



## Tax Depreciation Report

Unit 2/19–21 Charles Street,  
Carlingford NSW 2118

Min Hong and Xian Xian Zeng  
PO BOX K419  
HAYMARKET, NSW

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

Min Hong and Xian Xian Zeng  
PO BOX K419  
HAYMARKET, NSW

November 2019  
Job No: RES2118002

**Tax Depreciation Report – Unit 2/19-21 Charles Street, Carlingford NSW 2118**

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

12 November 2019

### Purchaser

Min Hong and Xian Xian Zeng

### Property Address

Unit 2/19-21 Charles Street, Carlingford NSW 2118

### Real Property Description

LOT 2 SP94206

### Property Type

Residential Townhouse

### Date of Construction

21 December 2018

### Date Available To Generate Income

21 December 2018

## 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"> <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	Division 40 - Capital Allowance (Eligible)			Division 43	Eligible
		Effective Life	Pooled Plant	Total Div 40	Capital Works	Total
1	21 December 18 to 30 June 19	7,570	3,530	11,100	6,005	17,105
2	1 July 19 to 30 June 20	12,482	5,737	18,218	11,475	29,693
3	1 July 20 to 30 June 21	9,432	3,927	13,359	11,475	24,834
4	1 July 21 to 30 June 22	7,083	2,748	9,831	11,475	21,306
5	1 July 22 to 30 June 23	5,568	1,717	7,285	11,475	18,760
6	1 July 23 to 30 June 24	3,967	1,688	5,655	11,475	17,130
7	1 July 24 to 30 June 25	2,725	2,026	4,752	11,475	16,227
8	1 July 25 to 30 June 26	2,072	1,607	3,679	11,475	15,154
9	1 July 26 to 30 June 27	1,507	1,379	2,886	11,475	14,361
10	1 July 27 to 30 June 28	1,022	1,222	2,244	11,475	13,719
11	1 July 28 to 30 June 29	825	764	1,588	11,475	13,063
12	1 July 29 to 30 June 30	524	796	1,320	11,475	12,795
13	1 July 30 to 30 June 31	419	498	916	11,475	12,391
14	1 July 31 to 30 June 32	335	311	646	11,475	12,121
15	1 July 32 to 30 June 33	268	194	462	11,475	11,937
16	1 July 33 to 30 June 34	214	122	336	11,475	11,811
17	1 July 34 to 30 June 35	0	398	398	11,475	11,873
18	1 July 35 to 30 June 36	0	248	248	11,475	11,723
19	1 July 36 to 30 June 37	0	155	155	11,475	11,630
20	1 July 37 to 30 June 38	0	97	97	11,475	11,572
21	1 July 38 to 30 June 39	0	61	61	11,475	11,536
22	1 July 39 to 30 June 40	0	38	38	11,475	11,513
23	1 July 40 to 30 June 41	0	24	24	11,475	11,499
24	1 July 41 to 30 June 42	0	15	15	11,475	11,490
25	1 July 42 to 30 June 43	0	9	9	11,475	11,484
26	1 July 43 to 30 June 44	0	6	6	11,475	11,481
27	1 July 44 to 30 June 45	0	4	4	11,475	11,479
28	1 July 45 to 30 June 46	0	2	2	11,475	11,477
29	1 July 46 to 30 June 47	0	1	1	11,475	11,476
30	1 July 47 to 30 June 48	0	1	1	11,475	11,476
31	1 July 48 to 30 June 49	0	1	1	11,475	11,476
32	1 July 49 to 30 June 50	0	0	0	11,475	11,475
33	1 July 50 to 30 June 51	0	0	0	11,475	11,475
34	1 July 51 to 30 June 52	0	0	0	11,475	11,475
35	1 July 52 to 30 June 53	0	0	0	11,475	11,475
36	1 July 53 to 30 June 54	0	0	0	11,475	11,475
37	1 July 54 to 30 June 55	0	0	0	11,475	11,475
38	1 July 55 to 30 June 56	0	0	0	11,475	11,475
39	1 July 56 to 30 June 57	0	0	0	11,475	11,475
40	2057+	0	0	0	16,948	16,948
<b>Totals</b>		<b>56,013</b>	<b>29,326</b>	<b>85,338</b>	<b>459,003</b>	<b>544,341</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	Division 40 - Capital Allowance (Eligible)			Division 43 Capital Works	Eligible Total
		Effective Life	Pooled Plant	Total Div 40		
1	21 December 18 to 30 June 19	3,843	3,530	7,373	6,005	13,378
2	1 July 19 to 30 June 20	7,122	5,737	12,859	11,475	24,334
3	1 July 20 to 30 June 21	7,122	3,585	10,707	11,475	22,182
4	1 July 21 to 30 June 22	7,122	2,241	9,363	11,475	20,838
5	1 July 22 to 30 June 23	7,122	1,401	8,523	11,475	19,998
6	1 July 23 to 30 June 24	6,380	875	7,255	11,475	18,730
7	1 July 24 to 30 June 25	5,700	547	6,247	11,475	17,722
8	1 July 25 to 30 June 26	5,457	342	5,799	11,475	17,274
9	1 July 26 to 30 June 27	5,416	214	5,630	11,475	17,105
10	1 July 27 to 30 June 28	5,416	134	5,550	11,475	17,025
11	1 July 28 to 30 June 29	3,360	83	3,443	11,475	14,918
12	1 July 29 to 30 June 30	1,485	52	1,537	11,475	13,012
13	1 July 30 to 30 June 31	808	33	840	11,475	12,315
14	1 July 31 to 30 June 32	159	20	180	11,475	11,655
15	1 July 32 to 30 June 33	0	13	13	11,475	11,488
16	1 July 33 to 30 June 34	0	8	8	11,475	11,483
17	1 July 34 to 30 June 35	0	5	5	11,475	11,480
18	1 July 35 to 30 June 36	0	3	3	11,475	11,478
19	1 July 36 to 30 June 37	0	2	2	11,475	11,477
20	1 July 37 to 30 June 38	0	1	1	11,475	11,476
21	1 July 38 to 30 June 39	0	1	1	11,475	11,476
22	1 July 39 to 30 June 40	0	0	0	11,475	11,475
23	1 July 40 to 30 June 41	0	0	0	11,475	11,475
24	1 July 41 to 30 June 42	0	0	0	11,475	11,475
25	1 July 42 to 30 June 43	0	0	0	11,475	11,475
26	1 July 43 to 30 June 44	0	0	0	11,475	11,475
27	1 July 44 to 30 June 45	0	0	0	11,475	11,475
28	1 July 45 to 30 June 46	0	0	0	11,475	11,475
29	1 July 46 to 30 June 47	0	0	0	11,475	11,475
30	1 July 47 to 30 June 48	0	0	0	11,475	11,475
31	1 July 48 to 30 June 49	0	0	0	11,475	11,475
32	1 July 49 to 30 June 50	0	0	0	11,475	11,475
33	1 July 50 to 30 June 51	0	0	0	11,475	11,475
34	1 July 51 to 30 June 52	0	0	0	11,475	11,475
35	1 July 52 to 30 June 53	0	0	0	11,475	11,475
36	1 July 53 to 30 June 54	0	0	0	11,475	11,475
37	1 July 54 to 30 June 55	0	0	0	11,475	11,475
38	1 July 55 to 30 June 56	0	0	0	11,475	11,475
39	1 July 56 to 30 June 57	0	0	0	11,475	11,475
40	2057+	0	0	0	16,948	16,948
<b>Totals</b>		<b>66,511</b>	<b>18,827</b>	<b>85,338</b>	<b>459,003</b>	<b>544,341</b>

