447	3,301	3,209	3,152	
Security systems & equipment														
Electronic	15.00%	11-Sep-19	2,542	305	381	381	381	381	381	332				
Swimming pools														
Filtration equipment	18.75%	11-Sep-19	302	57	92	57	36	22	14	9	5	3	2	
\$300 items	100.00%	11-Sep-19	1,232	1,232										
Pooled Plant Total				2,572	4,180	2,613	1,633	1,021	638	399	249	156	97	
Effective Life Plant Total				4,113	3,598	3,598	3,598	3,598	3,469	3,389	3,057	3,057	3,057	
Total Division 40			58,191	6,685	7,778	6,211	5,231	4,619	4,107	3,788	3,306	3,213	3,154	
Division 43 - Capital Works Allowance														
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10	
Building Works - Completed 2019	2.50%	11-Sep-19	149,810	3,007	3,756	3,756	3,756	3,756	3,756	3,756	3,756	3,756	3,756	
Structural Improvements - Completed 2019	2.50%	11-Sep-19	1,435	29	36	36	36	36	36	36	36	36	36	
Total Division 43			151,245	3,036	3,792	3,792	3,792	3,792	3,792	3,792	3,792	3,792	3,792	
Total Depreciation			209,436	9,721	11,570	10,003	9,023	8,411	7,899	7,580	7,098	7,005	6,946	

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 2019	28 Jan 18 to 1 Aug 19	150,232	2.50%	3,756	149,810
Sub-total		150,232		3,756	149,810

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2019	28 Jan 18 to 1 Aug 19	1,439	2.50%	36	1,435
Sub-total		1,439		36	1,435
Totals		151,670		3,792	151,245

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.