



## Tax Depreciation Report

306/1772 Coolum Esplanade,  
Coolum Beach, QLD 4573

Robert & Rachael Flood  
28 Severn Road  
WORONORA, NSW 2232

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

Robert & Rachael Flood  
28 Severn Road  
WORONORA, NSW 2232

December 2019  
Job No: RES4573013

**Tax Depreciation Report – 306/1772 Coolum Esplanade, Coolum Beach, QLD 4573**

We thank you for choosing Koste Pty Ltd to prepare the attached Tax Depreciation report and schedule for the above property.

This report has been prepared to provide an independent review of Tax Depreciation entitlements available on the subject property, under The Income Tax Assessment Act 1997.

Koste Pty Ltd are a registered tax agent (24836767) who comply with the Tax Agent Services Act 2009. The attached schedule is based on an apportionment of the total expenditure, together with the Tax Commissioners current intentions in preparing this document.

As you continue to grow your portfolio, we would be pleased to provide you with free estimates of tax depreciation allowances on purchases. We can also provide updates for \$100+GST on any revised depreciation reports which may include new capital works and write-offs on disposed assets over the coming years.

The majority of our custom is based on repeat customers and from word of mouth. Testimonials are important to our business especially on social media including Google+, LinkedIn and Facebook. If you are pleased with our service and have some time to write a short testimonial on either social media or via an email, this would be greatly appreciated.

If you or your accountant require any further clarification on the contents of this report, please do not hesitate in contacting a member of our team on 1300 669 400 where they would be more than happy to assist.

Yours Sincerely

*Koste Pty Ltd*

Koste Pty Ltd  
Tax Depreciation Quantity Surveyors



## TABLE OF CONTENTS

1. Property Information .....	2
2. Report Details .....	3
3. Capital Allowances .....	4
4. Capital Works .....	6
5. Summary of Entitlements – Diminishing Value Method .....	7
6. Summary of Entitlements – Prime Cost Method .....	8
7. Comparison Graphs .....	9
8. Capital Expenditure Analysed .....	10
9. Reconciliation of Capital Expenditure .....	10
10. Diminishing Value Depreciation Schedule .....	11
11. Prime Cost Depreciation Schedule .....	13
12. Division 43 Capital Works Schedule .....	15
13. Definition of Terms .....	16
14. Contact Details .....	17
15. Disclaimer .....	18