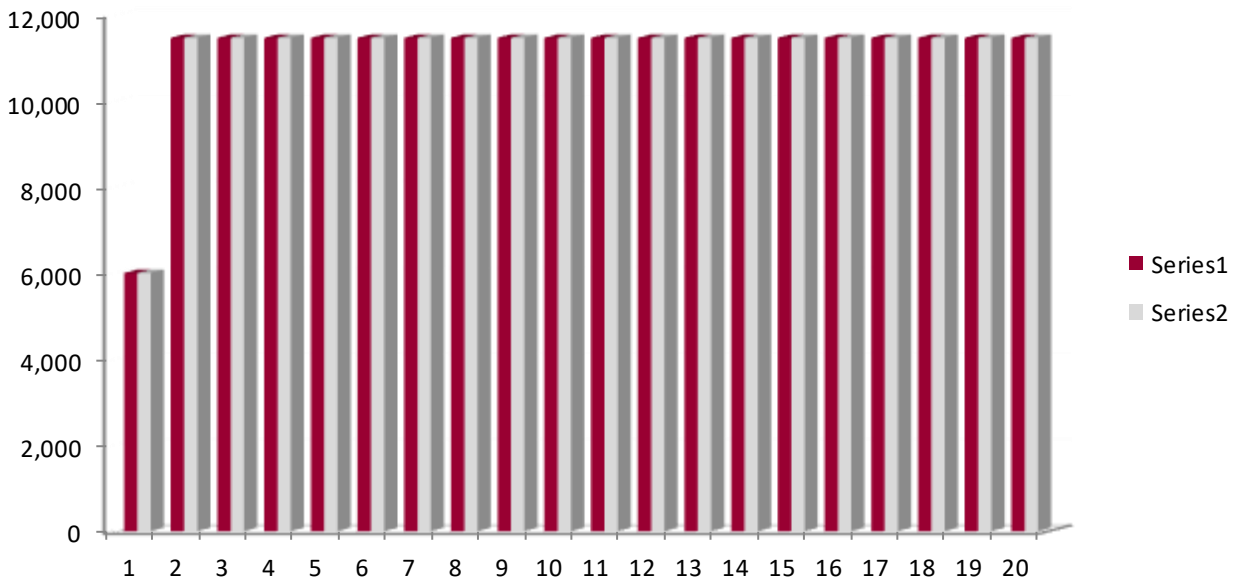
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

