



## Tax Depreciation Report

"ZEN" 908/2 Waterways Street,  
Wentworth Point NSW 2127

Bo Peng  
918/6 Marquet Street  
RHODES, NSW 2138

Issue Schedule	
Issue Date:	Issued by:
06 January 2020	Mark Kilroy Bsc (Hons) MRICS

Bo Peng  
918/6 Marquet Street  
RHODES, NSW 2138

January 2020  
Job No: RES2127014

**Tax Depreciation Report – "ZEN" 908/2 Waterways Street, Wentworth Point NSW 2127**

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

6 January 2020

### Purchaser

Bo Peng

### Property Address

"ZEN" 908/2 Waterways Street, Wentworth Point NSW 2127

### Real Property Description

LOT 191 SP94476

### Property Type

Residential Unit

### Date of Construction

1 August 2016

### 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"> <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				
Under Diminishing Value method, the effective life is dividing by 200.					Under Prime Cost method, the effective life is dividing by 100.				
<b>200 / 10 Years = 20% (Adjusted Value)</b>					<b>100 / 10 Years = 10% (Straight Line)</b>				
If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.					If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.				
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	20 March 17 to 30 June 17	3,368	2,868	6,236	2,416	8,652
2	1 July 17 to 30 June 18	10,027	4,660	14,687	8,647	23,334
3	1 July 18 to 30 June 19	8,170	2,913	11,083	8,647	19,730
4	1 July 19 to 30 June 20	6,122	2,766	8,888	8,647	17,535
5	1 July 20 to 30 June 21	4,772	2,438	7,209	8,647	15,856
6	1 July 21 to 30 June 22	3,949	1,524	5,473	8,647	14,120
7	1 July 22 to 30 June 23	2,966	1,657	4,623	8,647	13,270
8	1 July 23 to 30 June 24	2,000	2,002	4,002	8,647	12,649
9	1 July 24 to 30 June 25	1,373	1,889	3,262	8,647	11,909
10	1 July 25 to 30 June 26	1,171	1,180	2,352	8,647	10,999
11	1 July 26 to 30 June 27	808	1,108	1,915	8,647	10,562
12	1 July 27 to 30 June 28	710	692	1,402	8,647	10,049
13	1 July 28 to 30 June 29	627	433	1,060	8,647	9,707
14	1 July 29 to 30 June 30	387	589	976	8,647	9,623
15	1 July 30 to 30 June 31	361	368	729	8,647	9,376
16	1 July 31 to 30 June 32	337	230	567	8,647	9,214
17	1 July 32 to 30 June 33	315	144	459	8,647	9,106
18	1 July 33 to 30 June 34	294	90	384	8,647	9,031
19	1 July 34 to 30 June 35	274	56	330	8,647	8,977
20	1 July 35 to 30 June 36	256	35	291	8,647	8,938
21	1 July 36 to 30 June 37	239	22	261	8,647	8,908
22	1 July 37 to 30 June 38	223	14	237	8,647	8,884
23	1 July 38 to 30 June 39	208	9	217	8,647	8,864
24	1 July 39 to 30 June 40	194	5	200	8,647	8,847
25	1 July 40 to 30 June 41	181	3	185	8,647	8,832
26	1 July 41 to 30 June 42	169	2	171	8,647	8,818
27	1 July 42 to 30 June 43	158	1	159	8,647	8,806
28	1 July 43 to 30 June 44	147	1	148	8,647	8,795
29	1 July 44 to 30 June 45	138	1	138	8,647	8,785
