



## Tax Depreciation Report

404/31 Mascar Street,  
Upper Mount Gravatt, QLD

Brooke Baxter  
24/6-14 Park Street  
SUTHERLAND, NSW 2232

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

Brooke Baxter  
24/6-14 Park Street  
SUTHERLAND, NSW 2232

January 2020  
Job No: RES4122020

**Tax Depreciation Report – 404/31 Mascar Street, Upper Mount Gravatt, QLD**

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

17 January 2020

### Purchaser

Brooke Baxter

### Property Address

404/31 Mascar Street, Upper Mount Gravatt, QLD

### Real Property Description

404/SP304510

### Property Type

Residential Unit

### Date of Construction

1 December 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	19 December 20 to 30 June 21	3,543	4,307	7,850	3,515	11,365
2	1 July 21 to 30 June 22	5,348	7,341	12,689	6,648	19,337
3	1 July 22 to 30 June 23	4,130	4,893	9,023	6,648	15,671
4	1 July 23 to 30 June 24	3,257	3,369	6,626	6,648	13,274
5	1 July 24 to 30 June 25	2,564	2,442	5,006	6,648	11,654
6	1 July 25 to 30 June 26	1,811	2,212	4,022	6,648	10,670
7	1 July 26 to 30 June 27	1,202	2,077	3,280	6,648	9,928
8	1 July 27 to 30 June 28	1,030	1,298	2,328	6,648	8,976
9	1 July 28 to 30 June 29	887	811	1,699	6,648	8,347
10	1 July 29 to 30 June 30	769	507	1,276	6,648	7,924
11	1 July 30 to 30 June 31	671	317	988	6,648	7,636
12	1 July 31 to 30 June 32	588	198	786	6,648	7,434
13	1 July 32 to 30 June 33	338	464	801	6,648	7,449
14	1 July 33 to 30 June 34	315	290	605	6,648	7,253
15	1 July 34 to 30 June 35	294	181	475	6,648	7,123
16	1 July 35 to 30 June 36	274	113	388	6,648	7,036
17	1 July 36 to 30 June 37	256	71	327	6,648	6,975
18	1 July 37 to 30 June 38	239	44	283	6,648	6,931
19	1 July 38 to 30 June 39	223	28	251	6,648	6,899
20	1 July 39 to 30 June 40	208	17	226	6,648	6,874
21	1 July 40 to 30 June 41	194	11	205	6,648	6,853
22	1 July 41 to 30 June 42	181	7	188	6,648	6,836
23	1 July 42 to 30 June 43	169	4	174	6,648	6,822
24	1 July 43 to 30 June 44	158	3	161	6,648	6,809
25	1 July 44 to 30 June 45	147	2	149	6,648	6,797
26	1 July 45 to 30 June 46	138	1	139	6,648	6,787
27	1 July 46 to 30 June 47	128	1	129	6,648	6,777
28	1 July 47 to 30 June 48	120	0	120	6,648	6,768
29	1 July 48 to 30 June 49	112	0	112	6,648	6,760
30	1 July 49 to 30 June 50	104	0	105	6,648	6,753
31	1 July 50 to 30 June 51	97	0	98	6,648	6,746
32	1 July 51 to 30 June 52	91	0	91	6,648	6,739
33	1 July 52 to 30 June 53	85	0	85	6,648	6,733
34	1 July 53 to 30 June 54	79	0	79	6,648	6,727
35	1 July 54 to 30 June 55	74	0	74	6,648	6,722
36	1 July 55 to 30 June 56	69	0	69	6,648	6,717
37	1 July 56 to 30 June 57	0	363	363	6,648	7,011
38	1 July 57 to 30 June 58	0	227	227	6,648	6,875
39	1 July 58 to 30 June 59	0	142	142	6,648	6,790
40	2059+	0	236	236	2,764	3,000
<b>Totals</b>		<b>29,896</b>	<b>31,976</b>	<b>61,873</b>	<b>258,903</b>	<b>320,776</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	19 December 20 to 30 June 21	1,933	4,307	6,240	3,515	9,755
2	1 July 21 to 30 June 22	3,045	6,999	10,044	6,648	16,692
3	1 July 22 to 30 June 23	3,045	4,375	7,420	6,648	14,068
4	1 July 23 to 30 June 24	3,045	2,734	5,779	6,648	12,427
5	1 July 24 to 30 June 25	3,045	1,709	4,754	6,648	11,402
6	1 July 25 to 30 June 26	3,045	1,068	4,113	6,648	10,761
7	1 July 26 to 30 June 27	3,045	667	3,712	6,648	10,360
8	1 July 27 to 30 June 28	2,866	417	3,283	6,648	9,931
9	1 July 28 to 30 June 29	2,838	261	3,099	6,648	9,747
10	1 July 29 to 30 June 30	2,838	163	3,001	6,648	9,649
11	1 July 30 to 30 June 31	1,842	102	1,944	6,648	8,592
12	1 July 31 to 30 June 32	939	64	1,003	6,648	7,651
13	1 July 32 to 30 June 33	723	40	763	6,648	7,411
14	1 July 33 to 30 June 34	503	25	528	6,648	7,176
15	1 July 34 to 30 June 35	374	16	390	6,648	7,038
16	1 July 35 to 30 June 36	374	10	384	6,648	7,032
17	1 July 36 to 30 June 37	374	6	380	6,648	7,028
18	1 July 37 to 30 June 38	374	4	378	6,648	7,026
19	1 July 38 to 30 June 39	374	2	376	6,648	7,024
20	1 July 39 to 30 June 40	374	1	375	6,648	7,023
21	1 July 40 to 30 June 41	374	1	375	6,648	7,023
22	1 July 41 to 30 June 42	374	1	375	6,648	7,023
23	1 July 42 to 30 June 43	374	0	374	6,648	7,022
24	1 July 43 to 30 June 44	374	0	374	6,648	7,022
25	1 July 44 to 30 June 45	374	0	374	6,648	7,022
26	1 July 45 to 30 June 46	374	0	374	6,648	7,022
27	1 July 46 to 30 June 47	374	0	374	6,648	7,022
28	1 July 47 to 30 June 48	374	0	374	6,648	7,022
29	1 July 48 to 30 June 49	374	0	374	6,648	7,022
30	1 July 49 to 30 June 50	374	0	374	6,648	7,022
31	1 July 50 to 30 June 51	166	0	166	6,648	6,814
32	1 July 51 to 30 June 52	0	0	0	6,648	6,648
33	1 July 52 to 30 June 53	0	0	0	6,648	6,648
34	1 July 53 to 30 June 54	0	0	0	6,648	6,648
35	1 July 54 to 30 June 55	0	0	0	6,648	6,648
36	1 July 55 to 30 June 56	0	0	0	6,648	6,648
37	1 July 56 to 30 June 57	0	0	0	6,648	6,648
38	1 July 57 to 30 June 58	0	0	0	6,648	6,648
39	1 July 58 to 30 June 59	0	0	0	6,648	6,648
40	2059+	0	0	0	2,764	2,764
<b>Totals</b>		<b>38,901</b>	<b>22,972</b>	<b>61,873</b>	<b>258,903</b>	<b>320,776</b>

