



Tax Depreciation Report

503/133 Scarborough St,
Southport QLD 4215

Keven Tu
503/133 Scarborough St
SOUTHPORT, QLD 4215

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

Keven Tu
503/133 Scarborough St
SOUTHPORT, QLD 4215

November 2019
Job No: RES4215023

Tax Depreciation Report – 503/133 Scarborough St, Southport QLD 4215

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

21 November 2019

Purchaser

Keven Tu

Property Address

503/133 Scarborough St, Southport QLD 4215

Real Property Description

L503 SP267270

Property Type

Residential Unit

Date of Construction

1 December 2015

Date Available To Generate Income

15 December 2015

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								
<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 43 Capital Works	Eligible Total	Capital Loss - See Appendix A	
				Div 40 Yearly	Cumulative
1	15 December 15 to 30 June 16	3,105	3,105	5,792	5,792
2	1 July 16 to 30 June 17	5,739	5,739	8,506	14,298
3	1 July 17 to 30 June 18	5,739	5,739	6,529	20,827
4	1 July 18 to 30 June 19	5,739	5,739	4,957	25,784
5	1 July 19 to 30 June 20	5,739	5,739	3,979	29,763
6	1 July 20 to 30 June 21	5,739	5,739	3,205	32,968
7	1 July 21 to 30 June 22	5,739	5,739	2,632	35,599
8	1 July 22 to 30 June 23	5,739	5,739	2,133	37,733
9	1 July 23 to 30 June 24	5,739	5,739	1,782	39,515
10	1 July 24 to 30 June 25	5,739	5,739	1,493	41,008
11	1 July 25 to 30 June 26	5,739	5,739	1,294	42,302
12	1 July 26 to 30 June 27	5,739	5,739	919	43,221
13	1 July 27 to 30 June 28	5,739	5,739	677	43,897
14	1 July 28 to 30 June 29	5,739	5,739	519	44,416
15	1 July 29 to 30 June 30	5,739	5,739	414	44,830
16	1 July 30 to 30 June 31	5,739	5,739	342	45,172
17	1 July 31 to 30 June 32	5,739	5,739	292	45,464
18	1 July 32 to 30 June 33	5,739	5,739	255	45,719
19	1 July 33 to 30 June 34	5,739	5,739	227	45,946
20	1 July 34 to 30 June 35	5,739	5,739	205	46,151
21	1 July 35 to 30 June 36	5,739	5,739	187	46,339
22	1 July 36 to 30 June 37	5,739	5,739	172	46,511
23	1 July 37 to 30 June 38	5,739	5,739	159	46,670
24	1 July 38 to 30 June 39	5,739	5,739	148	46,818
25	1 July 39 to 30 June 40	5,739	5,739	137	46,955
26	1 July 40 to 30 June 41	5,739	5,739	128	47,082
27	1 July 41 to 30 June 42	5,739	5,739	119	47,201
28	1 July 42 to 30 June 43	5,739	5,739	111	47,312
29	1 July 43 to 30 June 44	5,739	5,739	103	47,415
30	1 July 44 to 30 June 45	5,739	5,739	96	47,511
31	1 July 45 to 30 June 46	5,739	5,739	90	47,601
32	1 July 46 to 30 June 47	5,739	5,739	84	47,685
33	1 July 47 to 30 June 48	5,739	5,739	78	47,763
34	1 July 48 to 30 June 49	5,739	5,739	73	47,836
35	1 July 49 to 30 June 50	5,739	5,739	68	47,904
36	1 July 50 to 30 June 51	5,739	5,739	358	48,262
37	1 July 51 to 30 June 52	5,739	5,739	223	48,485
38	1 July 52 to 30 June 53	5,739	5,739	140	48,625
39	1 July 53 to 30 June 54	5,739	5,739	87	48,712
40	2054+	8,160	8,160	145	48,857
Totals		229,347	229,347	48,857	48,857

