



Tax Depreciation Report

120/99 Palmerston Street,
Perth, WA 6000

Ha Ha LING and Chen Fei LAI
64 Yangtze Avenue
SOUTHERN RIVER, WA 6110

Issue Schedule	
Issue Date:	Issued by:
06 November 2019	Mark Kilroy Bsc (Hons) MRICS

Ha Ha LING and Chen Fei LAI
64 Yangtze Avenue
SOUTHERN RIVER, WA 6110

November 2019
Job No: RES6000005

Tax Depreciation Report – 120/99 Palmerston Street, Perth, WA 6000

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

6 November 2019

Purchaser

Ha Ha LING and Chen Fei LAI

Property Address

120/99 Palmerston Street, Perth, WA 6000

Real Property Description

LOT 120 S068641

Property Type

Residential Unit

Date of Construction

24 April 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				
Diminishing value method is often the most popular form of depreciation due to the cash-flow benefits in the early years of asset ownership.					Prime Cost Method of Depreciation, often referred to as straight line depreciation is depreciated at a constant rate each year.				
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				
Under Diminishing Value method, the effective life is dividing by 200.					Under Prime Cost method, the effective life is dividing by 100.				
200 / 10 Years = 20% (Adjusted Value)					100 / 10 Years = 10% (Straight Line)				
If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.					If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.				
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	25 July 17 to 30 June 18	8,880	2,533	11,413	8,086	19,499
2	1 July 18 to 30 June 19	7,064	4,454	11,518	8,681	20,199
3	1 July 19 to 30 June 20	5,816	2,784	8,600	8,681	17,281
4	1 July 20 to 30 June 21	4,671	2,093	6,763	8,681	15,444
5	1 July 21 to 30 June 22	3,349	2,338	5,687	8,681	14,368
6	1 July 22 to 30 June 23	2,729	1,779	4,507	8,681	13,188
7	1 July 23 to 30 June 24	2,020	1,818	3,838	8,681	12,519
8	1 July 24 to 30 June 25	1,599	1,497	3,095	8,681	11,776
9	1 July 25 to 30 June 26	1,403	935	2,338	8,681	11,019
10	1 July 26 to 30 June 27	1,235	585	1,820	8,681	10,501
11	1 July 27 to 30 June 28	891	740	1,631	8,681	10,312
12	1 July 28 to 30 June 29	806	463	1,269	8,681	9,950
13	1 July 29 to 30 June 30	730	289	1,019	8,681	9,700
14	1 July 30 to 30 June 31	662	181	843	8,681	9,524
15	1 July 31 to 30 June 32	475	467	942	8,681	9,623
16	1 July 32 to 30 June 33	436	292	728	8,681	9,409
17	1 July 33 to 30 June 34	401	182	583	8,681	9,264
18	1 July 34 to 30 June 35	369	114	483	8,681	9,164
19	1 July 35 to 30 June 36	339	71	411	8,681	9,092
20	1 July 36 to 30 June 37	312	44	357	8,681	9,038
21	1 July 37 to 30 June 38	287	28	315	8,681	8,996
22	1 July 38 to 30 June 39	167	384	551	8,681	9,232
23	1 July 39 to 30 June 40	156	240	396	8,681	9,077
24	1 July 40 to 30 June 41	145	150	295	8,681	8,976
25	1 July 41 to 30 June 42	136	94	229	8,681	8,910
26	1 July 42 to 30 June 43	127	59	185	8,681	8,866
27	1 July 43 to 30 June 44	118	37	155	8,681	8,836
28	1 July 44 to 30 June 45	110	23	133	8,681	8,814
29	1 July 45 to 30 June 46	103	14	117	8,681	8,798
30	1 July 46 to 30 June 47	96	9	105	8,681	8,786
31	1 July 47 to 30 June 48	90	6	95	8,681	8,776
32	1 July 48 to 30 June 49	84	3	87	8,681	8,768
33	1 July 49 to 30 June 50	78	2	80	8,681	8,761
34	1 July 50 to 30 June 51	73	1	74	8,681	8,755
35	1 July 51 to 30 June 52	68	1	69	8,681	8,750
36	1 July 52 to 30 June 53	0	358	358	8,681	9,039
37	1 July 53 to 30 June 54	0	223	223	8,681	8,904
38	1 July 54 to 30 June 55	0	140	140	8,681	8,821
39	1 July 55 to 30 June 56	0	87	87	8,681	8,768
40	2056+	0	145	145	7,102	7,247
Totals		46,024	25,663	71,687	345,066	416,753

