



Tax Depreciation Report

35/2 Berwick St,
Fortitude Valley QLD 4006

Anthony Arena
47 Charles St
FOREST LODGE, NSW 2037

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

Anthony Arena
47 Charles St
FOREST LODGE, NSW 2037

November 2019
Job No: RES4006029

Tax Depreciation Report – 35/2 Berwick St, Fortitude Valley QLD 4006

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

20 November 2019

Purchaser

Anthony Arena

Property Address

35/2 Berwick St, Fortitude Valley QLD 4006

Real Property Description

L35 SP172954

Property Type

Residential Unit

Date of Construction

1 December 2004

Date Available To Generate Income

11 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"> • 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	Division 40 - Capital Allowance (Eligible)			Division 43 Capital Works	Eligible Total	Capital Loss - See Appendix A	
		Effective Life	Pooled Plant	Total Div 40			Div 40 Yearly	Cumulative
1	11 August 17 to 30 June 18	0	0	0	4,097	4,097	9,002	9,002
2	1 July 18 to 30 June 19	0	0	0	4,629	4,629	9,143	18,145
3	1 July 19 to 30 June 20	0	393	393	4,660	5,053	6,554	24,700
4	1 July 20 to 30 June 21	0	245	245	4,679	4,924	4,661	29,360
5	1 July 21 to 30 June 22	0	153	153	4,679	4,832	3,300	32,660
6	1 July 22 to 30 June 23	0	96	96	4,679	4,775	2,376	35,036
7	1 July 23 to 30 June 24	0	60	60	4,679	4,739	1,740	36,776
8	1 July 24 to 30 June 25	0	37	37	4,679	4,716	1,296	38,072
9	1 July 25 to 30 June 26	0	23	23	4,679	4,702	1,133	39,205
10	1 July 26 to 30 June 27	0	15	15	4,679	4,694	816	40,021
11	1 July 27 to 30 June 28	0	9	9	4,679	4,688	899	40,920
12	1 July 28 to 30 June 29	0	6	6	4,679	4,685	616	41,536
13	1 July 29 to 30 June 30	0	4	4	4,679	4,683	429	41,965
14	1 July 30 to 30 June 31	0	2	2	4,679	4,681	444	42,408
15	1 July 31 to 30 June 32	0	1	1	4,679	4,680	277	42,686
16	1 July 32 to 30 June 33	0	1	1	4,679	4,680	173	42,859
17	1 July 33 to 30 June 34	0	1	1	4,679	4,680	108	42,967
18	1 July 34 to 30 June 35	0	0	0	4,679	4,679	68	43,035
19	1 July 35 to 30 June 36	0	0	0	4,679	4,679	42	43,077
20	1 July 36 to 30 June 37	0	0	0	4,679	4,679	27	43,104
21	1 July 37 to 30 June 38	0	0	0	4,679	4,679	17	43,120
22	1 July 38 to 30 June 39	0	0	0	4,679	4,679	10	43,131
23	1 July 39 to 30 June 40	0	0	0	4,679	4,679	6	43,137
24	1 July 40 to 30 June 41	0	0	0	4,679	4,679	4	43,141
25	1 July 41 to 30 June 42	0	0	0	4,679	4,679	3	43,144
26	1 July 42 to 30 June 43	0	0	0	4,679	4,679	2	43,145
27	1 July 43 to 30 June 44	0	0	0	4,679	4,679	1	43,146
28	1 July 44 to 30 June 45	0	0	0	2,500	2,500	1	43,147
29	1 July 45 to 30 June 46	0	0	0	997	997	0	43,147
30	1 July 46 to 30 June 47	0	0	0	997	997	0	43,147
31	1 July 47 to 30 June 48	0	0	0	997	997	0	43,148
32	1 July 48 to 30 June 49	0	0	0	997	997	0	43,148
33	1 July 49 to 30 June 50	0	0	0	997	997	0	43,148
34	1 July 50 to 30 June 51	0	0	0	997	997	0	43,148
35	1 July 51 to 30 June 52	0	0	0	958	958	0	43,148
36	1 July 52 to 30 June 53	0	0	0	886	886	0	43,148
37	1 July 53 to 30 June 54	0	0	0	886	886	0	43,148
38	1 July 54 to 30 June 55	0	0	0	886	886	0	43,148
39	1 July 55 to 30 June 56	0	0	0	886	886	0	43,148
40	2056+	0	0	0	722	722	0	43,148
Totals		0	1,046	1,046	139,388	140,434	43,148	43,148