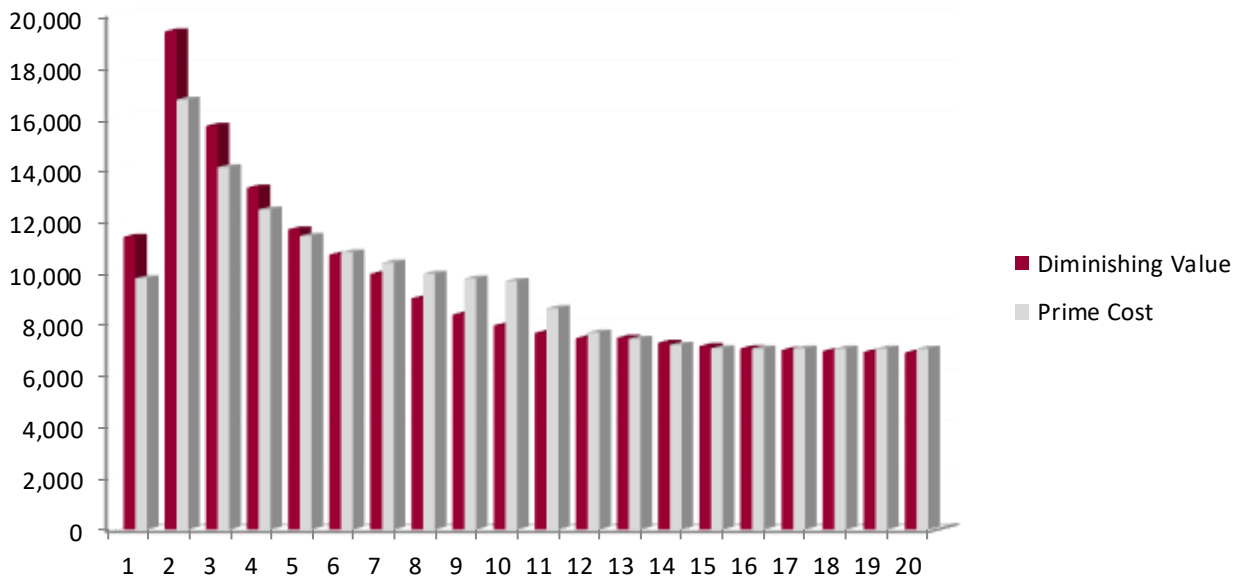
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