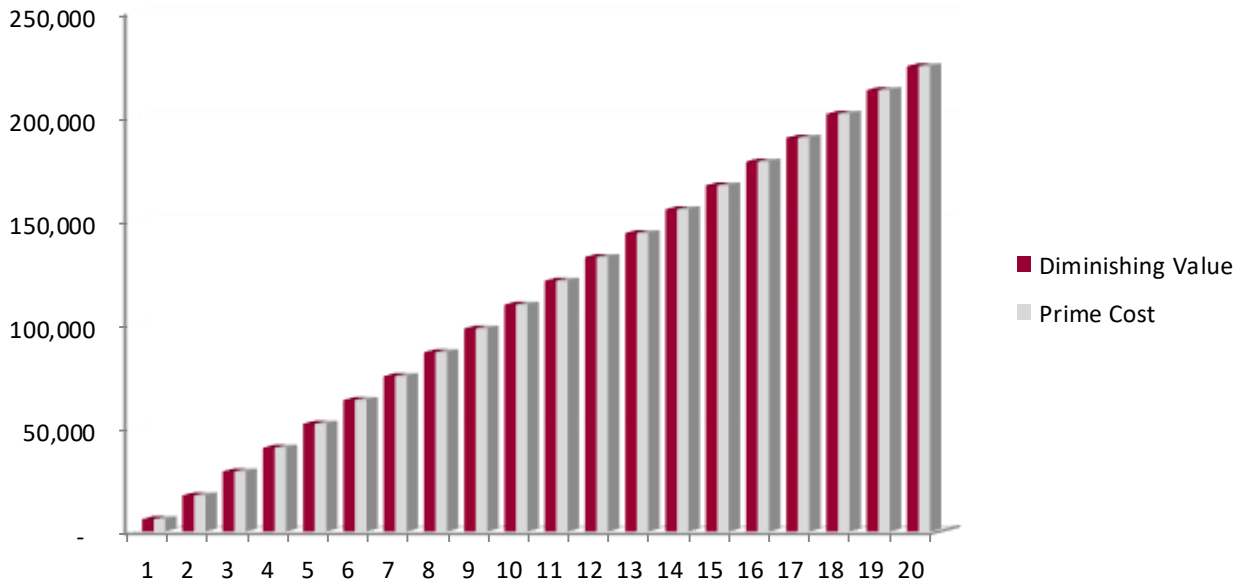
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	16 October 2016
Settlement Date	21 December 2018
Available To Generate Income	21 December 2018

### Expenditure Analysed

Purchase Price	\$1,160,000
Stamp Duty	\$49,310
Legals	\$1,574
<b>Total Expenditure Analysed</b>	<b>\$1,210,884</b>

### Historical Construction Details

Construction Start Date	26 March 2018
Construction Completion Date	21 December 2018
Historical Construction Cost (Estimated)*	\$521,573