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	Capital Loss - See Appendix A	
		Effective Life	Pooled Plant	Total Div 40			Div 40 Yearly	Cumulative
1	11 August 17 to 30 June 18	0	0	0	4,097	4,097	6,458	6,458
2	1 July 18 to 30 June 19	0	0	0	4,629	4,629	7,257	13,715
3	1 July 19 to 30 June 20	150	248	398	4,660	5,058	5,613	19,328
4	1 July 20 to 30 June 21	90	155	245	4,679	4,924	4,585	23,913
5	1 July 21 to 30 June 22	0	97	97	4,679	4,776	3,943	27,857
6	1 July 22 to 30 June 23	0	61	61	4,679	4,740	3,232	31,089
7	1 July 23 to 30 June 24	0	38	38	4,679	4,717	2,868	33,956
8	1 July 24 to 30 June 25	0	24	24	4,679	4,703	2,448	36,405
9	1 July 25 to 30 June 26	0	15	15	4,679	4,694	2,350	38,755
10	1 July 26 to 30 June 27	0	9	9	4,679	4,688	2,289	41,044
11	1 July 27 to 30 June 28	0	6	6	4,679	4,685	553	41,597
12	1 July 28 to 30 June 29	0	4	4	4,679	4,683	304	41,901
13	1 July 29 to 30 June 30	0	2	2	4,679	4,681	113	42,014
14	1 July 30 to 30 June 31	0	1	1	4,679	4,680	80	42,094
15	1 July 31 to 30 June 32	0	1	1	4,679	4,680	74	42,168
16	1 July 32 to 30 June 33	0	1	1	4,679	4,680	70	42,238
17	1 July 33 to 30 June 34	0	0	0	4,679	4,679	68	42,305
18	1 July 34 to 30 June 35	0	0	0	4,679	4,679	66	42,372
19	1 July 35 to 30 June 36	0	0	0	4,679	4,679	65	42,437
20	1 July 36 to 30 June 37	0	0	0	4,679	4,679	65	42,502
21	1 July 37 to 30 June 38	0	0	0	4,679	4,679	65	42,567
22	1 July 38 to 30 June 39	0	0	0	4,679	4,679	64	42,631
23	1 July 39 to 30 June 40	0	0	0	4,679	4,679	64	42,695
24	1 July 40 to 30 June 41	0	0	0	4,679	4,679	64	42,760
25	1 July 41 to 30 June 42	0	0	0	4,679	4,679	64	42,824
26	1 July 42 to 30 June 43	0	0	0	4,679	4,679	64	42,888
27	1 July 43 to 30 June 44	0	0	0	4,679	4,679	64	42,952
28	1 July 44 to 30 June 45	0	0	0	2,500	2,500	64	43,016
29	1 July 45 to 30 June 46	0	0	0	997	997	64	43,080
30	1 July 46 to 30 June 47	0	0	0	997	997	64	43,144
31	1 July 47 to 30 June 48	0	0	0	997	997	3	43,147
32	1 July 48 to 30 June 49	0	0	0	997	997	0	43,147
33	1 July 49 to 30 June 50	0	0	0	997	997	0	43,147
34	1 July 50 to 30 June 51	0	0	0	997	997	0	43,147
35	1 July 51 to 30 June 52	0	0	0	958	958	0	43,147
36	1 July 52 to 30 June 53	0	0	0	886	886	0	43,147
37	1 July 53 to 30 June 54	0	0	0	886	886	0	43,147
38	1 July 54 to 30 June 55	0	0	0	886	886	0	43,147
39	1 July 55 to 30 June 56	0	0	0	886	886	0	43,147
40	2056+	0	0	0	722	722	0	43,147
Totals		240	662	902	139,388	140,290	43,147	43,147