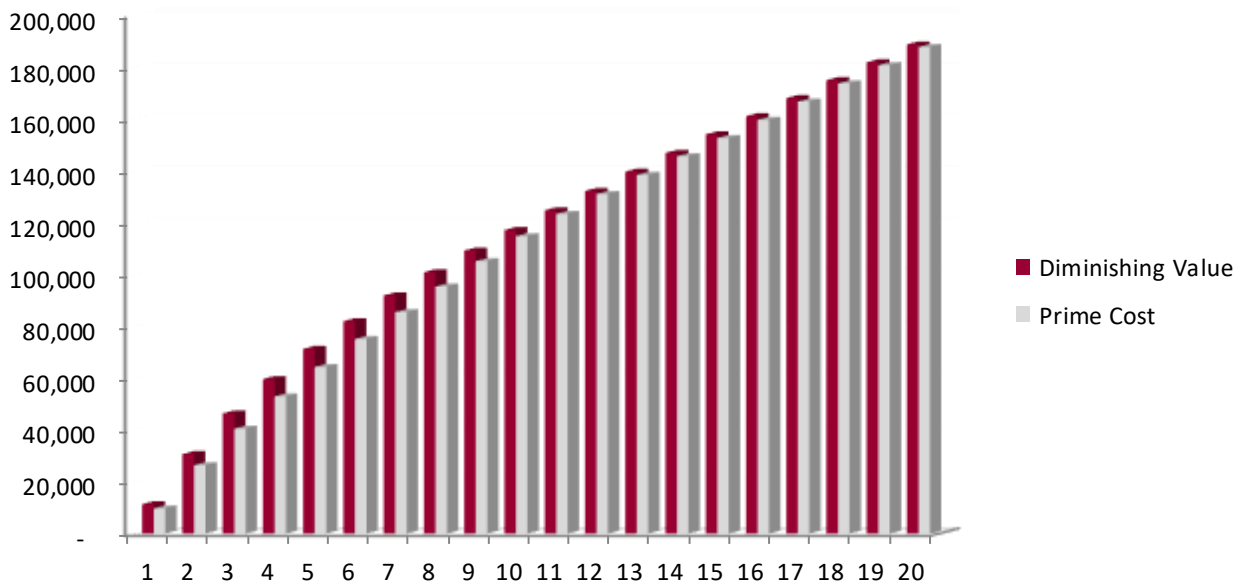
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	19 December 2020

### Expenditure Analysed

Purchase Price	\$485,500
Stamp Duty	\$15,418
<b>Total Expenditure Analysed</b>	<b>\$500,918</b>