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	25 July 17 to 30 June 18	4,738	2,533	7,271	8,086	15,357
2	1 July 18 to 30 June 19	4,445	4,117	8,562	8,681	17,243
3	1 July 19 to 30 June 20	4,445	2,573	7,018	8,681	15,699
4	1 July 20 to 30 June 21	4,445	1,608	6,053	8,681	14,734
5	1 July 21 to 30 June 22	4,445	1,005	5,450	8,681	14,131
6	1 July 22 to 30 June 23	4,445	628	5,073	8,681	13,754
7	1 July 23 to 30 June 24	3,785	393	4,177	8,681	12,858
8	1 July 24 to 30 June 25	3,601	245	3,846	8,681	12,527
9	1 July 25 to 30 June 26	3,601	153	3,754	8,681	12,435
10	1 July 26 to 30 June 27	3,601	96	3,697	8,681	12,378
11	1 July 27 to 30 June 28	2,215	60	2,275	8,681	10,956
12	1 July 28 to 30 June 29	2,110	37	2,147	8,681	10,828
13	1 July 29 to 30 June 30	1,558	23	1,582	8,681	10,263
14	1 July 30 to 30 June 31	1,406	15	1,421	8,681	10,102
15	1 July 31 to 30 June 32	1,333	9	1,342	8,681	10,023
16	1 July 32 to 30 June 33	907	6	913	8,681	9,594
17	1 July 33 to 30 June 34	872	4	876	8,681	9,557
18	1 July 34 to 30 June 35	872	2	874	8,681	9,555
19	1 July 35 to 30 June 36	872	1	873	8,681	9,554
20	1 July 36 to 30 June 37	872	1	873	8,681	9,554
21	1 July 37 to 30 June 38	396	1	397	8,681	9,078
22	1 July 38 to 30 June 39	353	0	353	8,681	9,034
23	1 July 39 to 30 June 40	353	0	353	8,681	9,034
24	1 July 40 to 30 June 41	353	0	353	8,681	9,034
25	1 July 41 to 30 June 42	353	0	353	8,681	9,034
26	1 July 42 to 30 June 43	353	0	353	8,681	9,034
27	1 July 43 to 30 June 44	353	0	353	8,681	9,034
28	1 July 44 to 30 June 45	353	0	353	8,681	9,034
29	1 July 45 to 30 June 46	353	0	353	8,681	9,034
30	1 July 46 to 30 June 47	353	0	353	8,681	9,034
31	1 July 47 to 30 June 48	33	0	33	8,681	8,714
32	1 July 48 to 30 June 49	0	0	0	8,681	8,681
33	1 July 49 to 30 June 50	0	0	0	8,681	8,681
34	1 July 50 to 30 June 51	0	0	0	8,681	8,681
35	1 July 51 to 30 June 52	0	0	0	8,681	8,681
36	1 July 52 to 30 June 53	0	0	0	8,681	8,681
37	1 July 53 to 30 June 54	0	0	0	8,681	8,681
38	1 July 54 to 30 June 55	0	0	0	8,681	8,681
39	1 July 55 to 30 June 56	0	0	0	8,681	8,681
40	2056+	0	0	0	7,102	7,102
Totals		58,176	13,511	71,687	345,066	416,753