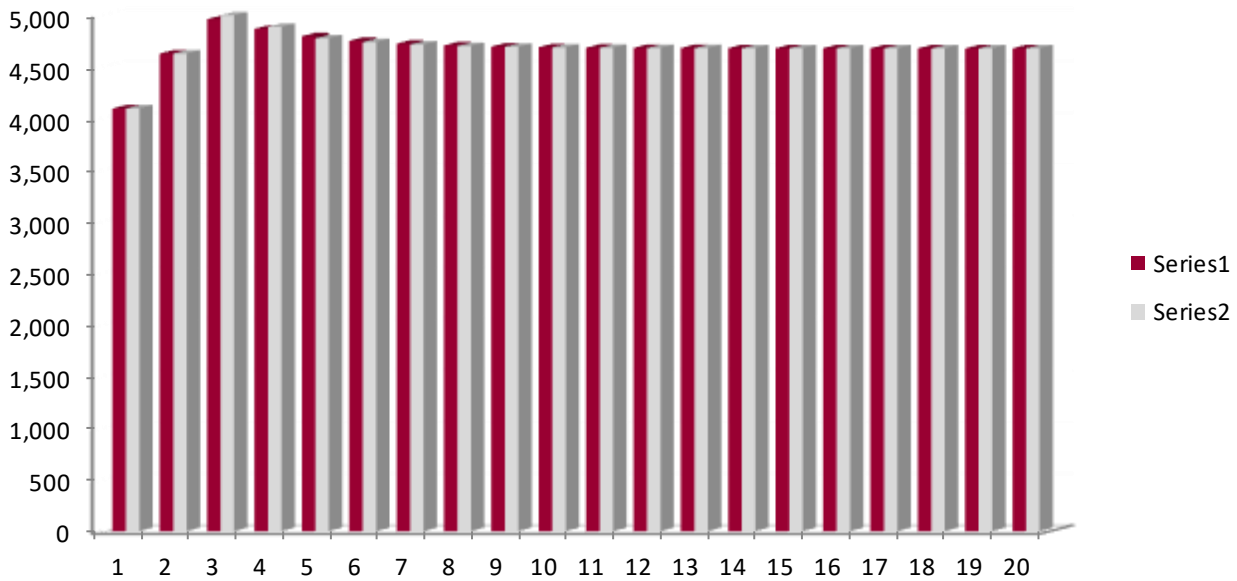
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

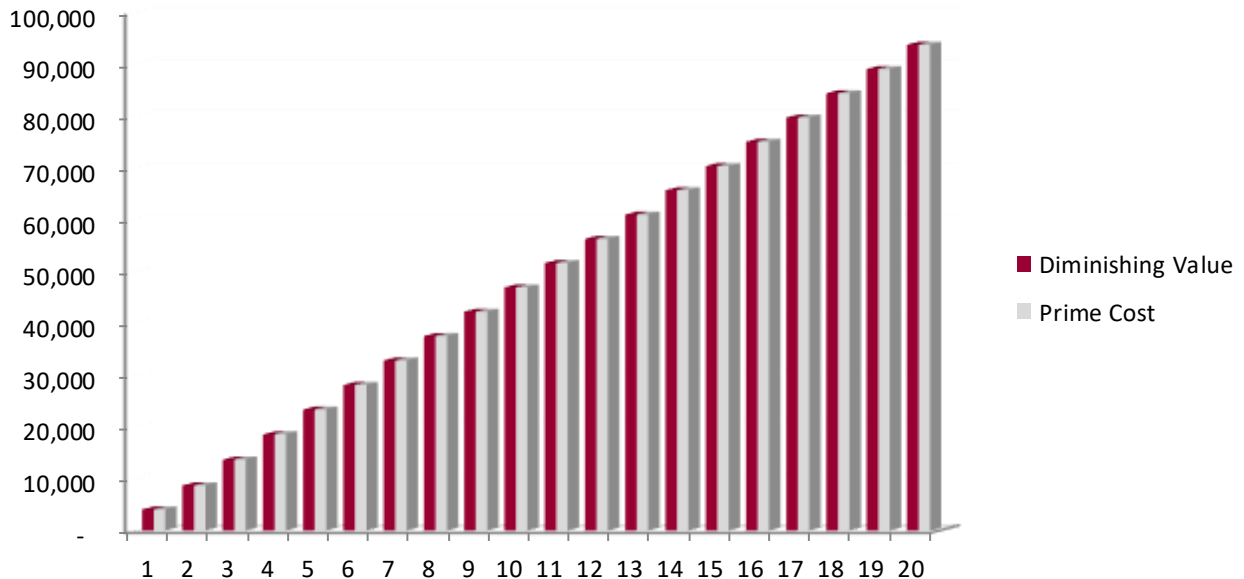
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	23 May 2017
Settlement Date	11 August 2017
Available To Generate Income	11 August 2017