## 1. Property Information

### Date of Report

6 December 2019

### Purchaser

Robert & Rachael Flood

### Property Address

306/1772 Coolum Esplanade, Coolum Beach, QLD 4573

### Real Property Description

Lot 306 on SP 301298

### Property Type

Residential House

### Date of Construction

1 November 2019

### 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"> <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	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	26 November 19 to 30 June 20	6,812	3,646	10,458	4,251	14,709
2	1 July 20 to 30 June 21	8,242	5,925	14,167	7,170	21,337
3	1 July 21 to 30 June 22	6,228	4,672	10,900	7,170	18,070
4	1 July 22 to 30 June 23	4,881	3,183	8,064	7,170	15,234
5	1 July 23 to 30 June 24	4,029	1,989	6,018	7,170	13,188
6	1 July 24 to 30 June 25	3,134	1,618	4,752	7,170	11,922
7	1 July 25 to 30 June 26	2,466	1,330	3,795	7,170	10,965
8	1 July 26 to 30 June 27	1,589	1,823	3,412	7,170	10,582
9	1 July 27 to 30 June 28	1,338	1,140	2,477	7,170	9,647
10	1 July 28 to 30 June 29	952	1,049	2,001	7,170	9,171
11	1 July 29 to 30 June 30	672	1,019	1,691	7,170	8,861
12	1 July 30 to 30 June 31	582	637	1,219	7,170	8,389
13	1 July 31 to 30 June 32	507	398	905	7,170	8,075
14	1 July 32 to 30 June 33	271	574	845	7,170	8,015
15	1 July 33 to 30 June 34	253	359	612	7,170	7,782
16	1 July 34 to 30 June 35	236	224	460	7,170	7,630
17	1 July 35 to 30 June 36	221	140	361	7,170	7,531
18	1 July 36 to 30 June 37	206	88	293	7,170	7,463
19	1 July 37 to 30 June 38	192	55	247	7,170	7,417
20	1 July 38 to 30 June 39	179	34	214	7,170	7,384
21	1 July 39 to 30 June 40	167	21	189	7,170	7,359
22	1 July 40 to 30 June 41	156	13	170	7,170	7,340
23	1 July 41 to 30 June 42	146	8	154	7,170	7,324
24	1 July 42 to 30 June 43	136	5	141	7,170	7,311
25	1 July 43 to 30 June 44	127	3	130	7,170	7,300
26	1 July 44 to 30 June 45	119	2	121	7,170	7,291
27	1 July 45 to 30 June 46	111	1	112	7,170	7,282
28	1 July 46 to 30 June 47	103	1	104	7,170	7,274
29	1 July 47 to 30 June 48	96	0	97	7,170	7,267
30	1 July 48 to 30 June 49	90	0	90	7,170	7,260
31	1 July 49 to 30 June 50	84	0	84	7,170	7,254
32	1 July 50 to 30 June 51	78	0	78	7,170	7,248
33	1 July 51 to 30 June 52	73	0	73	7,170	7,243
34	1 July 52 to 30 June 53	68	0	68	7,170	7,238
35	1 July 53 to 30 June 54	0	358	358	7,170	7,528
36	1 July 54 to 30 June 55	0	224	224	7,170	7,394
37	1 July 55 to 30 June 56	0	140	140	7,170	7,310
38	1 July 56 to 30 June 57	0	88	88	7,170	7,258
39	1 July 57 to 30 June 58	0	55	55	7,170	7,225
40	2058+	0	91	91	9,567	9,658
<b>Totals</b>		<b>44,547</b>	<b>30,914</b>	<b>75,461</b>	<b>286,278</b>	<b>361,739</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	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	26 November 19 to 30 June 20	4,064	3,646	7,710	4,251	11,961
2	1 July 20 to 30 June 21	4,635	5,925	10,560	7,170	17,730
3	1 July 21 to 30 June 22	4,635	3,703	8,338	7,170	15,508
4	1 July 22 to 30 June 23	4,635	2,314	6,949	7,170	14,119
5	1 July 23 to 30 June 24	4,635	1,446	6,081	7,170	13,251
6	1 July 24 to 30 June 25	4,635	904	5,539	7,170	12,709
7	1 July 25 to 30 June 26	4,635	565	5,200	7,170	12,370
8	1 July 26 to 30 June 27	4,391	353	4,745	7,170	11,915
9	1 July 27 to 30 June 28	4,374	221	4,595	7,170	11,765
10	1 July 28 to 30 June 29	4,374	138	4,512	7,170	11,682
11	1 July 29 to 30 June 30	2,656	86	2,742	7,170	9,912
12	1 July 30 to 30 June 31	1,473	54	1,527	7,170	8,697
13	1 July 31 to 30 June 32	991	34	1,025	7,170	8,195
14	1 July 32 to 30 June 33	575	21	596	7,170	7,766
15	1 July 33 to 30 June 34	323	13	336	7,170	7,506
16	1 July 34 to 30 June 35	323	8	331	7,170	7,501
17	1 July 35 to 30 June 36	323	5	328	7,170	7,498
18	1 July 36 to 30 June 37	323	3	326	7,170	7,496
19	1 July 37 to 30 June 38	323	2	325	7,170	7,495
20	1 July 38 to 30 June 39	323	1	324	7,170	7,494
21	1 July 39 to 30 June 40	323	1	324	7,170	7,494
22	1 July 40 to 30 June 41	323	0	323	7,170	7,493
23	1 July 41 to 30 June 42	323	0	323	7,170	7,493
24	1 July 42 to 30 June 43	323	0	323	7,170	7,493
25	1 July 43 to 30 June 44	323	0	323	7,170	7,493
26	1 July 44 to 30 June 45	323	0	323	7,170	7,493
27	1 July 45 to 30 June 46	323	0	323	7,170	7,493
28	1 July 46 to 30 June 47	323	0	323	7,170	7,493
29	1 July 47 to 30 June 48	323	0	323	7,170	7,493
30	1 July 48 to 30 June 49	323	0	323	7,170	7,493
31	1 July 49 to 30 June 50	139	0	139	7,170	7,309
32	1 July 50 to 30 June 51	0	0	0	7,170	7,170
33	1 July 51 to 30 June 52	0	0	0	7,170	7,170
34	1 July 52 to 30 June 53	0	0	0	7,170	7,170
35	1 July 53 to 30 June 54	0	0	0	7,170	7,170
36	1 July 54 to 30 June 55	0	0	0	7,170	7,170
37	1 July 55 to 30 June 56	0	0	0	7,170	7,170
38	1 July 56 to 30 June 57	0	0	0	7,170	7,170
39	1 July 57 to 30 June 58	0	0	0	7,170	7,170
40	2058+	0	0	0	9,567	9,567
<b>Totals</b>		<b>56,016</b>	<b>19,445</b>	<b>75,461</b>	<b>286,278</b>	<b>361,739</b>

