



Tax Depreciation Report

702/89-103 Gladstone Street,
South Melbourne VIC 3205

Kin Lup Eugene Lee and Runxuan Gan
24 Heritage Bvd
DONCASTER, VIC 3108

Issue Schedule	
Issue Date:	Issued by:
03 December 2019	Mark Kilroy Bsc (Hons) MRICS

Kin Lup Eugene Lee and Runxuan Gan
24 Heritage Bvd
DONCASTER, VIC 3108

December 2019
Job No: RES3205002

Tax Depreciation Report – 702/89-103 Gladstone Street, South Melbourne VIC 3205

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

3 December 2019

Purchaser

Kin Lup Eugene Lee and Runxuan Gan

Property Address

702/89-103 Gladstone Street, South Melbourne VIC 3205

Real Property Description

Lot 702 PS735510

Property Type

Residential Unit

Date of Construction

21 September 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								
<p>Under Diminishing Value method, the effective life is dividing by 200.</p> <p>200 / 10 Years = 20% (Adjusted Value)</p> <p>If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.</p>	<p>Under Prime Cost method, the effective life is dividing by 100.</p> <p>100 / 10 Years = 10% (Straight Line)</p> <p>If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.</p>								
Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
\$2,000	\$1,600	\$1,280	\$1,024	\$819.20	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000

4. Capital Works

4.1 Entitlement

Capital Works Division 43 of the Income Tax Act 1997 allows the taxpayer to a deduction of the decline in value of a depreciating asset used for income producing purpose over its effective life.

4.2 Method of Depreciation

Capital Works allowances under Division 43 are based on the historical construction costs and are not based on an apportionment of the purchase price. Where construction costs are not available, a qualified Quantity Surveyor will establish costs in accordance with the Tax Ruling TR97/25.

Capital Works are depreciated by Prime Cost method only, which may vary dependant on the date the construction works commenced and the property usage. Where a property has been updated over the years, capital works expenditure may be allocated in different periods. Clients must make any construction periods clear wherever possible to ensure your claim is maximised.

4.3 Method of Depreciation

Structural improvements such as fencing, paths and other hard landscaping can also be written off at 2.5% per annum if construction started after 27 February 1992.

5. Summary of Entitlements – Diminishing Value Method

Year	Financial Year	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	30 August 17 to 30 June 18	9,955	3,620	13,575	5,694	19,269
2	1 July 18 to 30 June 19	9,178	5,882	15,060	6,837	21,897
3	1 July 19 to 30 June 20	7,098	4,683	11,781	6,837	18,618
4	1 July 20 to 30 June 21	5,874	3,259	9,133	6,837	15,970
5	1 July 21 to 30 June 22	5,007	2,037	7,044	6,837	13,881
6	1 July 22 to 30 June 23	4,287	1,273	5,560	6,837	12,397
7	1 July 23 to 30 June 24	3,392	1,493	4,885	6,837	11,722
8	1 July 24 to 30 June 25	2,765	1,257	4,021	6,837	10,858
9	1 July 25 to 30 June 26	2,273	1,111	3,384	6,837	10,221
10	1 July 26 to 30 June 27	1,641	1,373	3,014	6,837	9,851
11	1 July 27 to 30 June 28	1,318	1,170	2,488	6,837	9,325
12	1 July 28 to 30 June 29	1,212	731	1,944	6,837	8,781
13	1 July 29 to 30 June 30	1,117	457	1,574	6,837	8,411
14	1 July 30 to 30 June 31	1,029	286	1,315	6,837	8,152
15	1 July 31 to 30 June 32	949	179	1,128	6,837	7,965
16	1 July 32 to 30 June 33	749	469	1,218	6,837	8,055
17	1 July 33 to 30 June 34	699	293	992	6,837	7,829
18	1 July 34 to 30 June 35	652	183	836	6,837	7,673
19	1 July 35 to 30 June 36	609	115	724	6,837	7,561
20	1 July 36 to 30 June 37	568	72	640	6,837	7,477
21	1 July 37 to 30 June 38	530	45	575	6,837	7,412
22	1 July 38 to 30 June 39	495	28	523	6,837	7,360
23	1 July 39 to 30 June 40	462	17	480	6,837	7,317
24	1 July 40 to 30 June 41	431	11	442	6,837	7,279
25	1 July 41 to 30 June 42	403	7	409	6,837	7,246
26	1 July 42 to 30 June 43	376	4	380	6,837	7,217
27	1 July 43 to 30 June 44	351	3	353	6,837	7,190
28	1 July 44 to 30 June 45	327	2	329	6,837	7,166
29	1 July 45 to 30 June 46	305	1	307	6,837	7,144
30	1 July 46 to 30 June 47	285	1	286	6,837	7,123
31	1 July 47 to 30 June 48	266	0	266	6,837	7,103
32	1 July 48 to 30 June 49	248	0	249	6,837	7,086
33	1 July 49 to 30 June 50	232	0	232	6,837	7,069
34	1 July 50 to 30 June 51	216	0	216	6,837	7,053
35	1 July 51 to 30 June 52	202	0	202	6,837	7,039
36	1 July 52 to 30 June 53	188	0	188	6,837	7,025
37	1 July 53 to 30 June 54	176	0	176	6,837	7,013
38	1 July 54 to 30 June 55	164	0	164	6,837	7,001
39	1 July 55 to 30 June 56	153	0	153	6,837	6,990
40	2056+	2,145	0	2,145	7,266	9,411
Totals		68,329	30,063	98,392	272,766	371,158