Expenditure Analysed

Purchase Price	\$407,500
Post Expenditure	\$3,054
Total Expenditure Analysed	\$410,554

Historical Construction Details

Construction Start Date	6 March 2004
Construction Completion Date	1 December 2004
Historical Construction Cost (Estimated)*	\$207,907
Lot Entitlement	122
Overall Lot Entitlement	4,333

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

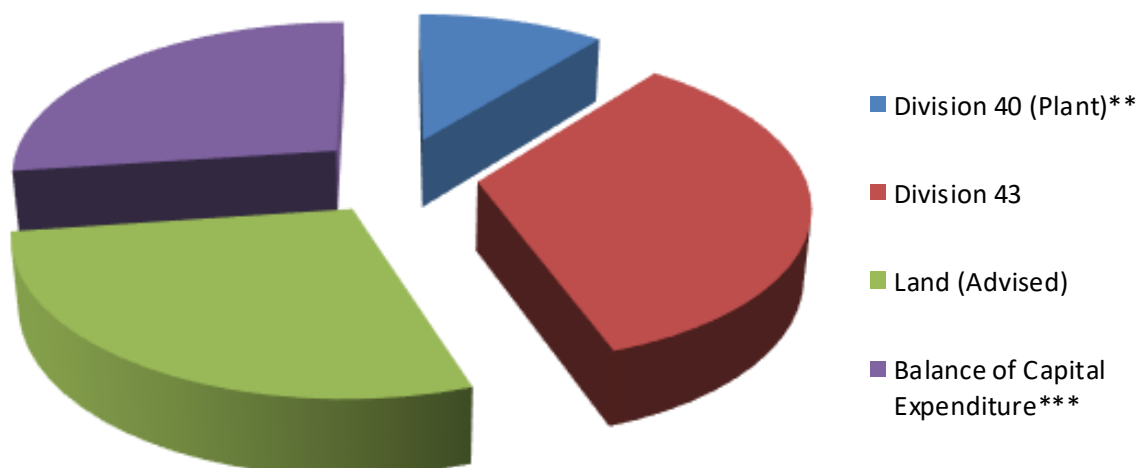
Division 40 (Plant)**	\$44,194
Division 43	\$139,388
Land (Advised)	\$115,440
Balance of Capital Expenditure***	\$111,532
Total Expenditure Analysed	\$410,554

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
Air-conditioning assets (excl. ducting, pipes & vents)														
Mini split system upto 20KW	NO	20.00%	11-Aug-17	14,161	2,506	2,331	1,865	1,492	1,193	955	764	611	489	391
Bathroom assets														
Exhaust fans (including light/heating)	NO	18.75%	11-Aug-17	616	115	188	117	73	46	29	18	11	7	4
Blinds Residential														
	NO	18.75%	11-Aug-17	2,217	416	675	422	264	165	103	64	40	25	16
Computer systems														
Building management system	NO	18.75%	11-Aug-17	693	130	211	132	83	52	32	20	13	8	5
Fire control assets														
Detection & alarm systems, detectors	NO	18.75%	11-Aug-17	1,087	204	331	207	129	81	51	32	20	12	8
Detection & alarm systems, fire indicator panel	NO	18.75%	11-Aug-17	867	163	264	165	103	64	40	25	16	10	6
Emergency warning & intercommunication system	NO	18.75%	11-Aug-17	373	70	114	71	44	28	17	11	7	4	3
Hoses and nozzles	NO	18.75%	11-Aug-17	458	86	139	87	54	34	21	13	8	5	3
Floor coverings (removable without damage)														
Carpets	NO	20.00%	11-Aug-17	5,073	898	835	668	534	428	342	274	219	328	205
Furniture														
	NO	18.75%	11-Aug-17	4,417	828	1,346	841	526	329	205	128	80	50	31
Gymnasium equipment														
Equipment	NO	18.75%	11-Aug-17	364	68	111	69	43	27	17	11	7	4	3
Hot water systems (excluding piping)														
Gas or electric	NO	18.75%	11-Aug-17	624	117	190	119	74	46	29	18	11	7	4
Kitchen assets														
Cooktops	NO	16.67%	11-Aug-17	1,047	154	335	209	131	82	51	32	20	12	8
Ovens	NO	16.67%	11-Aug-17	1,355	200	192	361	226	141	88	55	34	22	13
Rangehoods	NO	18.75%	11-Aug-17	554	104	169	106	66	41	26	16	10	6	4
Laundry assets														
Clothes dryers	NO	18.75%	11-Aug-17	554	104	169	106	66	41	26	16	10	6	4
Washing machines	NO	18.75%	11-Aug-17	800	150	244	152	95	60	37	23	15	9	6
Lifts (including hydraulic & tractions lifts)														
	NO	6.67%	11-Aug-17	1,916	113	120	112	105	98	91	85	79	74	69
Lights														
Fittings (excluding hardwired)	NO	40.00%	11-Aug-17	1,762	624	455	256	160	100	63	39	24	15	10
MATV - amplifiers & modulators														
	NO	18.75%	11-Aug-17	347	65	106	66	41	26	16	10	6	4	2
Security systems & equipment														
Electronic	NO	30.00%	11-Aug-17	2,228	592	491	344	301	188	117	73	46	29	18
Carried forward				902,118	41,513	7,706	9,017	6,475	4,611	3,269	2,357	1,728	1,288	1,128