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 43 Capital Works	Eligible Total	Capital Loss - See Appendix A	
				Div 40 Yearly	Cumulative
1	15 December 15 to 30 June 16	3,105	3,105	3,784	3,784
2	1 July 16 to 30 June 17	5,739	5,739	5,544	9,328
3	1 July 17 to 30 June 18	5,739	5,739	4,857	14,185
4	1 July 18 to 30 June 19	5,739	5,739	4,428	18,614
5	1 July 19 to 30 June 20	5,739	5,739	4,160	22,774
6	1 July 20 to 30 June 21	5,739	5,739	3,632	26,406
7	1 July 21 to 30 June 22	5,739	5,739	3,221	29,627
8	1 July 22 to 30 June 23	5,739	5,739	2,892	32,519
9	1 July 23 to 30 June 24	5,739	5,739	2,811	35,330
10	1 July 24 to 30 June 25	5,739	5,739	2,786	38,116
11	1 July 25 to 30 June 26	5,739	5,739	2,052	40,167
12	1 July 26 to 30 June 27	5,739	5,739	1,414	41,581
13	1 July 27 to 30 June 28	5,739	5,739	997	42,578
14	1 July 28 to 30 June 29	5,739	5,739	600	43,178
15	1 July 29 to 30 June 30	5,739	5,739	348	43,526
16	1 July 30 to 30 June 31	5,739	5,739	347	43,872
17	1 July 31 to 30 June 32	5,739	5,739	346	44,218
18	1 July 32 to 30 June 33	5,739	5,739	345	44,563
19	1 July 33 to 30 June 34	5,739	5,739	345	44,907
20	1 July 34 to 30 June 35	5,739	5,739	344	45,252
21	1 July 35 to 30 June 36	5,739	5,739	344	45,596
22	1 July 36 to 30 June 37	5,739	5,739	344	45,940
23	1 July 37 to 30 June 38	5,739	5,739	344	46,284
24	1 July 38 to 30 June 39	5,739	5,739	344	46,628
25	1 July 39 to 30 June 40	5,739	5,739	344	46,972
26	1 July 40 to 30 June 41	5,739	5,739	344	47,316
27	1 July 41 to 30 June 42	5,739	5,739	344	47,660
28	1 July 42 to 30 June 43	5,739	5,739	344	48,005
29	1 July 43 to 30 June 44	5,739	5,739	344	48,349
30	1 July 44 to 30 June 45	5,739	5,739	344	48,693
31	1 July 45 to 30 June 46	5,739	5,739	165	48,857
32	1 July 46 to 30 June 47	5,739	5,739	0	48,857
33	1 July 47 to 30 June 48	5,739	5,739	0	48,857
34	1 July 48 to 30 June 49	5,739	5,739	0	48,857
35	1 July 49 to 30 June 50	5,739	5,739	0	48,857
36	1 July 50 to 30 June 51	5,739	5,739	0	48,857
37	1 July 51 to 30 June 52	5,739	5,739	0	48,857
38	1 July 52 to 30 June 53	5,739	5,739	0	48,857
39	1 July 53 to 30 June 54	5,739	5,739	0	48,857
40	2054+	8,160	8,160	0	48,857
Totals		229,347	229,347	48,857	48,857