## 9. Reconciliation of Capital Expenditure

### Apportionment of cost relating to:

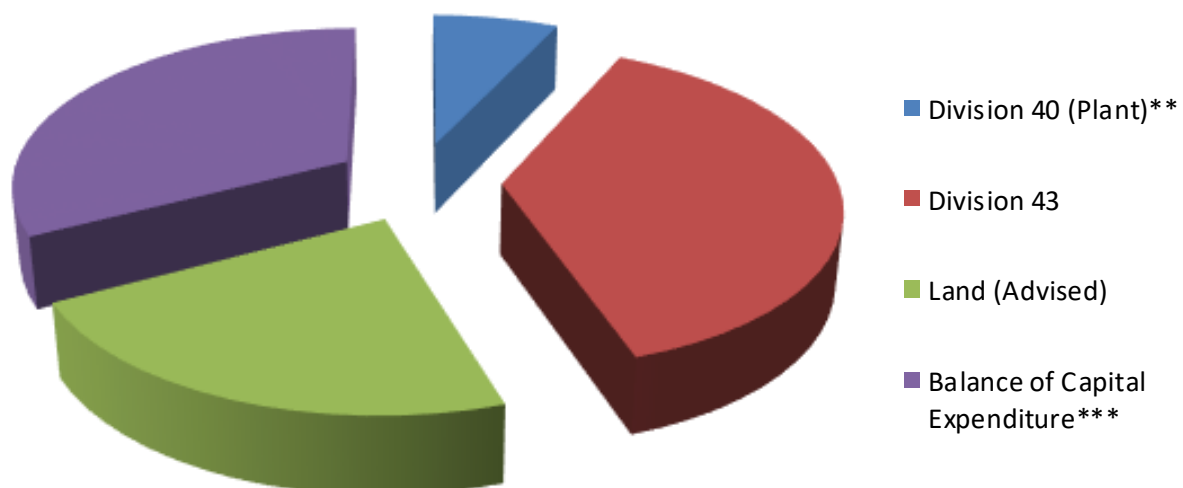
Division 40 (Plant)**	\$85,338
Division 43	\$459,003
Land (Advised)	\$270,740
Balance of Capital Expenditure***	\$395,803
<b>Total Expenditure Analysed</b>	<b>\$1,210,884</b>

### 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

\*\* Some assets in Division 40 (Plant) may not be eligible for yearly depreciation claim but for capital gain deduction only. Please go to Summary of Entitlements and detailed schedules for more information

\*\*\* 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	Eligibility For Depreciation	Diminishing Value Rate	Start 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	YES	20.00%	21-Dec-18	27,227	2,850	4,876	3,900	3,120	2,496	1,997	1,598	1,278	1,022	818
<b>Bathroom assets</b>														
Exhaust fans (including light/heating)	YES	18.75%	21-Dec-18	1,089	204	332	207	130	81	51	32	20	12	8
<b>Blinds Residential</b>														
Blinds Residential	YES	20.00%	21-Dec-18	2,865	300	513	410	328	263	210	315	197	123	77
Blinds Residential	YES	18.75%	21-Dec-18	3,424	642	1,043	652	408	255	159	99	62	39	24
<b>Computer systems</b>														
General	YES	18.75%	21-Dec-18	762	143	232	145	91	57	35	22	14	9	5
<b>Door closers</b>														
Door closers	YES	18.75%	21-Dec-18	632	118	192	120	75	47	29	18	11	7	4
<b>Electrical Machinery &amp; Equipment :</b>														
Motors	YES	18.75%	21-Dec-18	346	65	106	66	41	26	16	10	6	4	2
<b>Fire control assets</b>														
Detection & alarm systems, detectors	YES	18.75%	21-Dec-18	3,078	577	938	586	366	229	143	89	56	35	22
Detection & alarm systems, fire indicator panel	YES	16.67%	21-Dec-18	5,772	503	878	732	610	508	423	353	294	245	204
Emergency warning & intercommunication system	YES	18.75%	21-Dec-18	610	114	186	116	73	45	28	18	11	7	4
Hoses and nozzles	YES	18.75%	21-Dec-18	554	104	169	106	66	41	26	16	10	6	4
<b>Floor coverings ( removable without damage)</b>														
Carpets	YES	20.00%	21-Dec-18	6,387	668	1,144	915	732	586	468	375	300	240	360
<b>Furniture</b>														
Furniture	YES	15.00%	21-Dec-18	2,614	205	361	307	261	222	189	160	341	213	133
Furniture	YES	18.75%	21-Dec-18	5,010	939	1,526	954	596	373	233	146	91	57	36
<b>Garbage disposal</b>														
Garbage bins	YES	18.75%	21-Dec-18	810	152	247	154	96	60	38	24	15	9	6
<b>Hot water systems (excluding piping)</b>														
Gas or electric	YES	16.67%	21-Dec-18	3,921	342	596	497	414	345	288	240	200	375	234
<b>Kitchen assets</b>														
Cooktops	YES	16.67%	21-Dec-18	2,069	180	315	262	219	182	342	213	133	83	52
Dishwashers	YES	20.00%	21-Dec-18	2,832	296	507	406	325	260	208	312	195	122	76
Ovens	YES	16.67%	21-Dec-18	2,505	218	381	318	265	221	184	345	215	135	84
Rangehoods	YES	16.67%	21-Dec-18	1,198	104	182	342	214	133	83	52	33	20	13
<b>Lights</b>														
Fittings (excluding hardwired)	YES	40.00%	21-Dec-18	7,112	1,489	2,249	1,350	810	486	273	171	107	67	42
<b>Security systems &amp; equipment</b>														
Electronic	YES	30.00%	21-Dec-18	1,893	297	479	335	293	183	115	72	45	28	17
Carried forward				956,010	82,711	10,513	17,453	12,881	9,532	7,098	5,538	4,679	3,633	2,858