Diminishing Value Depreciation Schedule (cont.)

Assets Generally	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	
Division 40 - Plant and Equipment															
	Brought forward		902,118	41,513	7,706	9,017	6,475	4,611	3,269	2,357	1,728	1,288	1,128		
Ventilating plant															
Ventilation plant - fans only	NO	18.75%	11-Aug-17	416	78	127	79	50	31	19	12	8	5	3	
\$300 items	NO	100.00%	11-Aug-17	1,217	1,217										
Additional Items (Post Expenditure)															
	Eligibility				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Kitchen assets															
Dishwashers	YES	18.75%	21-Nov-19	662			248	155	97	61	38	24	15	9	
\$300 items	YES	100.00%	14-Nov-19	240			90	56	35	22	14	9	5	3	
\$300 items	YES	100.00%	15-Nov-19	145			54	34	21	13	8	5	3	2	
Pooled Plant Total					2,698	4,718	3,959	2,775	1,734	1,084	677	423	593	371	
Effective Life Plant Total					6,304	4,425	2,989	2,131	1,719	1,388	1,123	909	563	460	
Total Division 40					44,049	9,002	9,143	6,947	4,906	3,453	2,472	1,800	1,333	1,156	831
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 2004															
Building Works - Completed 2004	2.50%	11-Aug-17		95,153	3,085	3,486	3,486	3,486	3,486	3,486	3,486	3,486	3,486	3,486	
Building Works - Completed 2011															
Building Works - Completed 2011	2.50%	11-Aug-17		1,881	49	55	55	55	55	55	55	55	55	55	
Building Works - Completed 2012															
Building Works - Completed 2012	2.50%	11-Aug-17		1,953	50	56	56	56	56	56	56	56	56	56	
Building Works - Completed 2016															
Building Works - Completed 2016	2.50%	11-Aug-17		7,357	165	187	187	187	187	187	187	187	187	187	
Building Works - Completed 2017															
Building Works - Completed 2017	2.50%	11-Aug-17		12,528	279	315	315	315	315	315	315	315	315	315	
Building Works - Completed 2019															
Building Works - Completed 2019	2.50%	17-Nov-19		2,007			31	50	50	50	50	50	50	50	
Structural Improvements - Completed 2004															
Structural Improvements - Completed 2004	2.50%	11-Aug-17		5,340	173	196	196	196	196	196	196	196	196	196	
Structural Improvements - Completed 2016															
Structural Improvements - Completed 2016	2.50%	11-Aug-17		4,529	103	116	116	116	116	116	116	116	116	116	
Structural Improvements - Completed 2017															
Structural Improvements - Completed 2017	2.50%	11-Aug-17		8,640	193	218	218	218	218	218	218	218	218	218	
Total Division 43				139,388	4,097	4,629	4,660	4,679	4,679	4,679	4,679	4,679	4,679	4,679	
Total Depreciation				183,437	13,099	13,772	11,607	9,585	8,132	7,151	6,479	6,012	5,835	5,510	