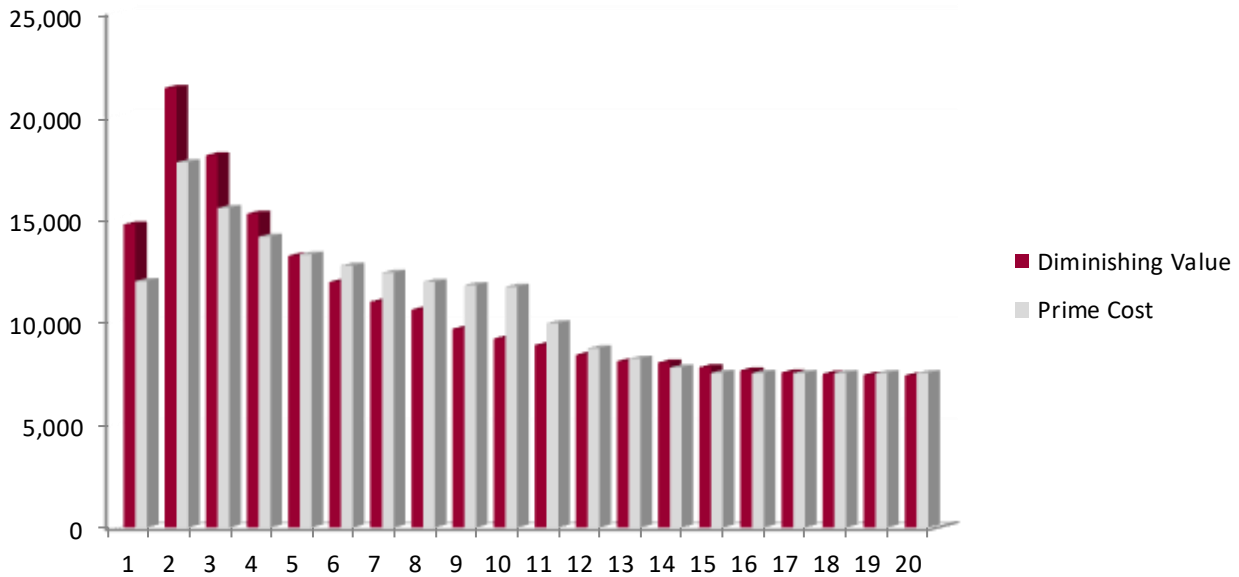
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