30	1 July 45 to 30 June 46	128	0	129	8,647	8,776
31	1 July 46 to 30 June 47	120	0	120	8,647	8,767
32	1 July 47 to 30 June 48	112	0	112	8,647	8,759
33	1 July 48 to 30 June 49	104	0	104	8,647	8,751
34	1 July 49 to 30 June 50	97	0	97	8,647	8,744
35	1 July 50 to 30 June 51	91	0	91	8,647	8,738
36	1 July 51 to 30 June 52	85	0	85	8,647	8,732
37	1 July 52 to 30 June 53	79	0	79	8,647	8,726
38	1 July 53 to 30 June 54	74	0	74	8,647	8,721
39	1 July 54 to 30 June 55	69	0	69	8,647	8,716
40	2055+	0	966	966	9,400	10,366
<b>Totals</b>		<b>50,905</b>	<b>28,664</b>	<b>79,569</b>	<b>340,402</b>	<b>419,971</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	20 March 17 to 30 June 17	1,890	2,868	4,758	2,416	7,174
2	1 July 17 to 30 June 18	5,289	4,660	9,949	8,647	18,596
3	1 July 18 to 30 June 19	5,289	2,913	8,202	8,647	16,849
4	1 July 19 to 30 June 20	5,289	1,820	7,109	8,647	15,756
5	1 July 20 to 30 June 21	5,289	1,138	6,427	8,647	15,074
6	1 July 21 to 30 June 22	5,289	711	6,000	8,647	14,647
7	1 July 22 to 30 June 23	5,289	444	5,733	8,647	14,380
8	1 July 23 to 30 June 24	5,121	278	5,398	8,647	14,045
9	1 July 24 to 30 June 25	5,013	174	5,187	8,647	13,834
10	1 July 25 to 30 June 26	5,013	109	5,122	8,647	13,769
11	1 July 26 to 30 June 27	4,033	68	4,101	8,647	12,748
12	1 July 27 to 30 June 28	1,497	42	1,539	8,647	10,186
13	1 July 28 to 30 June 29	1,263	26	1,289	8,647	9,936
14	1 July 29 to 30 June 30	703	17	720	8,647	9,367
15	1 July 30 to 30 June 31	525	10	535	8,647	9,182
16	1 July 31 to 30 June 32	519	6	525	8,647	9,172
17	1 July 32 to 30 June 33	519	4	523	8,647	9,170
18	1 July 33 to 30 June 34	519	3	522	8,647	9,169
19	1 July 34 to 30 June 35	519	2	521	8,647	9,168
20	1 July 35 to 30 June 36	519	1	520	8,647	9,167
21	1 July 36 to 30 June 37	490	1	491	8,647	9,138
22	1 July 37 to 30 June 38	451	0	451	8,647	9,098
23	1 July 38 to 30 June 39	451	0	451	8,647	9,098
24	1 July 39 to 30 June 40	451	0	451	8,647	9,098
25	1 July 40 to 30 June 41	451	0	451	8,647	9,098
26	1 July 41 to 30 June 42	451	0	451	8,647	9,098
27	1 July 42 to 30 June 43	451	0	451	8,647	9,098
28	1 July 43 to 30 June 44	451	0	451	8,647	9,098
29	1 July 44 to 30 June 45	451	0	451	8,647	9,098
30	1 July 45 to 30 June 46	451	0	451	8,647	9,098
31	1 July 46 to 30 June 47	338	0	338	8,647	8,985
32	1 July 47 to 30 June 48	0	0	0	8,647	8,647
33	1 July 48 to 30 June 49	0	0	0	8,647	8,647
34	1 July 49 to 30 June 50	0	0	0	8,647	8,647
35	1 July 50 to 30 June 51	0	0	0	8,647	8,647
36	1 July 51 to 30 June 52	0	0	0	8,647	8,647
37	1 July 52 to 30 June 53	0	0	0	8,647	8,647
38	1 July 53 to 30 June 54	0	0	0	8,647	8,647
39	1 July 54 to 30 June 55	0	0	0	8,647	8,647
40	2055+	0	0	0	9,400	9,400
<b>Totals</b>		<b>64,274</b>	<b>15,295</b>	<b>79,569</b>	<b>340,402</b>	<b>419,971</b>