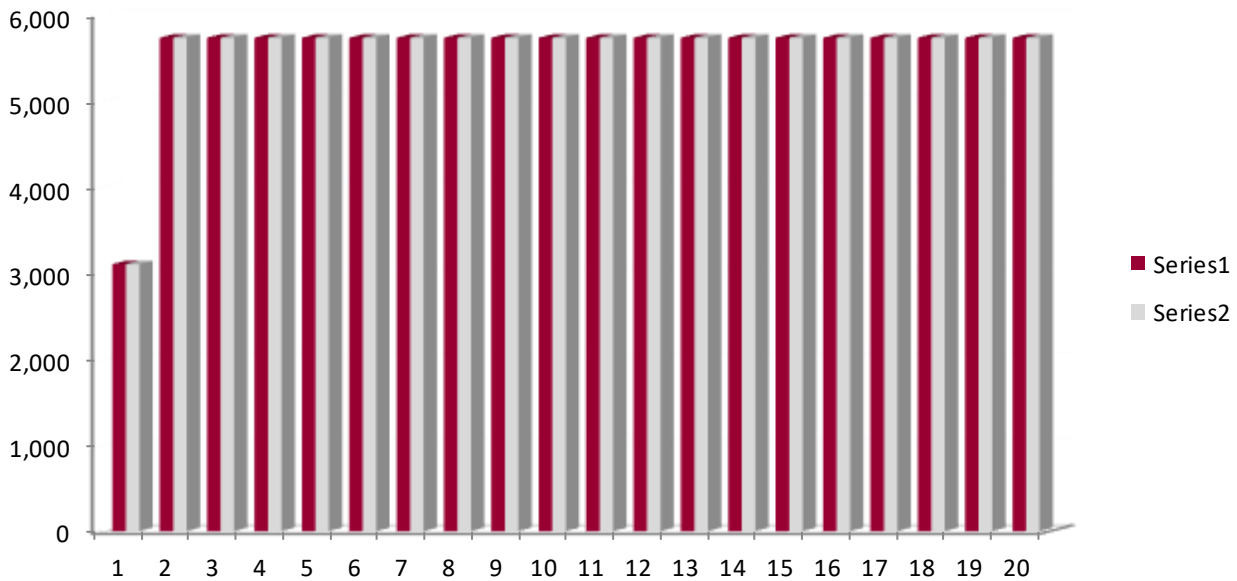
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

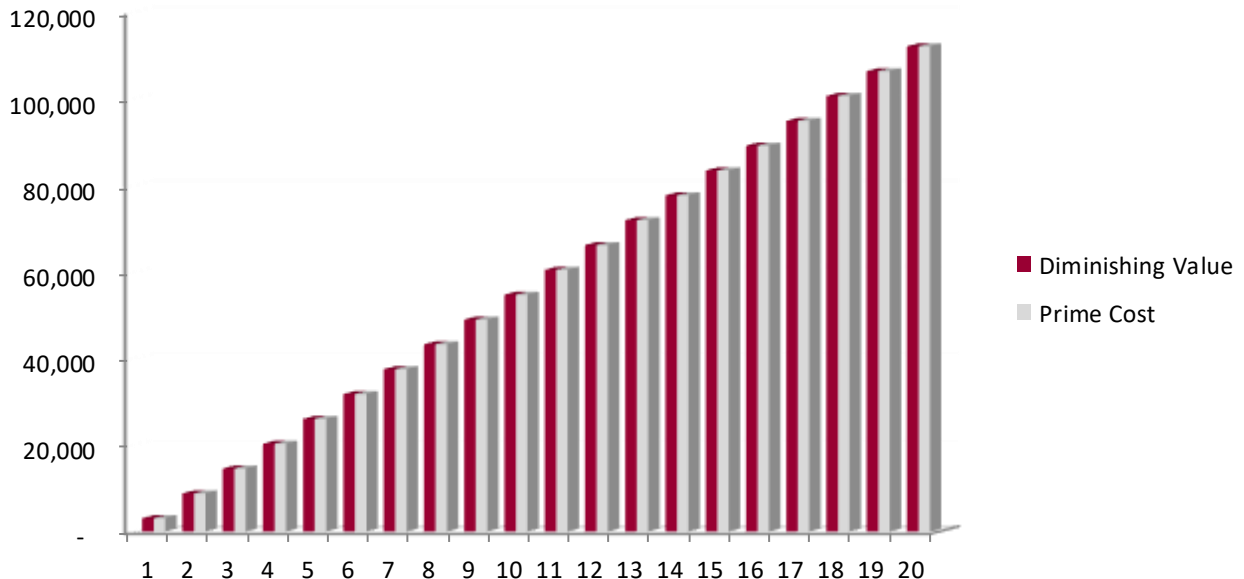
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	13 June 2014
Settlement Date	15 December 2015
Available To Generate Income	15 December 2015