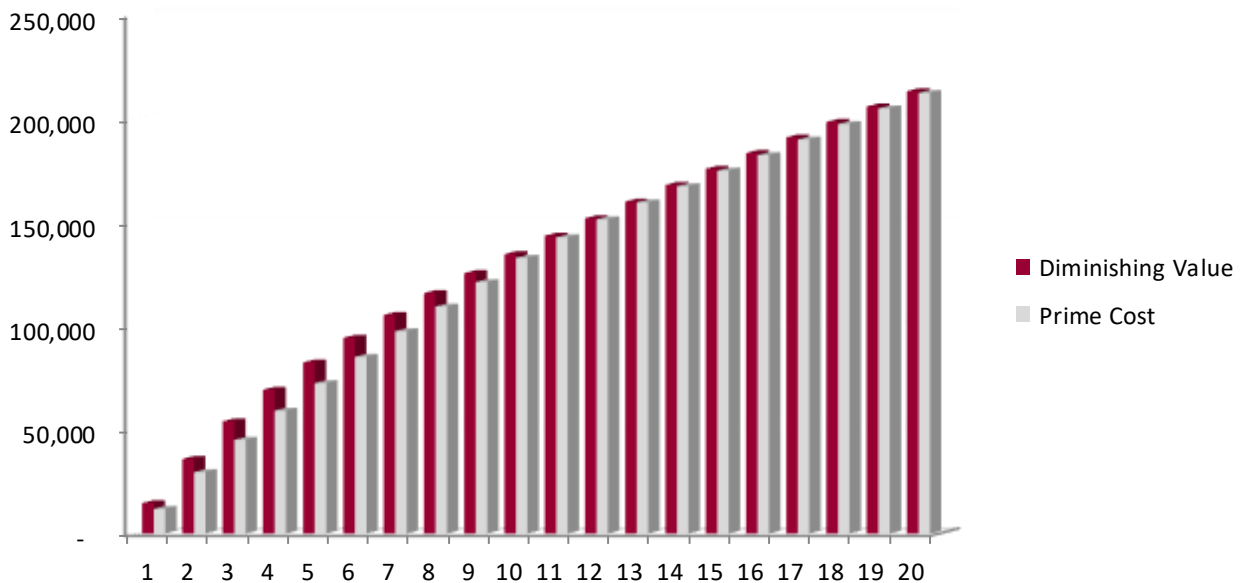
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	Not Provided
Settlement Date	26 November 2019

### Expenditure Analysed

Purchase Price	\$575,000
Stamp Duty	\$18,738
<b>Total Expenditure Analysed</b>	<b>\$593,738</b>

### Historical Construction Details

Construction Start Date	8 August 2018
Construction Completion Date	1 November 2019
Historical Construction Cost (Estimated)*	\$331,193
Lot Entitlement	111
Overall Lot Entitlement	9,995

## 9. Reconciliation of Capital Expenditure

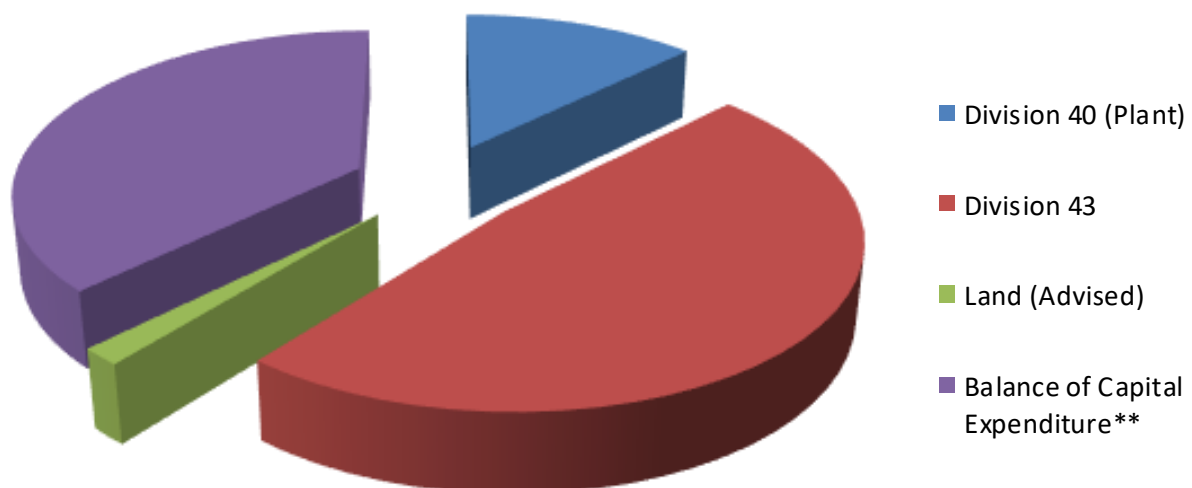
### Apportionment of cost relating to:

Division 40 (Plant)	\$75,461
Division 43	\$286,278
Land (Advised)	\$9,995
Balance of Capital Expenditure**	\$222,004
<b>Total Expenditure Analysed</b>	<b>\$593,738</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

\*\* 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
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>													
Mini split system upto 20KW	20.00%	26-Nov-19	14,305	1,696	2,522	2,017	1,614	1,291	1,033	826	661	529	423
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	26-Nov-19	1,609	302	490	306	192	120	75	47	29	18	11
<b>Blinds Residential</b>													
Blinds Residential	20.00%	26-Nov-19	6,070	720	1,070	856	685	548	438	351	281	224	337
Blinds Residential	18.75%	26-Nov-19	997	187	304	190	119	74	46	29	18	11	7
<b>Computer systems</b>													
General	18.75%	26-Nov-19	745	140	227	142	89	55	35	22	14	8	5
Building management system	18.75%	26-Nov-19	473	89	144	90	56	35	22	14	9	5	3
<b>Door closers</b>													
Door closers	18.75%	26-Nov-19	536	101	163	102	64	40	25	16	10	6	4
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	26-Nov-19	1,765	331	538	336	210	131	82	51	32	20	13
Detection & alarm systems, fire indicator panel	18.75%	26-Nov-19	591	111	180	113	70	44	27	17	11	7	4
Emergency warning & intercommunication system	18.75%	26-Nov-19	1,405	264	428	268	167	105	65	41	26	16	10
<b>Floor coverings ( removable without damage)</b>													
Carpets	20.00%	26-Nov-19	3,525	418	621	497	398	318	255	204	305	191	119
<b>Furniture</b>													
Furniture	15.00%	26-Nov-19	4,597	409	628	534	454	386	328	279	237	201	171
Furniture	18.75%	26-Nov-19	4,199	787	1,279	800	500	312	195	122	76	48	30
<b>Garage doors, automatic</b>													
Controls	18.75%	26-Nov-19	362	68	110	69	43	27	17	11	7	4	3
<b>Garbage disposal</b>													
Garbage chutes	18.75%	26-Nov-19	443	83	135	84	53	33	21	13	8	5	3
<b>Hot water systems (excluding piping)</b>													
Gas or electric	16.67%	26-Nov-19	2,875	284	432	360	300	250	208	174	325	203	127
<b>Kitchen assets</b>													
Cooktops	16.67%	26-Nov-19	2,343	232	352	293	244	204	170	318	199	124	78
Dishwashers	20.00%	26-Nov-19	2,769	328	488	390	312	250	375	234	146	92	57
Microwave ovens	20.00%	26-Nov-19	1,171	139	207	310	194	121	76	47	30	18	12
Ovens	16.67%	26-Nov-19	3,195	316	480	400	333	278	231	193	362	226	141
Rangehoods	16.67%	26-Nov-19	1,242	123	187	350	219	137	85	53	33	21	13
<b>Laundry assets</b>													
Clothes dryers	20.00%	26-Nov-19	1,171	139	207	310	194	121	76	47	30	18	12
<b>Lifts (including hydraulic &amp; tractions lifts)</b>													
Lifts (including hydraulic & tractions lifts)	6.67%	26-Nov-19	9,698	383	621	580	541	505	471	440	410	383	358
Carried forward			66,089	7,648	11,813	9,397	7,049	5,384	4,356	3,547	3,258	2,381	1,940