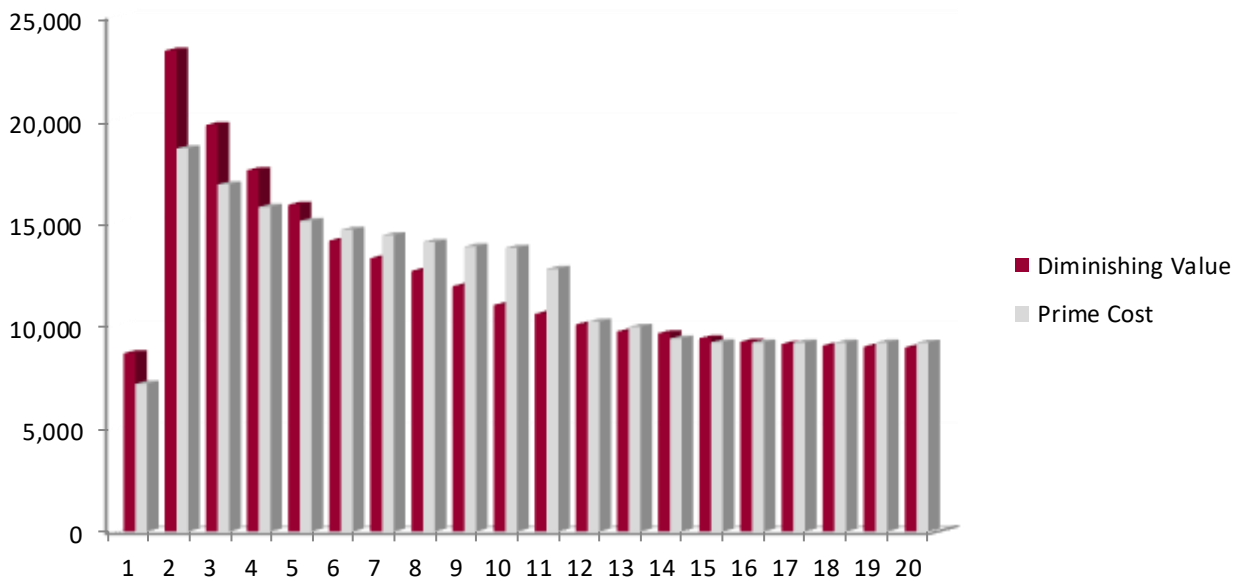
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

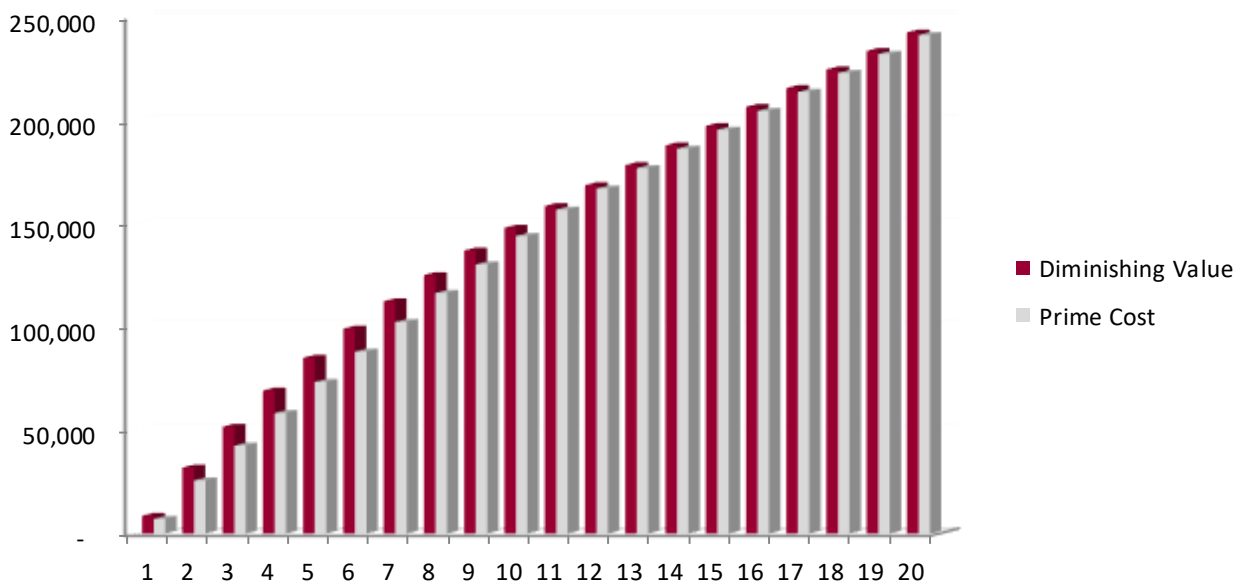
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	9 December 2016
Settlement Date	20 March 2017