### Historical Construction Details

Construction Start Date	7 October 2018
Construction Completion Date	1 December 2019
Historical Construction Cost (Estimated)*	\$310,416
Lot Entitlement	223
Overall Lot Entitlement	9,960

## 9. Reconciliation of Capital Expenditure

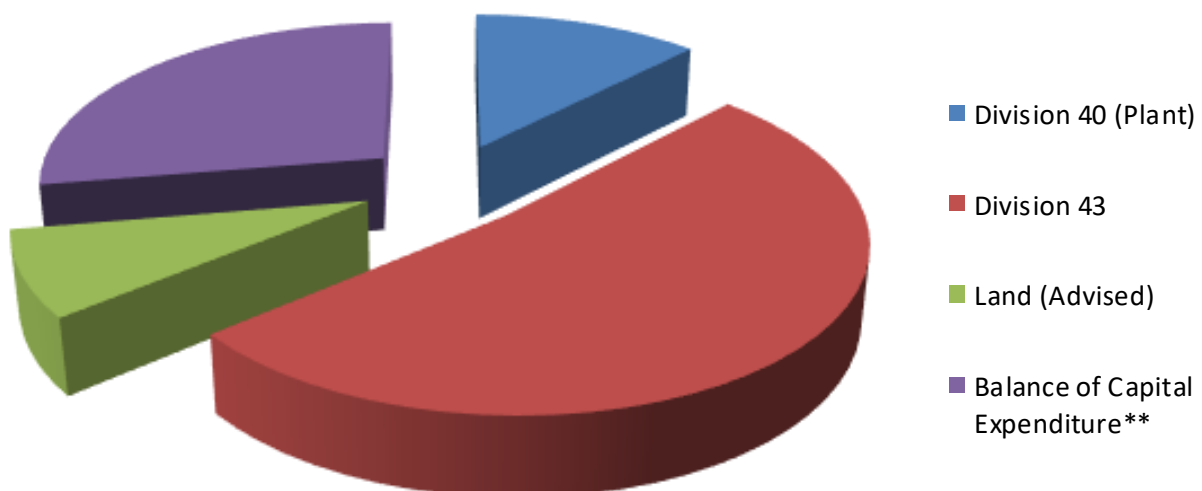
### Apportionment of cost relating to:

Division 40 (Plant)	\$61,873
Division 43	\$258,903
Land (Advised)	\$41,581
Balance of Capital Expenditure**	\$138,561
<b>Total Expenditure Analysed</b>	<b>\$500,918</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%	19-Dec-20	11,802	1,248	2,111	1,689	1,351	1,081	865	692	553	443	354
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	19-Dec-20	894	168	272	170	106	67	42	26	16	10	6
<b>Blinds Residential</b>													
Blinds Residential	20.00%	19-Dec-20	1,448	153	259	207	311	194	121	76	47	30	19
Blinds Residential	18.75%	19-Dec-20	3,040	570	926	579	362	226	141	88	55	35	22
<b>Ceiling Fans</b>													
Ceiling Fans	18.75%	19-Dec-20	1,878	352	572	358	223	140	87	55	34	21	13
<b>Computer systems</b>													
General	18.75%	19-Dec-20	626	117	191	119	74	47	29	18	11	7	4
<b>Door closers</b>													
Door closers	18.75%	19-Dec-20	455	85	139	87	54	34	21	13	8	5	3
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	19-Dec-20	2,023	379	616	385	241	150	94	59	37	23	14
Detection & alarm systems, fire indicator panel	16.67%	19-Dec-20	1,001	88	342	214	134	84	52	33	20	13	8
Emergency warning & intercommunication system	18.75%	19-Dec-20	510	96	156	97	61	38	24	15	9	6	4
Pumps, diesel & electric	18.75%	19-Dec-20	340	64	104	65	41	25	16	10	6	4	2
<b>Floor coverings ( removable without damage)</b>													
Carpets	20.00%	19-Dec-20	3,335	353	596	477	382	305	244	366	229	143	89
<b>Furniture</b>													
Furniture	15.00%	19-Dec-20	2,146	170	296	252	214	182	155	329	205	128	80
Furniture	18.75%	19-Dec-20	5,355	1,004	1,632	1,020	637	398	249	156	97	61	38
<b>Hot water systems (excluding piping)</b>													
Gas or electric	18.75%	19-Dec-20	721	135	220	137	86	54	34	21	13	8	5
<b>Kitchen assets</b>													
Cooktops	16.67%	19-Dec-20	1,699	150	258	215	179	336	210	131	82	51	32
Dishwashers	20.00%	19-Dec-20	2,414	255	432	345	276	221	332	207	130	81	51
Microwave ovens	18.75%	19-Dec-20	983	184	300	187	117	73	46	29	18	11	7
Ovens	16.67%	19-Dec-20	2,146	189	326	272	226	189	354	221	138	86	54
Rangehoods	18.75%	19-Dec-20	983	184	300	187	117	73	46	29	18	11	7
<b>Laundry assets</b>													
Clothes dryers	18.75%	19-Dec-20	805	151	245	153	96	60	37	23	15	9	6
<b>Lifts (including hydraulic &amp; tractions lifts)</b>													
Lifts (including hydraulic & tractions lifts)	6.67%	19-Dec-20	11,210	395	721	673	628	586	547	511	477	445	415
<b>Lights</b>													
Shades, removable	18.75%	19-Dec-20	3,354	629	1,022	639	399	249	156	97	61	38	24
<b>MATV - amplifiers &amp; modulators</b>													
MATV - amplifiers & modulators	18.75%	19-Dec-20	701	131	213	133	83	52	33	20	13	8	5
Carried forward			59,867	7,252	12,248	8,661	6,399	4,864	3,934	3,224	2,294	1,677	1,263