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
Air-conditioning assets (excl. ducting, pipes & vents)														
Mini split system upto 20KW	NO	10.00%	11-Aug-17	14,161	1,253	1,416	1,416	1,416	1,416	1,416	1,416	1,416	1,416	1,416
Bathroom assets														
Exhaust fans (including light/heating)	NO	18.75%	11-Aug-17	616	115	188	117	73	46	29	18	11	7	4
Blinds Residential														
	NO	18.75%	11-Aug-17	2,217	416	675	422	264	165	103	64	40	25	16
Computer systems														
Building management system	NO	18.75%	11-Aug-17	693	130	211	132	83	52	32	20	13	8	5
Fire control assets														
Detection & alarm systems, detectors	NO	18.75%	11-Aug-17	1,087	204	331	207	129	81	51	32	20	12	8
Detection & alarm systems, fire indicator panel	NO	18.75%	11-Aug-17	867	163	264	165	103	64	40	25	16	10	6
Emergency warning & intercommunication system	NO	18.75%	11-Aug-17	373	70	114	71	44	28	17	11	7	4	3
Hoses and nozzles	NO	18.75%	11-Aug-17	458	86	139	87	54	34	21	13	8	5	3
Floor coverings (removable without damage)														
Carpets	NO	10.00%	11-Aug-17	5,073	449	507	507	507	507	507	507	507	507	507
Furniture														
	NO	18.75%	11-Aug-17	4,417	828	1,346	841	526	329	205	128	80	50	31
Gymnasium equipment														
Equipment	NO	18.75%	11-Aug-17	364	68	111	69	43	27	17	11	7	4	3
Hot water systems (excluding piping)														
Gas or electric	NO	18.75%	11-Aug-17	624	117	190	119	74	46	29	18	11	7	4
Kitchen assets														
Cooktops	NO	8.33%	11-Aug-17	1,047	77	87	87	87	87	87	87	87	87	87
Ovens	NO	8.33%	11-Aug-17	1,355	100	113	113	113	113	113	113	113	113	113
Rangehoods	NO	18.75%	11-Aug-17	554	104	169	106	66	41	26	16	10	6	4
Laundry assets														
Clothes dryers	NO	18.75%	11-Aug-17	554	104	169	106	66	41	26	16	10	6	4
Washing machines	NO	18.75%	11-Aug-17	800	150	244	152	95	60	37	23	15	9	6
Lifts (including hydraulic & tractions lifts)														
	NO	3.33%	11-Aug-17	1,916	57	64	64	64	64	64	64	64	64	64
Lights														
Fittings (excluding hardwired)	NO	20.00%	11-Aug-17	1,762	312	352	352	352	352	42				
MATV - amplifiers & modulators														
	NO	18.75%	11-Aug-17	347	65	106	66	41	26	16	10	6	4	2
Security systems & equipment														
Electronic	NO	15.00%	11-Aug-17	2,228	296	334	334	334	334	334	263			
Carried forward				902,118	41,513	5,163	7,130	5,534	4,536	3,912	3,213	2,856	2,441	2,346

Prime Cost Depreciation Schedule (cont.)