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	30 August 17 to 30 June 18	5,522	3,620	9,142	5,694	14,836
2	1 July 18 to 30 June 19	5,323	5,882	11,205	6,837	18,042
3	1 July 19 to 30 June 20	5,323	3,676	8,999	6,837	15,836
4	1 July 20 to 30 June 21	5,323	2,298	7,621	6,837	14,458
5	1 July 21 to 30 June 22	5,323	1,436	6,759	6,837	13,596
6	1 July 22 to 30 June 23	5,323	897	6,220	6,837	13,057
7	1 July 23 to 30 June 24	5,283	561	5,844	6,837	12,681
8	1 July 24 to 30 June 25	5,083	351	5,434	6,837	12,271
9	1 July 25 to 30 June 26	5,083	219	5,302	6,837	12,139
10	1 July 26 to 30 June 27	5,083	137	5,220	6,837	12,057
11	1 July 27 to 30 June 28	2,924	86	3,010	6,837	9,847
12	1 July 28 to 30 June 29	2,501	53	2,554	6,837	9,391
13	1 July 29 to 30 June 30	1,879	33	1,913	6,837	8,750
14	1 July 30 to 30 June 31	1,654	21	1,674	6,837	8,511
15	1 July 31 to 30 June 32	1,572	13	1,585	6,837	8,422
16	1 July 32 to 30 June 33	1,135	8	1,143	6,837	7,980
17	1 July 33 to 30 June 34	1,042	5	1,047	6,837	7,884
18	1 July 34 to 30 June 35	1,042	3	1,045	6,837	7,882
19	1 July 35 to 30 June 36	1,042	2	1,044	6,837	7,881
20	1 July 36 to 30 June 37	1,042	1	1,043	6,837	7,880
21	1 July 37 to 30 June 38	1,042	1	1,043	6,837	7,880
22	1 July 38 to 30 June 39	1,042	0	1,042	6,837	7,879
23	1 July 39 to 30 June 40	1,042	0	1,042	6,837	7,879
24	1 July 40 to 30 June 41	1,042	0	1,042	6,837	7,879
25	1 July 41 to 30 June 42	1,042	0	1,042	6,837	7,879
26	1 July 42 to 30 June 43	1,042	0	1,042	6,837	7,879
27	1 July 43 to 30 June 44	1,042	0	1,042	6,837	7,879
28	1 July 44 to 30 June 45	1,042	0	1,042	6,837	7,879
29	1 July 45 to 30 June 46	1,042	0	1,042	6,837	7,879
30	1 July 46 to 30 June 47	1,042	0	1,042	6,837	7,879
31	1 July 47 to 30 June 48	165	0	165	6,837	7,002
32	1 July 48 to 30 June 49	0	0	0	6,837	6,837
33	1 July 49 to 30 June 50	0	0	0	6,837	6,837
34	1 July 50 to 30 June 51	0	0	0	6,837	6,837
35	1 July 51 to 30 June 52	0	0	0	6,837	6,837
36	1 July 52 to 30 June 53	0	0	0	6,837	6,837
37	1 July 53 to 30 June 54	0	0	0	6,837	6,837
38	1 July 54 to 30 June 55	0	0	0	6,837	6,837
39	1 July 55 to 30 June 56	0	0	0	6,837	6,837
40	2056+	0	0	0	7,266	7,266
Totals		79,087	19,305	98,392	272,766	371,158