## Diminishing Value Depreciation Schedule (cont.)

Assets Generally	Eligibility	Diminishing	Start 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		956,010	82,711	10,513	17,453	12,881	9,532	7,098	5,538	4,679	3,633	2,858	
<b>Ventilating plant</b>														
Ventilation plant - fans only	YES	18.75%	21-Dec-18	2,512	471	765	478	299	187	117	73	46	29	18
\$300 items	YES	100.00%	21-Dec-18	115	115									
Pooled Plant Total					3,530	5,737	3,927	2,748	1,717	1,688	2,026	1,607	1,379	1,222
Effective Life Plant Total					7,570	12,482	9,432	7,083	5,568	3,967	2,725	2,072	1,507	1,022
<b>Total Division 40</b>				<b>85,338</b>	<b>11,100</b>	<b>18,218</b>	<b>13,359</b>	<b>9,831</b>	<b>7,285</b>	<b>5,655</b>	<b>4,752</b>	<b>3,679</b>	<b>2,886</b>	<b>2,244</b>
<b>Division 43 - Capital Works Allowance</b>														
		Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
<b>Building Works - Completed 2018</b>		2.50%	21-Dec-18	445,498	5,828	11,137	11,137	11,137	11,137	11,137	11,137	11,137	11,137	11,137
<b>Structural Improvements - Completed 2018</b>		2.50%	21-Dec-18	13,505	177	338	338	338	338	338	338	338	338	338
<b>Total Division 43</b>				<b>459,003</b>	<b>6,005</b>	<b>11,475</b>	<b>11,475</b>	<b>11,475</b>	<b>11,475</b>	<b>11,475</b>	<b>11,475</b>	<b>11,475</b>	<b>11,475</b>	<b>11,475</b>
<b>Total Depreciation</b>				<b>544,341</b>	<b>17,105</b>	<b>29,693</b>	<b>24,834</b>	<b>21,306</b>	<b>18,760</b>	<b>17,130</b>	<b>16,227</b>	<b>15,154</b>	<b>14,361</b>	<b>13,719</b>