## 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	
<b>Division 40 - Plant and Equipment</b>														
			Brought forward	66,089	7,648	11,813	9,397	7,049	5,384	4,356	3,547	3,258	2,381	1,940
<b>Lights</b>														
Shades, removable	18.75%	26-Nov-19	5,963	1,118	1,817	1,136	710	444	277	173	108	68	42	
MATV - amplifiers & modulators	18.75%	26-Nov-19	355	67	108	68	42	26	16	10	6	4	3	
<b>Security systems &amp; equipment</b>														
Electronic	30.00%	26-Nov-19	1,738	309	429	300	263	164	103	64	40	25	16	
\$300 items	100.00%	26-Nov-19	1,316	1,316										
<b>Pooled Plant Total</b>				<b>3,646</b>	<b>5,925</b>	<b>4,672</b>	<b>3,183</b>	<b>1,989</b>	<b>1,618</b>	<b>1,330</b>	<b>1,823</b>	<b>1,140</b>	<b>1,049</b>	
<b>Effective Life Plant Total</b>				<b>6,812</b>	<b>8,242</b>	<b>6,228</b>	<b>4,881</b>	<b>4,029</b>	<b>3,134</b>	<b>2,466</b>	<b>1,589</b>	<b>1,338</b>	<b>952</b>	
<b>Total Division 40</b>			<b>75,461</b>	<b>10,458</b>	<b>14,167</b>	<b>10,900</b>	<b>8,064</b>	<b>6,018</b>	<b>4,752</b>	<b>3,795</b>	<b>3,412</b>	<b>2,477</b>	<b>2,001</b>	
<b>Division 43 - Capital Works Allowance</b>														
	Rate		Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
<b>Building Works - Completed 2019</b>			2.50%	26-Nov-19	280,583	4,166	7,027	7,027	7,027	7,027	7,027	7,027	7,027	7,027
<b>Structural Improvements - Completed 2019</b>			2.50%	26-Nov-19	5,695	85	143	143	143	143	143	143	143	143
<b>Total Division 43</b>				286,278	4,251	7,170	7,170	7,170	7,170	7,170	7,170	7,170	7,170	
<b>Total Depreciation</b>				361,739	14,709	21,337	18,070	15,234	13,188	11,922	10,965	10,582	9,647	9,171