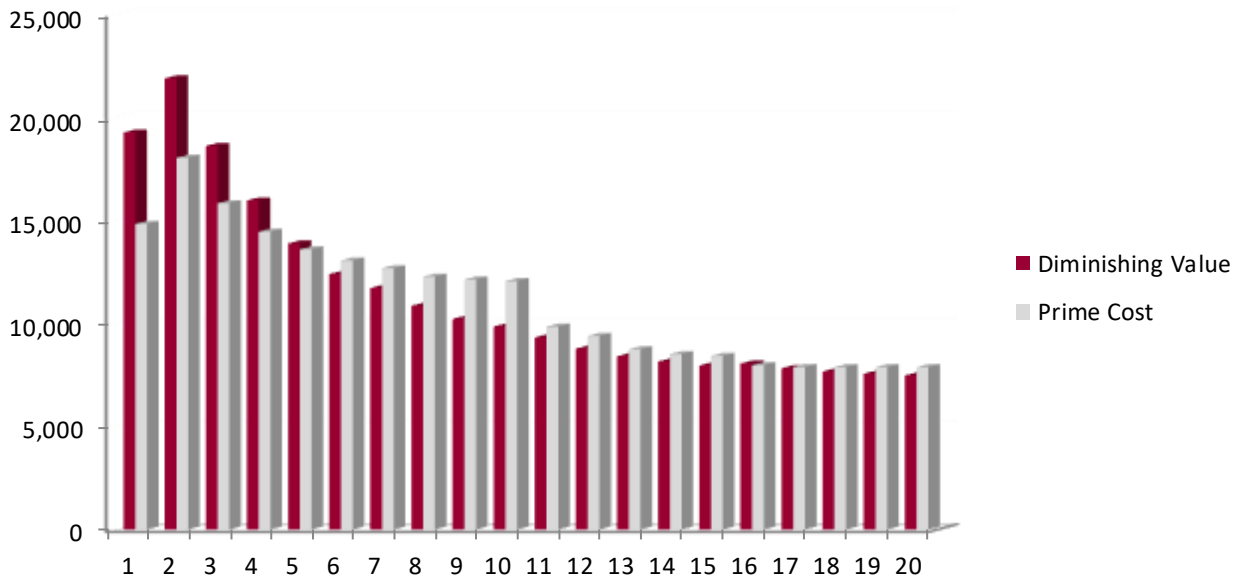
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

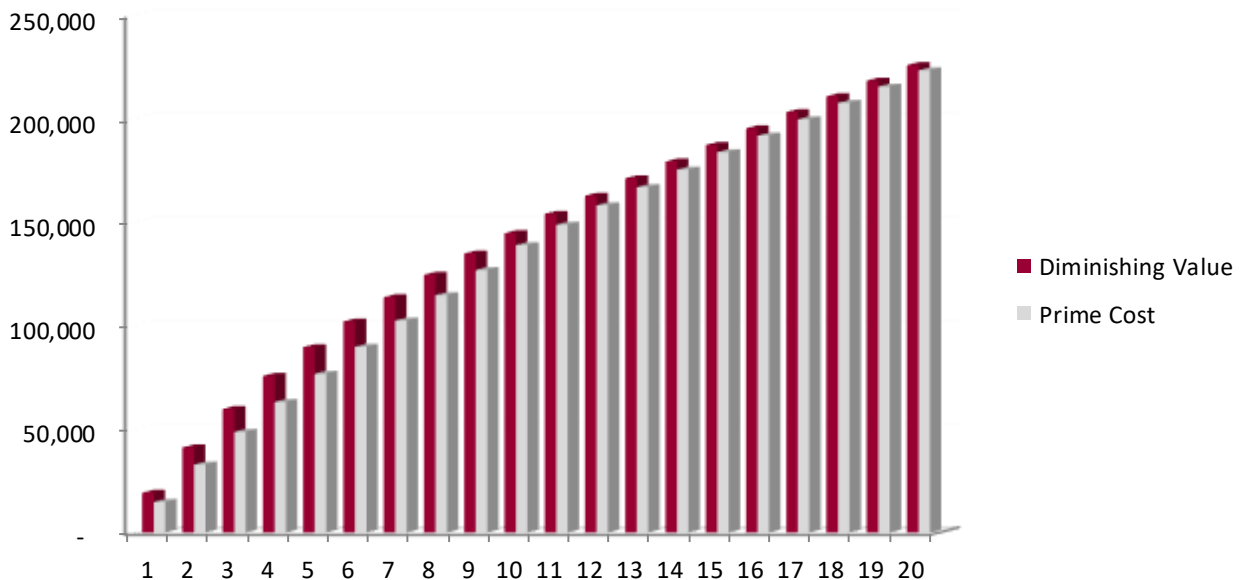
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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 March 2017
Settlement Date	30 August 2017