## 11. Prime Cost Depreciation Schedule

Assets Generally Division 40 - Plant and Equipment	Eligibility For Depreciation	Prime Cost Rate	Start 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	YES	10.00%	21-Dec-18	27,227	1,425	2,723	2,723	2,723	2,723	2,723	2,723	2,723	2,723	2,723
<b>Bathroom assets</b>														
Exhaust fans (including light/heating)	YES	18.75%	21-Dec-18	1,089	204	332	207	130	81	51	32	20	12	8
<b>Blinds Residential</b>														
Blinds Residential	YES	10.00%	21-Dec-18	2,865	150	286	286	286	286	286	286	286	286	286
Blinds Residential	YES	18.75%	21-Dec-18	3,424	642	1,043	652	408	255	159	99	62	39	24
<b>Computer systems</b>														
General	YES	18.75%	21-Dec-18	762	143	232	145	91	57	35	22	14	9	5
<b>Door closers</b>														
Door closers	YES	18.75%	21-Dec-18	632	118	192	120	75	47	29	18	11	7	4
<b>Electrical Machinery &amp; Equipment :</b>														
Motors	YES	18.75%	21-Dec-18	346	65	106	66	41	26	16	10	6	4	2
<b>Fire control assets</b>														
Detection & alarm systems, detectors	YES	18.75%	21-Dec-18	3,078	577	938	586	366	229	143	89	56	35	22
Detection & alarm systems, fire indicator panel	YES	8.33%	21-Dec-18	5,772	252	481	481	481	481	481	481	481	481	481
Emergency warning & intercommunication system	YES	18.75%	21-Dec-18	610	114	186	116	73	45	28	18	11	7	4
Hoses and nozzles	YES	18.75%	21-Dec-18	554	104	169	106	66	41	26	16	10	6	4
<b>Floor coverings ( removable without damage)</b>														
Carpets	YES	10.00%	21-Dec-18	6,387	334	639	639	639	639	639	639	639	639	639
<b>Furniture</b>														
Furniture	YES	7.50%	21-Dec-18	2,614	103	196	196	196	196	196	196	196	196	196
Furniture	YES	18.75%	21-Dec-18	5,010	939	1,526	954	596	373	233	146	91	57	36
<b>Garbage disposal</b>														
Garbage bins	YES	18.75%	21-Dec-18	810	152	247	154	96	60	38	24	15	9	6
<b>Hot water systems (excluding piping)</b>														
Gas or electric	YES	8.33%	21-Dec-18	3,921	171	327	327	327	327	327	327	327	327	327
<b>Kitchen assets</b>														
Cooktops	YES	8.33%	21-Dec-18	2,069	90	172	172	172	172	172	172	172	172	172
Dishwashers	YES	10.00%	21-Dec-18	2,832	148	283	283	283	283	283	283	283	283	283
Ovens	YES	8.33%	21-Dec-18	2,505	109	209	209	209	209	209	209	209	209	209
Rangehoods	YES	8.33%	21-Dec-18	1,198	52	100	100	100	100	100	100	100	100	100
<b>Lights</b>														
Fittings (excluding hardwired)	YES	20.00%	21-Dec-18	7,112	744	1,422	1,422	1,422	1,422	680				
<b>Security systems &amp; equipment</b>														
Electronic	YES	15.00%	21-Dec-18	1,893	149	284	284	284	284	284	284	41		
Carried forward				956,010	82,711	6,786	12,093	10,229	9,064	8,336	7,139	6,174	5,753	5,601

## Prime Cost Depreciation Schedule (cont.)

Assets Generally	Eligibility	Prime Cost	Start 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		956,010	82,711	6,786	12,093	10,229	9,064	8,336	7,139	6,174	5,753	5,601	
<b>Ventilating plant</b>														
Ventilation plant - fans only	YES	18.75%	21-Dec-18	2,512	471	765	478	299	187	117	73	46	29	18
<b>\$300 items</b>	YES	100.00%	21-Dec-18	115	115									
<b>Pooled Plant Total</b>					3,530	5,737	3,585	2,241	1,401	875	547	342	214	134
<b>Effective Life Plant Total</b>					3,843	7,122	7,122	7,122	7,122	6,380	5,700	5,457	5,416	5,416
<b>Total Division 40</b>				85,338	7,373	12,859	10,707	9,363	8,523	7,255	6,247	5,799	5,630	5,550
<b>Division 43 - Capital Works Allowance</b>														
		Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
<b>Building Works - Completed 2018</b>		2.50%	21-Dec-18	445,498	5,828	11,137	11,137	11,137	11,137	11,137	11,137	11,137	11,137	11,137
<b>Structural Improvements - Completed 2018</b>		2.50%	21-Dec-18	13,505	177	338	338	338	338	338	338	338	338	338
<b>Total Division 43</b>				459,003	6,005	11,475	11,475	11,475	11,475	11,475	11,475	11,475	11,475	11,475
<b>Total Depreciation</b>				544,341	13,378	24,334	22,182	20,838	19,998	18,730	17,722	17,274	17,105	17,025



## 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	26 Mar 18 to 21 Dec 18	445,498	2.50%	11,137	445,498
<b>Sub-total</b>		<b>445,498</b>		<b>11,137</b>	<b>445,498</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2018	26 Mar 18 to 21 Dec 18	13,505	2.50%	338	13,505
<b>Sub-total</b>		<b>13,505</b>		<b>338</b>	<b>13,505</b>
<b>Totals</b>		<b>459,003</b>		<b>11,475</b>	<b>459,003</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	
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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.