## 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
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>													
Mini split system upto 20KW	10.00%	26-Nov-19	14,305	848	1,431	1,431	1,431	1,431	1,431	1,431	1,431	1,431	1,431
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	26-Nov-19	1,609	302	490	306	192	120	75	47	29	18	11
<b>Blinds Residential</b>	10.00%	26-Nov-19	6,070	360	607	607	607	607	607	607	607	607	607
<b>Blinds Residential</b>	18.75%	26-Nov-19	997	187	304	190	119	74	46	29	18	11	7
<b>Computer systems</b>													
General	18.75%	26-Nov-19	745	140	227	142	89	55	35	22	14	8	5
Building management system	18.75%	26-Nov-19	473	89	144	90	56	35	22	14	9	5	3
<b>Door closers</b>	18.75%	26-Nov-19	536	101	163	102	64	40	25	16	10	6	4
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	26-Nov-19	1,765	331	538	336	210	131	82	51	32	20	13
Detection & alarm systems, fire indicator panel	18.75%	26-Nov-19	591	111	180	113	70	44	27	17	11	7	4
Emergency warning & intercommunication system	18.75%	26-Nov-19	1,405	264	428	268	167	105	65	41	26	16	10
<b>Floor coverings ( removable without damage)</b>													
Carpets	10.00%	26-Nov-19	3,525	209	352	352	352	352	352	352	352	352	352
<b>Furniture</b>	7.50%	26-Nov-19	4,597	204	345	345	345	345	345	345	345	345	345
<b>Furniture</b>	18.75%	26-Nov-19	4,199	787	1,279	800	500	312	195	122	76	48	30
<b>Garage doors, automatic</b>													
Controls	18.75%	26-Nov-19	362	68	110	69	43	27	17	11	7	4	3
<b>Garbage disposal</b>													
Garbage chutes	18.75%	26-Nov-19	443	83	135	84	53	33	21	13	8	5	3
<b>Hot water systems (excluding piping)</b>													
Gas or electric	8.33%	26-Nov-19	2,875	142	240	240	240	240	240	240	240	240	240
<b>Kitchen assets</b>													
Cooktops	8.33%	26-Nov-19	2,343	116	195	195	195	195	195	195	195	195	195
Dishwashers	10.00%	26-Nov-19	2,769	164	277	277	277	277	277	277	277	277	277
Microwave ovens	10.00%	26-Nov-19	1,171	69	117	117	117	117	117	117	117	117	117
Ovens	8.33%	26-Nov-19	3,195	158	266	266	266	266	266	266	266	266	266
Rangehoods	8.33%	26-Nov-19	1,242	61	104	104	104	104	104	104	104	104	104
<b>Laundry assets</b>													
Clothes dryers	10.00%	26-Nov-19	1,171	69	117	117	117	117	117	117	117	117	117
<b>Lifts (including hydraulic &amp; tractions lifts)</b>	3.33%	26-Nov-19	9,698	192	323	323	323	323	323	323	323	323	323
Carried forward			66,089	5,055	8,374	6,874	5,936	5,350	4,984	4,755	4,612	4,523	4,467

## 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			66,089	5,055	8,374	6,874	5,936	5,350	4,984	4,755	4,612	4,523	4,467
<b>Lights</b>														
	Shades, removable	18.75%	26-Nov-19	5,963	1,118	1,817	1,136	710	444	277	173	108	68	42
	MATV - amplifiers & modulators	18.75%	26-Nov-19	355	67	108	68	42	26	16	10	6	4	3
<b>Security systems &amp; equipment</b>														
	Electronic	15.00%	26-Nov-19	1,738	155	261	261	261	261	261	261	17		
	\$300 items	100.00%	26-Nov-19	1,316	1,316									
<b>Pooled Plant Total</b>					3,646	5,925	3,703	2,314	1,446	904	565	353	221	138
<b>Effective Life Plant Total</b>					4,064	4,635	4,635	4,635	4,635	4,635	4,635	4,391	4,374	4,374
<b>Total Division 40</b>				75,461	7,710	10,560	8,338	6,949	6,081	5,539	5,200	4,745	4,595	4,512
<b>Division 43 - Capital Works Allowance</b>														
		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 2019	2.50%	26-Nov-19	280,583	4,166	7,027	7,027	7,027	7,027	7,027	7,027	7,027	7,027	7,027
	Structural Improvements - Completed 2019	2.50%	26-Nov-19	5,695	85	143	143	143	143	143	143	143	143	143
<b>Total Division 43</b>				286,278	4,251	7,170	7,170	7,170	7,170	7,170	7,170	7,170	7,170	7,170
<b>Total Depreciation</b>				361,739	11,961	17,730	15,508	14,119	13,251	12,709	12,370	11,915	11,765	11,682



## 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 2019	8 Aug 18 to 1 Nov 19	281,064	2.50%	7,027	280,583
<b>Sub-total</b>		<b>281,064</b>		<b>7,027</b>	<b>280,583</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2019	8 Aug 18 to 1 Nov 19	5,705	2.50%	143	5,695
<b>Sub-total</b>		<b>5,705</b>		<b>143</b>	<b>5,695</b>
<b>Totals</b>		<b>286,769</b>		<b>7,170</b>	<b>286,278</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	
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.