Assets Generally	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
Division 40 - Plant and Equipment														
	Brought forward		902,118	41,513	5,163	7,130	5,534	4,536	3,912	3,213	2,856	2,441	2,346	
Ventilating plant														
Ventilation plant - fans only	NO	18.75%	11-Aug-17	416	78	127	79	50	31	19	12	8	5	3
\$300 items	NO	100.00%	11-Aug-17	1,217	1,217									
Additional Items (Post Expenditure)														
	Eligibility				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Kitchen assets														
Dishwashers	YES	18.75%	21-Nov-19	662			248	155	97	61	38	24	15	9
\$300 items	YES	100.00%	14-Nov-19	240			150	90						
\$300 items	YES	100.00%	15-Nov-19	145			90	55						
Pooled Plant Total					2,698	4,384	2,988	1,868	1,167	730	456	285	178	111
Effective Life Plant Total					3,760	2,873	3,113	3,018	2,873	2,563	2,450	2,187	2,187	2,187
Total Division 40				44,194	6,458	7,257	6,102	4,885	4,040	3,293	2,905	2,472	2,365	2,298
Division 43 - Capital Works Allowance														
		Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 2004		2.50%	11-Aug-17	95,153	3,085	3,486	3,486	3,486	3,486	3,486	3,486	3,486	3,486	3,486
Building Works - Completed 2011		2.50%	11-Aug-17	1,881	49	55	55	55	55	55	55	55	55	55
Building Works - Completed 2012		2.50%	11-Aug-17	1,953	50	56	56	56	56	56	56	56	56	56
Building Works - Completed 2016		2.50%	11-Aug-17	7,357	165	187	187	187	187	187	187	187	187	187
Building Works - Completed 2017		2.50%	11-Aug-17	12,528	279	315	315	315	315	315	315	315	315	315
Building Works - Completed 2019		2.50%	17-Nov-19	2,007			31	50	50	50	50	50	50	50
Structural Improvements - Completed 2004		2.50%	11-Aug-17	5,340	173	196	196	196	196	196	196	196	196	196
Structural Improvements - Completed 2016		2.50%	11-Aug-17	4,529	103	116	116	116	116	116	116	116	116	116
Structural Improvements - Completed 2017		2.50%	11-Aug-17	8,640	193	218	218	218	218	218	218	218	218	218
Total Division 43				139,388	4,097	4,629	4,660	4,679	4,679	4,679	4,679	4,679	4,679	4,679
Total Depreciation				183,437	10,555	11,886	10,762	9,564	8,719	7,972	7,584	7,151	7,044	6,977

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 2004	6 Mar 04 to 1 Dec 04	139,425	2.50%	3,486	95,153
Building Works - Completed 2011	11 Dec 11 to 14 Dec 11	2,192	2.50%	55	1,881
Building Works - Completed 2012	17 Jul 12 to 20 Jul 12	2,236	2.50%	56	1,953
Building Works - Completed 2016	10 Dec 16 to 13 Dec 16	7,480	2.50%	187	7,357
Building Works - Completed 2017	28 Apr 17 to 1 May 17	12,616	2.50%	315	12,528
Building Works - Completed 2019	14 Nov 19 to 17 Nov 19	2,007	2.50%	50	2,007
Sub-total		165,955		4,149	120,879

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2004	6 Mar 04 to 1 Dec 04	7,824	2.50%	196	5,340
Structural Improvements - Completed 2016	16 Jul 16 to 19 Jul 16	4,652	2.50%	116	4,529
Structural Improvements - Completed 2017	28 Apr 17 to 1 May 17	8,700	2.50%	218	8,640
Sub-total		21,177		530	18,509
Totals		187,132		4,679	139,388

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.

Appendix A: ATO's New Legislations on Post 9 May Purchased and Capital Loss

A1. Post 9 May 2017

The amendments to the ITAA 1997 recently limited the income tax deductions for the decline in value of previously used plant and equipment in rental premises used for residential accommodation. The changes apply to any second-hand property purchasers who contracts after 7.30 pm on 9 May 2017, and to any property owners who convert their main occupancies into investment properties after 1 July 2017.

This may give rise to a capital loss due to the difference between an asset's original - cost/value and its termination value at the time of a balancing adjustment event. This capital loss may be used to be offset against any future capital gains. Koste has taken into consideration of the legislation changes and identify both the eligible depreciation each year and the capital loss that will be applied.

A2. Capital Gain / Capital Loss

If you sell a capital asset, such as your investment property, the difference between what it cost you to acquire the asset and what you receive when you dispose of it will become your capital gain or capital loss. When you make a capital gain, it is added to your assessable income and may significantly increase the tax you need to pay. If you make a capital loss, you cannot claim it against your other income but you can use it to reduce a capital gain in current or future years.

Further information regarding the legislation please refer to ATO website – www.ato.gov.au

A3. Capital Loss on Plant and Equipment (Division 40)

When you dispose a depreciating asset, a balancing adjustment event will occur and you need to work out a balancing adjustment amount to include in your assessable income or to claim as a deduction by comparing the asset's termination value (such as the proceeds from the sale of the asset) and its adjustable value at the time of the balancing adjustment event. However, from 1 July 2017, if a balancing adjustment event happens to a depreciating asset to which the new rules about deductions for decline in value of second-hand depreciating assets in residential rental properties apply, then a capital gain or capital loss might arise.