Expenditure Analysed

Purchase Price	\$414,000
Total Expenditure Analysed	\$428,620

Historical Construction Details

Construction Start Date	3 June 2014
Construction Completion Date	1 December 2015
Historical Construction Cost (Estimated)*	\$262,145
Lot Entitlement	252
Overall Lot Entitlement	10,002

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

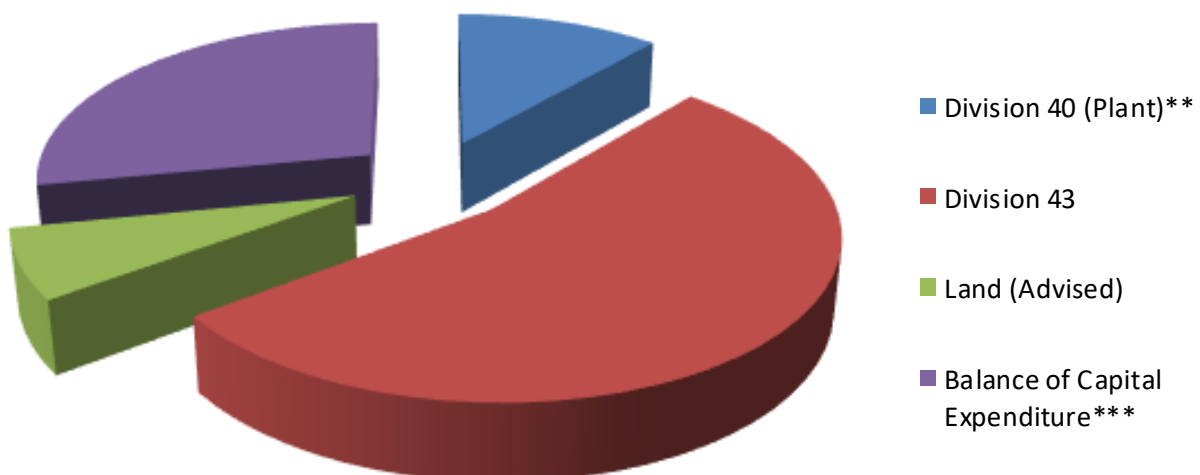
Division 40 (Plant)**	\$48,857
Division 43	\$229,347
Land (Advised)	\$29,878
Balance of Capital Expenditure***	\$120,538
Total Expenditure Analysed	\$428,620