Expenditure Analysed

Purchase Price	\$595,000
Stamp Duty	\$30,770
Legals	\$1,597
Total Expenditure Analysed	\$627,367

Historical Construction Details

Construction Start Date	27 April 2016
Construction Completion Date	21 July 2017
Historical Construction Cost (Estimated)*	\$329,074

9. Reconciliation of Capital Expenditure

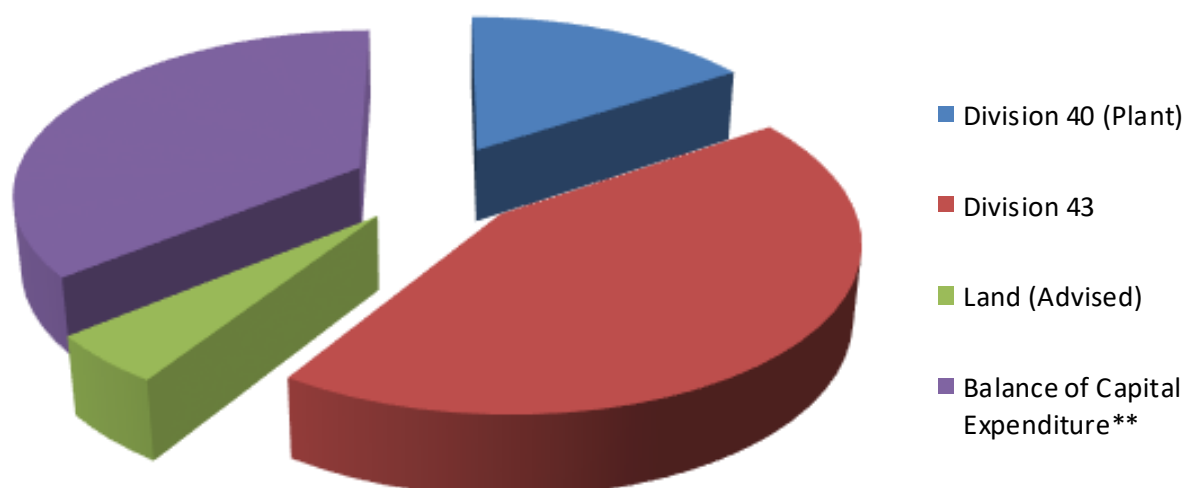
Apportionment of cost relating to:

Division 40 (Plant)	\$98,392
Division 43	\$272,766
Land (Advised)	\$30,500
Balance of Capital Expenditure**	\$225,709
Total Expenditure Analysed	\$627,367