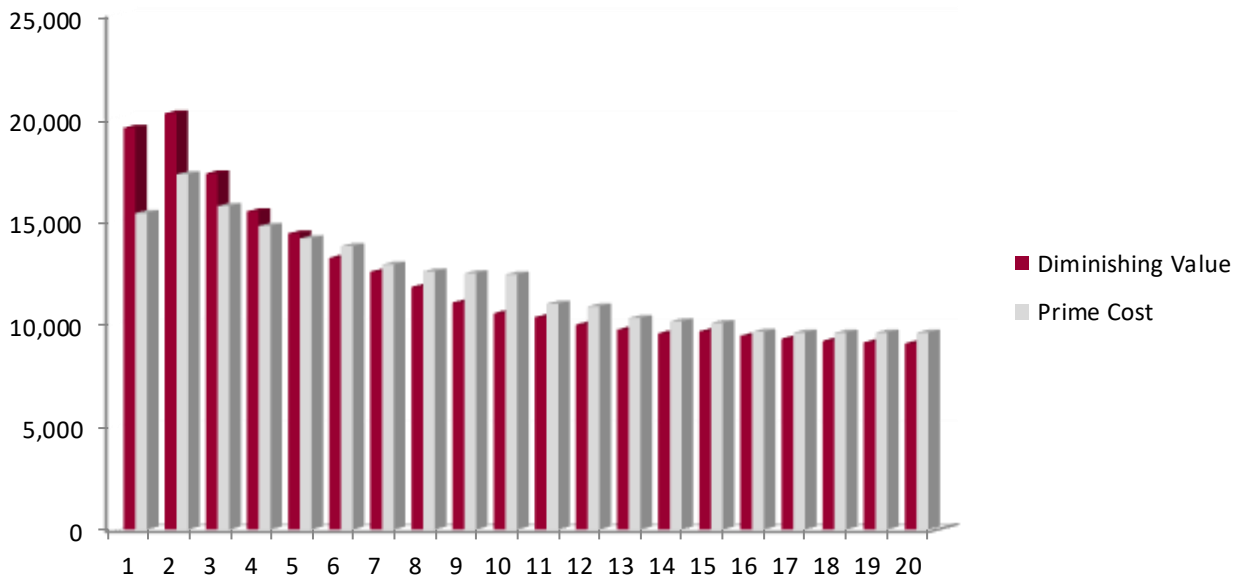
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

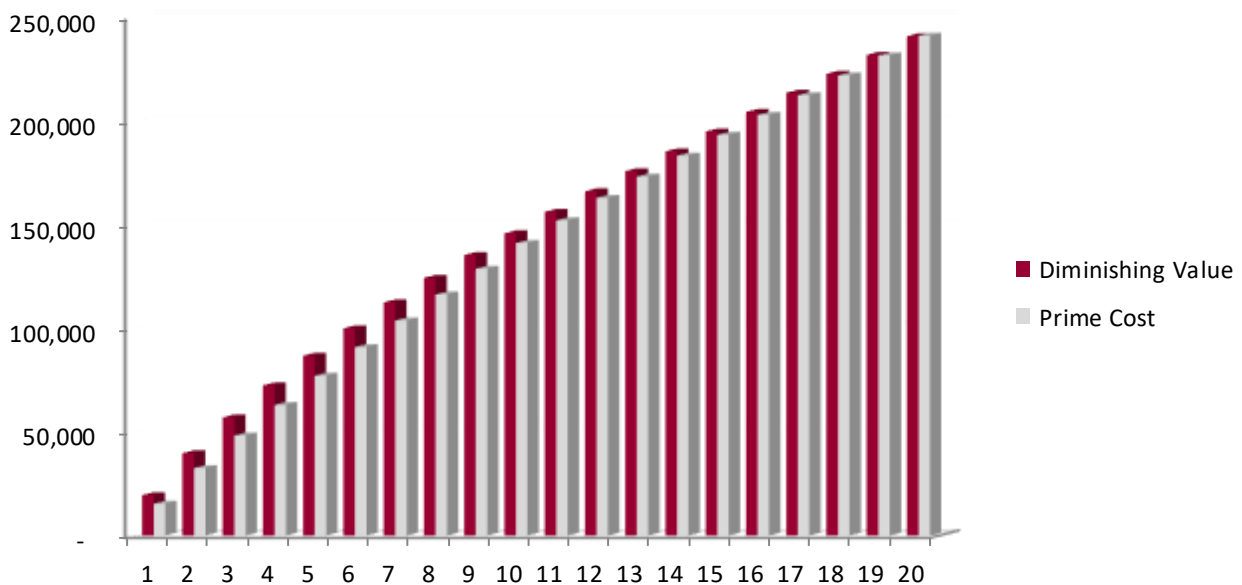
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	24 April 2015
Settlement Date	25 July 2017