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	YES	20.00%	15-Dec-15	6,433	696	1,147	918	734	587	470	376	301	241	361
Bathroom assets														
Exhaust fans (including light/heating)	YES	18.75%	15-Dec-15	460	86	140	88	55	34	21	13	8	5	3
Blinds Residential														
	YES	18.75%	15-Dec-15	662	124	202	126	79	49	31	19	12	8	5
Ceiling Fans														
	YES	18.75%	15-Dec-15	965	181	294	184	115	72	45	28	18	11	7
Computer systems														
General	YES	40.00%	15-Dec-15	1,106	239	325	203	127	79	50	31	19	12	8
Door closers														
	YES	18.75%	15-Dec-15	571	107	174	109	68	42	27	17	10	6	4
Fire control assets														
Detection & alarm systems, detectors	YES	18.75%	15-Dec-15	562	105	171	107	67	42	26	16	10	6	4
Emergency warning & intercommunication system	YES	18.75%	15-Dec-15	452	85	138	86	54	34	21	13	8	5	3
Floor coverings (removable without damage)														
Carpets	YES	20.00%	15-Dec-15	3,453	374	616	493	394	315	252	202	303	189	118
Furniture														
	YES	15.00%	15-Dec-15	4,312	350	595	505	430	365	310	264	224	191	162
Hot water systems (excluding piping)														
Gas or electric	YES	16.67%	15-Dec-15	3,309	298	502	418	348	290	242	202	168	315	197
Kitchen assets														
Cooktops	YES	16.67%	15-Dec-15	1,746	157	265	221	184	345	215	135	84	53	33
Dishwashers	YES	20.00%	15-Dec-15	2,573	278	459	367	294	235	352	220	138	86	54
Ovens	YES	16.67%	15-Dec-15	2,481	224	376	314	261	218	181	340	213	133	83
Rangehoods	YES	16.67%	15-Dec-15	1,195	108	181	340	212	133	83	52	32	20	13
Laundry assets														
Clothes dryers	YES	20.00%	15-Dec-15	1,011	109	338	211	132	83	52	32	20	13	8
Lifts (including hydraulic & tractions lifts)														
	YES	6.67%	15-Dec-15	10,327	372	664	619	578	540	504	470	439	409	382
Lights														
Fittings (excluding hardwired)	YES	40.00%	15-Dec-15	2,229	482	699	419	236	147	92	58	36	22	14
MATV - amplifiers & modulators														
	YES	18.75%	15-Dec-15	810	152	247	154	96	60	38	24	15	9	6
Pumps														
	YES	18.75%	15-Dec-15	834	156	254	159	99	62	39	24	15	9	6
Security systems & equipment														
Electronic	YES	30.00%	15-Dec-15	2,022	328	508	356	311	195	122	76	47	30	19
Carried forward			889,413	47,514	5,014	8,294	6,396	4,875	3,927	3,173	2,612	2,121	1,774	

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	
Division 40 - Plant and Equipment															
		Value Rate													
			Brought forward	889,413	47,514	5,014	8,294	6,396	4,875	3,927	3,173	2,612	2,121	1,774	
Ventilating plant															
Ventilation plant - fans only	YES	18.75%	15-Dec-15	695	130	212	132	83	52	32	20	13	8	5	
\$300 items															
	YES	100.00%	15-Dec-15	648	648										
Pooled Plant Total					1,127	2,494	1,899	1,734	1,428	1,245	1,119	1,002	941	949	
Effective Life Plant Total					4,665	6,011	4,630	3,224	2,551	1,960	1,513	1,132	841	544	
Total Division 40					48,857	5,792	8,506	6,529	4,957	3,979	3,205	2,632	2,133	1,782	1,493
Division 43 - Capital Works Allowance															
		Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10	
Building Works - Completed 2015					228,751	3,097	5,724	5,724	5,724	5,724	5,724	5,724	5,724	5,724	5,724
Structural Improvements - Completed 2015					596	8	15	15	15	15	15	15	15	15	
Total Division 43					229,347	3,105	5,739	5,739	5,739	5,739	5,739	5,739	5,739	5,739	5,739
Total Depreciation					278,204	8,897	14,245	12,268	10,696	9,718	8,944	8,371	7,872	7,521	7,232