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%	30-Aug-17	6,575	1,095	1,096	877	701	561	449	359	287	230	345
Bathroom assets													
Exhaust fans (including light/heating)	18.75%	30-Aug-17	1,644	308	501	313	196	122	76	48	30	19	12
Blinds Residential	20.00%	30-Aug-17	7,430	1,238	1,238	991	793	634	507	406	325	260	208
Blinds Residential	18.75%	30-Aug-17	921	173	280	175	110	68	43	27	17	10	7
Computer systems													
General	18.75%	30-Aug-17	476	89	145	91	57	35	22	14	9	5	3
Building management system	18.75%	30-Aug-17	476	89	145	91	57	35	22	14	9	5	3
Door closers	18.75%	30-Aug-17	917	172	279	175	109	68	43	27	17	10	7
Fire control assets													
Detection & alarm systems, detectors	18.75%	30-Aug-17	1,086	204	331	207	129	81	51	32	20	12	8
Detection & alarm systems, fire indicator panel	18.75%	30-Aug-17	595	112	181	113	71	44	28	17	11	7	4
Emergency warning & intercommunication system	18.75%	30-Aug-17	1,653	310	504	315	197	123	77	48	30	19	12
Hoses and nozzles	18.75%	30-Aug-17	824	154	251	157	98	61	38	24	15	9	6
Floor coverings (removable without damage)													
Carpets	20.00%	30-Aug-17	6,373	1,062	1,062	850	680	544	435	348	278	223	334
Floating timber	13.33%	30-Aug-17	7,954	883	943	817	708	614	532	461	400	346	300
Furniture	15.00%	30-Aug-17	2,301	288	302	257	218	186	158	335	209	131	82
Furniture	18.75%	30-Aug-17	3,372	632	1,027	642	401	251	157	98	61	38	24
Garbage disposal													
Garbage chutes	18.75%	30-Aug-17	1,682	315	512	320	200	125	78	49	31	19	12
Hot water systems (excluding piping)													
Gas or electric	16.67%	30-Aug-17	1,190	165	171	320	200	125	78	49	31	19	12
Kitchen assets													
Cooktops	16.67%	30-Aug-17	2,795	388	401	334	279	232	193	363	227	142	89
Dishwashers	20.00%	30-Aug-17	3,945	657	658	526	421	337	269	215	323	202	126
Ovens	16.67%	30-Aug-17	3,616	502	519	433	360	300	250	209	174	326	204
Rangehoods	16.67%	30-Aug-17	1,479	205	212	177	332	207	130	81	51	32	20
Lifts (including hydraulic & tractions lifts)	6.67%	30-Aug-17	31,251	1,735	1,968	1,837	1,714	1,600	1,493	1,394	1,301	1,214	1,133
Lights													
Shades, removable	18.75%	30-Aug-17	4,706	882	1,434	896	560	350	219	137	85	53	33
MATV - amplifiers & modulators	20.00%	30-Aug-17	1,488	248	248	372	233	145	91	57	35	22	14
Carried forward			94,750	11,907	14,410	11,285	8,823	6,850	5,439	4,809	3,974	3,354	2,996

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			94,750	11,907	14,410	11,285	8,823	6,850	5,439	4,809	3,974	3,354	2,996
Sauna & spa equipment													
Spa	18.75%	30-Aug-17	952	179	290	181	113	71	44	28	17	11	7
Security systems & equipment													
Electronic	30.00%	30-Aug-17	1,600	400	360	315	197	123	77	48	30	19	12
\$300 items													
	100.00%	30-Aug-17	1,089	1,089									
Pooled Plant Total				3,620	5,882	4,683	3,259	2,037	1,273	1,493	1,257	1,111	1,373
Effective Life Plant Total				9,955	9,178	7,098	5,874	5,007	4,287	3,392	2,765	2,273	1,641
Total Division 40			98,392	13,575	15,060	11,781	9,133	7,044	5,560	4,885	4,021	3,384	3,014
Division 43 - Capital Works Allowance													
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 2017			271,672	5,672	6,810	6,810	6,810	6,810	6,810	6,810	6,810	6,810	6,810
Structural Improvements - Completed 2017			1,094	22	27	27	27	27	27	27	27	27	27
Total Division 43			272,766	5,694	6,837	6,837	6,837	6,837	6,837	6,837	6,837	6,837	6,837
Total Depreciation			371,158	19,269	21,897	18,618	15,970	13,881	12,397	11,722	10,858	10,221	9,851