### Expenditure Analysed

Purchase Price	\$728,000
Stamp Duty	\$28,270
Legals	\$1,270
<b>Total Expenditure Analysed</b>	<b>\$757,540</b>

### Historical Construction Details

Construction Start Date	1 September 2013
Construction Completion Date	1 August 2016
Historical Construction Cost (Estimated)*	\$394,789
Lot Entitlement	227
Overall Lot Entitlement	100,000

## 9. Reconciliation of Capital Expenditure

### Apportionment of cost relating to:

Division 40 (Plant)**	\$79,569
Division 43	\$340,402
Land (Advised)	\$109,890
Balance of Capital Expenditure***	\$227,679
<b>Total Expenditure Analysed</b>	<b>\$757,540</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

\*\* Division 40 (Plant) has been excluded as property was purchased post 9 May 2017 or or was available for rent after 1 July 2017

\*\*\* 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%	20-Mar-17	13,084	731	2,470	1,976	1,581	1,265	1,012	810	648	518	414
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	20-Mar-17	1,685	316	513	321	201	125	78	49	31	19	12
<b>Blinds Residential</b>													
	20.00%	20-Mar-17	4,188	234	791	633	506	405	324	259	207	311	194
<b>Door closers</b>													
	18.75%	20-Mar-17	550	103	168	105	65	41	26	16	10	6	4
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	20-Mar-17	499	94	152	95	59	37	23	14	9	6	4
Emergency warning & intercommunication system	18.75%	20-Mar-17	1,077	202	328	205	128	80	50	31	20	12	8
Hoses and nozzles	18.75%	20-Mar-17	622	117	190	119	74	46	29	18	11	7	4
Stair pressurisation & extraction fans	18.75%	20-Mar-17	675	127	206	129	80	50	31	20	12	8	5
<b>Fire sprinklers - pumps only</b>													
	10.00%	20-Mar-17	1,350	38	131	118	106	359	224	140	88	55	34
<b>Floor coverings ( removable without damage)</b>													
Carpets	20.00%	20-Mar-17	7,781	435	1,469	1,175	940	752	602	481	385	308	246
<b>Furniture</b>													
Furniture	15.00%	20-Mar-17	2,449	103	352	299	254	216	184	156	332	207	130
Furniture	18.75%	20-Mar-17	4,701	881	1,432	895	560	350	219	137	85	53	33
<b>Hot water systems (excluding piping)</b>													
Gas or electric	16.67%	20-Mar-17	2,379	111	378	315	263	219	182	342	214	134	83
<b>Kitchen assets</b>													
Cooktops	16.67%	20-Mar-17	2,528	118	402	335	279	232	194	363	227	142	89
Dishwashers	20.00%	20-Mar-17	3,568	199	674	539	431	345	276	221	331	207	129
Microwave ovens	20.00%	20-Mar-17	3,271	183	618	494	395	316	253	202	304	190	119
Ovens	16.67%	20-Mar-17	3,271	152	520	433	361	301	251	209	174	326	204
Rangehoods	16.67%	20-Mar-17	1,338	62	213	177	332	208	130	81	51	32	20
<b>Laundry assets</b>													
Clothes dryers	20.00%	20-Mar-17	1,338	75	253	202	303	189	118	74	46	29	18
Washing machines	20.00%	20-Mar-17	1,933	108	365	292	234	350	219	137	86	53	33
<b>Lifts (including hydraulic &amp; tractions lifts)</b>													
	6.67%	20-Mar-17	13,543	252	886	827	772	720	672	628	586	547	510
<b>Lights</b>													
Shades, removable	18.75%	20-Mar-17	3,983	747	1,214	758	474	296	185	116	72	45	28
<b>MATV - amplifiers &amp; modulators</b>													
	18.75%	20-Mar-17	422	79	129	80	50	31	20	12	8	5	3
<b>Security systems &amp; equipment</b>													
Electronic	30.00%	20-Mar-17	1,841	154	506	354	310	194	121	76	47	30	18
Carried forward			78,076	5,621	14,358	10,877	8,760	7,129	5,423	4,592	3,983	3,249	2,344