Expenditure Analysed

Purchase Price	\$789,000
Stamp Duty	\$31,749
Total Expenditure Analysed	\$820,749

Historical Construction Details

Construction Start Date	24 April 2015
Construction Completion Date	24 April 2017
Historical Construction Cost (Estimated)*	\$394,119

9. Reconciliation of Capital Expenditure

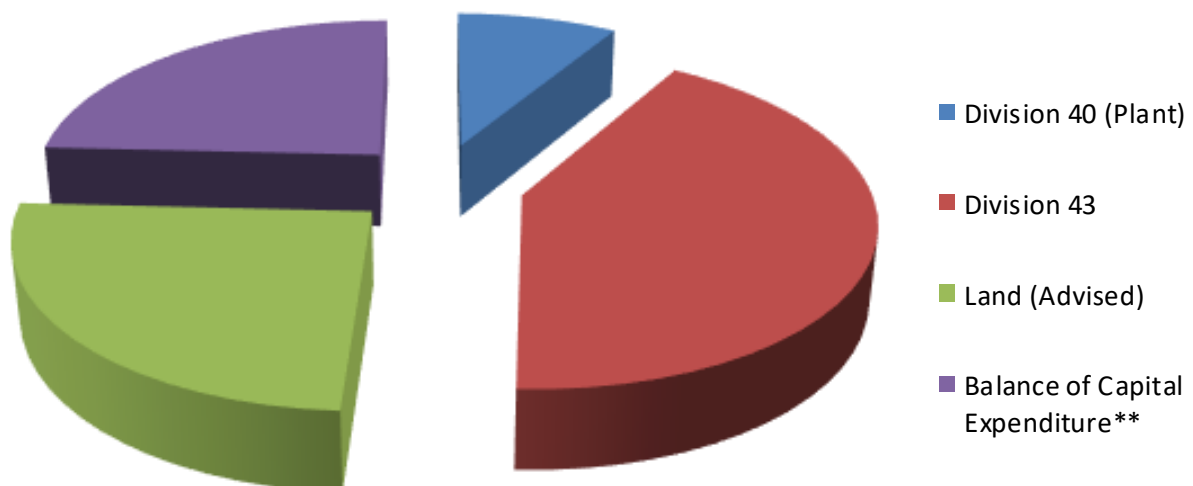
Apportionment of cost relating to:

Division 40 (Plant)	\$71,687
Division 43	\$345,066
Land (Advised)	\$205,187
Balance of Capital Expenditure**	\$198,809
Total Expenditure Analysed	\$820,749