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%	30-Aug-17	6,575	548	658	658	658	658	658	658	658	658	658
Bathroom assets													
Exhaust fans (including light/heating)	18.75%	30-Aug-17	1,644	308	501	313	196	122	76	48	30	19	12
Blinds Residential													
Blinds Residential	10.00%	30-Aug-17	7,430	619	743	743	743	743	743	743	743	743	743
Blinds Residential	18.75%	30-Aug-17	921	173	280	175	110	68	43	27	17	10	7
Computer systems													
General	18.75%	30-Aug-17	476	89	145	91	57	35	22	14	9	5	3
Building management system	18.75%	30-Aug-17	476	89	145	91	57	35	22	14	9	5	3
Door closers													
Door closers	18.75%	30-Aug-17	917	172	279	175	109	68	43	27	17	10	7
Fire control assets													
Detection & alarm systems, detectors	18.75%	30-Aug-17	1,086	204	331	207	129	81	51	32	20	12	8
Detection & alarm systems, fire indicator panel	18.75%	30-Aug-17	595	112	181	113	71	44	28	17	11	7	4
Emergency warning & intercommunication system	18.75%	30-Aug-17	1,653	310	504	315	197	123	77	48	30	19	12
Hoses and nozzles	18.75%	30-Aug-17	824	154	251	157	98	61	38	24	15	9	6
Floor coverings (removable without damage)													
Carpets	10.00%	30-Aug-17	6,373	531	637	637	637	637	637	637	637	637	637
Floating timber	6.67%	30-Aug-17	7,954	442	530	530	530	530	530	530	530	530	530
Furniture													
Furniture	7.50%	30-Aug-17	2,301	144	173	173	173	173	173	173	173	173	173
Furniture	18.75%	30-Aug-17	3,372	632	1,027	642	401	251	157	98	61	38	24
Garbage disposal													
Garbage chutes	18.75%	30-Aug-17	1,682	315	512	320	200	125	78	49	31	19	12
Hot water systems (excluding piping)													
Gas or electric	8.33%	30-Aug-17	1,190	83	99	99	99	99	99	99	99	99	99
Kitchen assets													
Cooktops	8.33%	30-Aug-17	2,795	194	233	233	233	233	233	233	233	233	233
Dishwashers	10.00%	30-Aug-17	3,945	329	395	395	395	395	395	395	395	395	395
Ovens	8.33%	30-Aug-17	3,616	251	301	301	301	301	301	301	301	301	301
Rangehoods	8.33%	30-Aug-17	1,479	103	123	123	123	123	123	123	123	123	123
Lifts (including hydraulic & tractions lifts)													
Lifts (including hydraulic & tractions lifts)	3.33%	30-Aug-17	31,251	868	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042
Lights													
Shades, removable	18.75%	30-Aug-17	4,706	882	1,434	896	560	350	219	137	85	53	33
MATV - amplifiers & modulators													
MATV - amplifiers & modulators	10.00%	30-Aug-17	1,488	124	149	149	149	149	149	149	149	149	149
Carried forward			94,750	7,674	10,675	8,578	7,267	6,448	5,936	5,616	5,416	5,291	5,213

Prime Cost Depreciation Schedule (cont.)

Assets Generally	Prime Cost	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	Rate												
Brought forward			94,750	7,674	10,675	8,578	7,267	6,448	5,936	5,616	5,416	5,291	5,213
Sauna & spa equipment													
Spa	18.75%	30-Aug-17	952	179	290	181	113	71	44	28	17	11	7
Security systems & equipment													
Electronic	15.00%	30-Aug-17	1,600	200	240	240	240	240	240	200			
\$300 items													
	100.00%	30-Aug-17	1,089	1,089									
Pooled Plant Total				3,620	5,882	3,676	2,298	1,436	897	561	351	219	137
Effective Life Plant Total				5,522	5,323	5,323	5,323	5,323	5,323	5,283	5,083	5,083	5,083
Total Division 40			98,392	9,142	11,205	8,999	7,621	6,759	6,220	5,844	5,434	5,302	5,220
Division 43 - Capital Works Allowance													
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 2017	2.50%	30-Aug-17	271,672	5,672	6,810	6,810	6,810	6,810	6,810	6,810	6,810	6,810	6,810
Structural Improvements - Completed 2017	2.50%	30-Aug-17	1,094	22	27	27	27	27	27	27	27	27	27
Total Division 43			272,766	5,694	6,837	6,837	6,837	6,837	6,837	6,837	6,837	6,837	6,837
Total Depreciation			371,158	14,836	18,042	15,836	14,458	13,596	13,057	12,681	12,271	12,139	12,057

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	27 Apr 16 to 21 Jul 17	272,418	2.50%	6,810	271,672
Sub-total		272,418		6,810	271,672

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2017	27 Apr 16 to 21 Jul 17	1,097	2.50%	27	1,094
Sub-total		1,097		27	1,094
Totals		273,515		6,837	272,766

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.