## 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>													
			<b>78,076</b>	<b>5,621</b>	<b>14,358</b>	<b>10,877</b>	<b>8,760</b>	<b>7,129</b>	<b>5,423</b>	<b>4,592</b>	<b>3,983</b>	<b>3,249</b>	<b>2,344</b>
<b>Brought forward</b>													
<b>Ventilating plant</b>													
Ventilation plant - fans only	18.75%	20-Mar-17	1,080	203	329	206	129	80	50	31	20	12	8
<b>\$300 items</b>	<b>100.00%</b>	<b>20-Mar-17</b>	<b>413</b>	<b>413</b>									
<b>Pooled Plant Total</b>				<b>2,868</b>	<b>4,660</b>	<b>2,913</b>	<b>2,766</b>	<b>2,438</b>	<b>1,524</b>	<b>1,657</b>	<b>2,002</b>	<b>1,889</b>	<b>1,180</b>
<b>Effective Life Plant Total</b>				<b>3,368</b>	<b>10,027</b>	<b>8,170</b>	<b>6,122</b>	<b>4,772</b>	<b>3,949</b>	<b>2,966</b>	<b>2,000</b>	<b>1,373</b>	<b>1,171</b>
<b>Total Division 40</b>			<b>79,569</b>	<b>6,236</b>	<b>14,687</b>	<b>11,083</b>	<b>8,888</b>	<b>7,209</b>	<b>5,473</b>	<b>4,623</b>	<b>4,002</b>	<b>3,262</b>	<b>2,352</b>
<b>Division 43 - Capital Works Allowance</b>													
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
<b>Building Works - Completed 2016</b>	2.50%	20-Mar-17	339,668	2,411	8,628	8,628	8,628	8,628	8,628	8,628	8,628	8,628	8,628
<b>Structural Improvements - Completed 2016</b>	2.50%	20-Mar-17	734	5	19	19	19	19	19	19	19	19	19
<b>Total Division 43</b>			<b>340,402</b>	<b>2,416</b>	<b>8,647</b>	<b>8,647</b>	<b>8,647</b>	<b>8,647</b>	<b>8,647</b>	<b>8,647</b>	<b>8,647</b>	<b>8,647</b>	<b>8,647</b>
<b>Total Depreciation</b>			<b>419,971</b>	<b>8,652</b>	<b>23,334</b>	<b>19,730</b>	<b>17,535</b>	<b>15,856</b>	<b>14,120</b>	<b>13,270</b>	<b>12,649</b>	<b>11,909</b>	<b>10,999</b>