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	YES	10.00%	15-Dec-15	6,433	348	643	643	643	643	643	643	643	643	643
Bathroom assets														
Exhaust fans (including light/heating)	YES	18.75%	15-Dec-15	460	86	140	88	55	34	21	13	8	5	3
Blinds Residential														
	YES	18.75%	15-Dec-15	662	124	202	126	79	49	31	19	12	8	5
Ceiling Fans														
	YES	18.75%	15-Dec-15	965	181	294	184	115	72	45	28	18	11	7
Computer systems														
General	YES	20.00%	15-Dec-15	1,106	120	221	221	221	221	103				
Door closers														
	YES	18.75%	15-Dec-15	571	107	174	109	68	42	27	17	10	6	4
Fire control assets														
Detection & alarm systems, detectors	YES	18.75%	15-Dec-15	562	105	171	107	67	42	26	16	10	6	4
Emergency warning & intercommunication system	YES	18.75%	15-Dec-15	452	85	138	86	54	34	21	13	8	5	3
Floor coverings (removable without damage)														
Carpets	YES	10.00%	15-Dec-15	3,453	187	345	345	345	345	345	345	345	345	345
Furniture														
	YES	7.50%	15-Dec-15	4,312	175	324	324	324	324	324	324	324	324	324
Hot water systems (excluding piping)														
Gas or electric	YES	8.33%	15-Dec-15	3,309	149	276	276	276	276	276	276	276	276	276
Kitchen assets														
Cooktops	YES	8.33%	15-Dec-15	1,746	79	146	146	146	146	146	146	146	146	146
Dishwashers	YES	10.00%	15-Dec-15	2,573	139	257	257	257	257	257	257	257	257	257
Ovens	YES	8.33%	15-Dec-15	2,481	112	207	207	207	207	207	207	207	207	207
Rangehoods	YES	8.33%	15-Dec-15	1,195	54	100	100	100	100	100	100	100	100	100
Laundry assets														
Clothes dryers	YES	10.00%	15-Dec-15	1,011	55	101	101	101	101	101	101	101	101	101
Lifts (including hydraulic & tractions lifts)														
	YES	3.33%	15-Dec-15	10,327	186	344	344	344	344	344	344	344	344	344
Lights														
Fittings (excluding hardwired)	YES	20.00%	15-Dec-15	2,229	241	446	446	446	446	204				
MATV - amplifiers & modulators														
	YES	18.75%	15-Dec-15	810	152	247	154	96	60	38	24	15	9	6
Pumps														
	YES	18.75%	15-Dec-15	834	156	254	159	99	62	39	24	15	9	6
Security systems & equipment														
Electronic	YES	15.00%	15-Dec-15	2,022	164	303	303	303	303	303	303	40		
Carried forward				889,413	47,514	3,005	5,332	4,725	4,346	4,108	3,600	3,200	2,880	2,803

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			889,413	47,514	3,005	5,332	4,725	4,346	4,108	3,600	3,200	2,880	2,803
Ventilating plant														
Ventilation plant - fans only	YES	18.75%	15-Dec-15	695	130	212	132	83	52	32	20	13	8	5
\$300 items	YES	100.00%	15-Dec-15	648	648									
Pooled Plant Total					1,127	1,831	1,144	715	447	279	175	109	68	43
Effective Life Plant Total					2,657	3,713	3,713	3,713	3,713	3,353	3,046	2,783	2,743	2,743
Total Division 40				48,857	3,784	5,544	4,857	4,428	4,160	3,632	3,221	2,892	2,811	2,786
Division 43 - Capital Works Allowance														
		Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 2015		2.50%	15-Dec-15	228,751	3,097	5,724	5,724	5,724	5,724	5,724	5,724	5,724	5,724	5,724
Structural Improvements - Completed 2015		2.50%	15-Dec-15	596	8	15	15	15	15	15	15	15	15	15
Total Division 43				229,347	3,105	5,739	5,739	5,739	5,739	5,739	5,739	5,739	5,739	5,739
Total Depreciation				278,204	6,889	11,283	10,596	10,167	9,899	9,371	8,960	8,631	8,550	8,525

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 2015	3 Jun 14 to 1 Dec 15	228,971	2.50%	5,724	228,751
Sub-total		228,971		5,724	228,751

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2015	3 Jun 14 to 1 Dec 15	597	2.50%	15	596
Sub-total		597		15	596
Totals		229,568		5,739	229,347

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	
Company Name	Koste Pty Ltd
Postal Address	Suite 1, L12/133 Mary Street, Brisbane, Qld 4000
Office Number	1300 669 400
Office Email	info@koste.com.au

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.