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%	25-Jul-17	9,150	1,705	1,489	1,191	953	762	610	488	390	312	250
Bathroom assets													
Exhaust fans (including light/heating)	18.75%	25-Jul-17	944	177	288	180	112	70	44	27	17	11	7
Blinds Residential	18.75%	25-Jul-17	1,161	218	354	221	138	86	54	34	21	13	8
Computer systems													
General	18.75%	25-Jul-17	661	124	201	126	79	49	31	19	12	7	5
Building management system	18.75%	25-Jul-17	302	57	92	58	36	22	14	9	5	3	2
Curains and drapes													
Curains and drapes	33.33%	25-Jul-17	3,941	1,224	906	604	403	302	189	118	74	46	29
Curains and drapes	18.75%	25-Jul-17	612	115	186	116	73	45	28	18	11	7	4
Door closers	18.75%	25-Jul-17	346	65	106	66	41	26	16	10	6	4	2
Fire control assets													
Detection & alarm systems, detectors	18.75%	25-Jul-17	435	82	133	83	52	32	20	13	8	5	3
Detection & alarm systems, fire indicator panel	18.75%	25-Jul-17	377	71	115	72	45	28	18	11	7	4	3
Emergency warning & intercommunication system	18.75%	25-Jul-17	870	163	265	166	104	65	40	25	16	10	6
Floor coverings (removable without damage)													
Carpets	20.00%	25-Jul-17	3,499	652	569	456	364	292	233	350	219	137	85
Floating timber	13.33%	25-Jul-17	6,919	859	808	700	607	526	456	395	342	297	257
Furniture													
Furniture	15.00%	25-Jul-17	2,491	348	322	273	232	197	168	357	223	139	87
Furniture	18.75%	25-Jul-17	3,301	619	1,006	629	393	246	153	96	60	37	23
Hot water systems (excluding piping)													
Gas or electric	16.67%	25-Jul-17	3,397	527	478	399	332	277	231	192	360	225	141
Kitchen assets													
Cooktops	16.67%	25-Jul-17	1,604	249	226	188	353	221	138	86	54	34	21
Dishwashers	20.00%	25-Jul-17	2,265	422	369	295	236	354	221	138	86	54	34
Ovens	16.67%	25-Jul-17	2,076	322	292	244	203	169	317	198	124	77	48
Rangehoods	18.75%	25-Jul-17	849	159	259	162	101	63	39	25	15	10	6
Laundry assets													
Clothes dryers	18.75%	25-Jul-17	849	159	259	162	101	63	39	25	15	10	6
Lifts (including hydraulic & tractions lifts)	6.67%	25-Jul-17	10,599	658	663	619	577	539	503	469	438	409	382
Lights													
Shades, removable	18.75%	25-Jul-17	2,427	455	739	462	289	181	113	71	44	28	17
MATV - amplifiers & modulators	18.75%	25-Jul-17	377	71	115	72	45	28	18	11	7	4	3
Carried forward			59,454	9,500	10,238	7,541	5,869	4,644	3,693	3,184	2,556	1,884	1,430

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			59,454	9,500	10,238	7,541	5,869	4,644	3,693	3,184	2,556	1,884	1,430
Security systems & equipment													
Electronic	30.00%	25-Jul-17	1,249	349	338	211	132	82	52	32	20	13	8
Solar power generating system assets													
	10.00%	25-Jul-17	8,878	827	805	725	652	587	528	475	428	385	347
Ventilating plant													
Ventilation plant - fans only	10.00%	25-Jul-17	1,510	141	137	123	111	374	234	146	91	57	36
\$300 items	100.00%	25-Jul-17	596	596									
Pooled Plant Total				2,533	4,454	2,784	2,093	2,338	1,779	1,818	1,497	935	585
Effective Life Plant Total				8,880	7,064	5,816	4,671	3,349	2,729	2,020	1,599	1,403	1,235
Total Division 40			71,687	11,413	11,518	8,600	6,763	5,687	4,507	3,838	3,095	2,338	1,820
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 2017			342,284	8,021	8,611	8,611	8,611	8,611	8,611	8,611	8,611	8,611	8,611
Structural Improvements - Completed 2017			2,782	65	70	70	70	70	70	70	70	70	70
Total Division 43			345,066	8,086	8,681	8,681	8,681	8,681	8,681	8,681	8,681	8,681	8,681
Total Depreciation			416,753	19,499	20,199	17,281	15,444	14,368	13,188	12,519	11,776	11,019	10,501