## 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%	20-Mar-17	13,084	366	1,308	1,308	1,308	1,308	1,308	1,308	1,308	1,308	1,308
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	20-Mar-17	1,685	316	513	321	201	125	78	49	31	19	12
<b>Blinds Residential</b>													
	10.00%	20-Mar-17	4,188	117	419	419	419	419	419	419	419	419	419
<b>Door closers</b>													
	18.75%	20-Mar-17	550	103	168	105	65	41	26	16	10	6	4
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	20-Mar-17	499	94	152	95	59	37	23	14	9	6	4
Emergency warning & intercommunication system	18.75%	20-Mar-17	1,077	202	328	205	128	80	50	31	20	12	8
Hoses and nozzles	18.75%	20-Mar-17	622	117	190	119	74	46	29	18	11	7	4
Stair pressurisation & extraction fans	18.75%	20-Mar-17	675	127	206	129	80	50	31	20	12	8	5
<b>Fire sprinklers - pumps only</b>													
	5.00%	20-Mar-17	1,350	19	68	68	68	68	68	68	68	68	68
<b>Floor coverings ( removable without damage)</b>													
Carpets	10.00%	20-Mar-17	7,781	217	778	778	778	778	778	778	778	778	778
<b>Furniture</b>													
	7.50%	20-Mar-17	2,449	51	184	184	184	184	184	184	184	184	184
	18.75%	20-Mar-17	4,701	881	1,432	895	560	350	219	137	85	53	33
<b>Hot water systems (excluding piping)</b>													
Gas or electric	8.33%	20-Mar-17	2,379	55	198	198	198	198	198	198	198	198	198
<b>Kitchen assets</b>													
Cooktops	8.33%	20-Mar-17	2,528	59	211	211	211	211	211	211	211	211	211
Dishwashers	10.00%	20-Mar-17	3,568	100	357	357	357	357	357	357	357	357	357
Microwave ovens	10.00%	20-Mar-17	3,271	91	327	327	327	327	327	327	327	327	327
Ovens	8.33%	20-Mar-17	3,271	76	273	273	273	273	273	273	273	273	273
Rangehoods	8.33%	20-Mar-17	1,338	31	112	112	112	112	112	112	112	112	112
<b>Laundry assets</b>													
Clothes dryers	10.00%	20-Mar-17	1,338	37	134	134	134	134	134	134	134	134	134
Washing machines	10.00%	20-Mar-17	1,933	54	193	193	193	193	193	193	193	193	193
<b>Lifts (including hydraulic &amp; tractions lifts)</b>													
	3.33%	20-Mar-17	13,543	126	451	451	451	451	451	451	451	451	451
<b>Lights</b>													
Shades, removable	18.75%	20-Mar-17	3,983	747	1,214	758	474	296	185	116	72	45	28
<b>MATV - amplifiers &amp; modulators</b>													
	18.75%	20-Mar-17	422	79	129	80	50	31	20	12	8	5	3
<b>Security systems &amp; equipment</b>													
Electronic	15.00%	20-Mar-17	1,841	77	276	276	276	276	276	276	108		
			<b>Carried forward</b>	<b>78,076</b>	<b>4,143</b>	<b>9,620</b>	<b>7,996</b>	<b>6,981</b>	<b>6,346</b>	<b>5,950</b>	<b>5,702</b>	<b>5,379</b>	<b>5,174</b>
												<b>5,114</b>	

## Prime Cost Depreciation Schedule (cont.)

Assets Generally	Prime Cost 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			78,076	4,143	9,620	7,996	6,981	6,346	5,950	5,702	5,379	5,174	5,114
<b>Ventilating plant</b>													
Ventilation plant - fans only	18.75%	20-Mar-17	1,080	203	329	206	129	80	50	31	20	12	8
\$300 items	100.00%	20-Mar-17	413	413									
Pooled Plant Total				2,868	4,660	2,913	1,820	1,138	711	444	278	174	109
Effective Life Plant Total				1,890	5,289	5,289	5,289	5,289	5,289	5,289	5,121	5,013	5,013
Total Division 40			79,569	4,758	9,949	8,202	7,109	6,427	6,000	5,733	5,398	5,187	5,122
<b>Division 43 - Capital Works Allowance</b>													
	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
Building Works - Completed 2016	2.50%	20-Mar-17	339,668	2,411	8,628	8,628	8,628	8,628	8,628	8,628	8,628	8,628	8,628
Structural Improvements - Completed 2016	2.50%	20-Mar-17	734	5	19	19	19	19	19	19	19	19	19
Total Division 43			340,402	2,416	8,647	8,647	8,647	8,647	8,647	8,647	8,647	8,647	8,647
Total Depreciation			419,971	7,174	18,596	16,849	15,756	15,074	14,647	14,380	14,045	13,834	13,769



## 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 2016	1 Sep 13 to 1 Aug 16	345,129	2.50%	8,628	339,668
<b>Sub-total</b>		<b>345,129</b>		<b>8,628</b>	<b>339,668</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2016	1 Sep 13 to 1 Aug 16	746	2.50%	19	734
<b>Sub-total</b>		<b>746</b>		<b>19</b>	<b>734</b>
<b>Totals</b>		<b>345,875</b>		<b>8,647</b>	<b>340,402</b>

The table below demonstrates the various property types and the depreciation rates for Capital expenditure deductions. Eligibility is based on the date of construction commencement.

	Today - 27 Feb 92	26 Feb 92 - 16 Sept 87	15 Sept 87 - 18 Jul 85	17 Jul 85 - 22 Aug 84	21 Aug 84 - 20 Jul 82	19 Jul 82 - 21 Aug 79
Traveller Accommodation	4%	2.5%	4%	4%	2.5%	2.5%
Non Residential	2.5%	2.5%	4%	4%	2.5%	N/A
Manufacturing	4%	2.5%	4%	4%	2.5%	N/A
Residential	2.5%	2.5%	4%	N/A	N/A	N/A
Structural Improvement	2.5%	N/A	N/A	N/A	N/A	N/A

### 13. Definition of Terms

<b>Adjusted Value</b>	This is the value of an asset after a period of decline often referred to as the written down value or WDV.
<b>Balancing Adjustment</b>	The balancing adjustment amount is the difference between the termination value and the adjustable value of a depreciating asset at the time of a balancing adjustment event.
<b>Decline in Value</b>	Deductions for the cost of a depreciating asset are based on the decline in value between any two dates. This report includes both methods of the decline in value of a depreciating asset; the prime cost method and diminishing value method.
<b>Depreciating Assets</b>	Assets with limited effective life that are reasonably expected to decline in value.
<b>Diminishing Value Method</b>	This is the method of calculating the decline in value which uses the opening adjusted value as the basis for the calculation.
<b>Effective Life</b>	The effective life of a depreciating asset is how long it can be used by any entity for a taxable income producing purpose.
<b>Immediate WriteOff</b>	A depreciating asset which costs less than \$300 can be immediately written off at 100% of the total cost. This is only available where the asset is not part of a set e.g. table and chairs.
<b>Installed Costs</b>	This is the total cost of installing the asset inclusive of fees and labour etc.
<b>Low Value Pool</b>	Low cost assets which have a value between \$300 and \$1000. These assets are depreciated at 18.75% in the first year and 37.5% in each subsequent years.
<b>Low Cost Asset</b>	A depreciable asset with an installed cost of less than \$1000.
<b>Low Value Asset</b>	A depreciable asset that has an adjusted value of less than \$1000.
<b>Non Eligible</b>	This may include a proportion of the purchase price that is not claimable due to the age of the building or asset type.
<b>Prime Cost Method</b>	This is a method of calculating depreciation using a constant opening cost base often referred to as the "Straight Line" method.

## 14. Contact Details

COMPANY DETAILS	
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## **15. Disclaimer**

This report has been prepared for the exclusive use of the parties named within this report, Koste Pty Ltd does not accept any contractual, tortious or other form of liability for any consequences that may arise from any other person acting upon or using this valuation.