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%	25-Jul-17	9,150	852	915	915	915	915	915	915	915	915	915	
Bathroom assets														
Exhaust fans (including light/heating)	18.75%	25-Jul-17	944	177	288	180	112	70	44	27	17	11	7	
Blinds Residential	18.75%	25-Jul-17	1,161	218	354	221	138	86	54	34	21	13	8	
Computer systems														
General	18.75%	25-Jul-17	661	124	201	126	79	49	31	19	12	7	5	
Building management system	18.75%	25-Jul-17	302	57	92	58	36	22	14	9	5	3	2	
Curtains and drapes														
Curtains and drapes	16.67%	25-Jul-17	3,941	612	657	657	657	657	657	44				
Curtains and drapes	18.75%	25-Jul-17	612	115	186	116	73	45	28	18	11	7	4	
Door closers	18.75%	25-Jul-17	346	65	106	66	41	26	16	10	6	4	2	
Fire control assets														
Detection & alarm systems, detectors	18.75%	25-Jul-17	435	82	133	83	52	32	20	13	8	5	3	
Detection & alarm systems, fire indicator panel	18.75%	25-Jul-17	377	71	115	72	45	28	18	11	7	4	3	
Emergency warning & intercommunication system	18.75%	25-Jul-17	870	163	265	166	104	65	40	25	16	10	6	
Floor coverings (removable without damage)														
Carpets	10.00%	25-Jul-17	3,499	326	350	350	350	350	350	350	350	350	350	
Floating timber	6.67%	25-Jul-17	6,919	430	461	461	461	461	461	461	461	461	461	
Furniture	7.50%	25-Jul-17	2,491	174	187	187	187	187	187	187	187	187	187	
Furniture	18.75%	25-Jul-17	3,301	619	1,006	629	393	246	153	96	60	37	23	
Hot water systems (excluding piping)														
Gas or electric	8.33%	25-Jul-17	3,397	264	283	283	283	283	283	283	283	283	283	
Kitchen assets														
Cooktops	8.33%	25-Jul-17	1,604	125	134	134	134	134	134	134	134	134	134	
Dishwashers	10.00%	25-Jul-17	2,265	211	226	226	226	226	226	226	226	226	226	
Ovens	8.33%	25-Jul-17	2,076	161	173	173	173	173	173	173	173	173	173	
Rangehoods	18.75%	25-Jul-17	849	159	259	162	101	63	39	25	15	10	6	
Laundry assets														
Clothes dryers	18.75%	25-Jul-17	849	159	259	162	101	63	39	25	15	10	6	
Lifts (including hydraulic & tractions lifts)	3.33%	25-Jul-17	10,599	329	353	353	353	353	353	353	353	353	353	
Lights														
Shades, removable	18.75%	25-Jul-17	2,427	455	739	462	289	181	113	71	44	28	17	
MATV - amplifiers & modulators	18.75%	25-Jul-17	377	71	115	72	45	28	18	11	7	4	3	
Carried forward			59,454	6,017	7,856	6,312	5,347	4,744	4,367	3,519	3,327	3,235	3,178	

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			59,454	6,017	7,856	6,312	5,347	4,744	4,367	3,519	3,327	3,235	3,178	
Security systems & equipment														
Electronic	15.00%	25-Jul-17	1,249	175	187	187	187	187	187	140				
Solar power generating system assets														
	5.00%	25-Jul-17	8,878	414	444	444	444	444	444	444	444	444	444	
Ventilating plant														
Ventilation plant - fans only	5.00%	25-Jul-17	1,510	70	75	75	75	75	75	75	75	75	75	
\$300 items														
	100.00%	25-Jul-17	596	596										
Pooled Plant Total				2,533	4,117	2,573	1,608	1,005	628	393	245	153	96	
Effective Life Plant Total				4,738	4,445	4,445	4,445	4,445	4,445	3,785	3,601	3,601	3,601	
Total Division 40				71,687	7,271	8,562	7,018	6,053	5,450	5,073	4,177	3,846	3,754	3,697
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 2017				2.50%	25-Jul-17	342,284	8,021	8,611	8,611	8,611	8,611	8,611	8,611	8,611
Structural Improvements - Completed 2017				2.50%	25-Jul-17	2,782	65	70	70	70	70	70	70	70
Total Division 43						345,066	8,086	8,681	8,681	8,681	8,681	8,681	8,681	8,681
Total Depreciation						416,753	15,357	17,243	15,699	14,734	14,131	13,754	12,858	12,527

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	24 Apr 15 to 24 Apr 17	344,454	2.50%	8,611	342,284
Sub-total		344,454		8,611	342,284

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2017	24 Apr 15 to 24 Apr 17	2,800	2.50%	70	2,782
Sub-total		2,800		70	2,782
Totals		347,254		8,681	345,066

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.