## 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>59,867</b>	<b>7,252</b>	<b>12,248</b>	<b>8,661</b>	<b>6,399</b>	<b>4,864</b>	<b>3,934</b>	<b>3,224</b>	<b>2,294</b>	<b>1,677</b>	<b>1,263</b>
<b>Brought forward</b>													
<b>Security systems &amp; equipment</b>													
Electronic	30.00%	19-Dec-20	1,379	219	348	305	190	119	74	46	29	18	11
<b>Ventilating plant</b>													
Ventilation plant - fans only	18.75%	19-Dec-20	304	57	93	58	36	23	14	9	6	3	2
<b>\$300 items</b>	<b>100.00%</b>	<b>19-Dec-20</b>	<b>322</b>	<b>322</b>									
<b>Pooled Plant Total</b>				<b>4,307</b>	<b>7,341</b>	<b>4,893</b>	<b>3,369</b>	<b>2,442</b>	<b>2,212</b>	<b>2,077</b>	<b>1,298</b>	<b>811</b>	<b>507</b>
<b>Effective Life Plant Total</b>				<b>3,543</b>	<b>5,348</b>	<b>4,130</b>	<b>3,257</b>	<b>2,564</b>	<b>1,811</b>	<b>1,202</b>	<b>1,030</b>	<b>887</b>	<b>769</b>
<b>Total Division 40</b>			<b>61,873</b>	<b>7,850</b>	<b>12,689</b>	<b>9,023</b>	<b>6,626</b>	<b>5,006</b>	<b>4,022</b>	<b>3,280</b>	<b>2,328</b>	<b>1,699</b>	<b>1,276</b>
<b>Division 43 - Capital Works Allowance</b>													
	<b>Rate</b>		<b>Opening Value</b>	<b>Year 1</b>	<b>Year2</b>	<b>Year 3</b>	<b>Year4</b>	<b>Year5</b>	<b>Year6</b>	<b>Year7</b>	<b>Year8</b>	<b>Year9</b>	<b>Year10</b>
<b>Building Works - Completed 2019</b>	2.50%	19-Dec-20	254,351	3,453	6,531	6,531	6,531	6,531	6,531	6,531	6,531	6,531	6,531
<b>Structural Improvements - Completed 2019</b>	2.50%	19-Dec-20	4,552	62	117	117	117	117	117	117	117	117	117
<b>Total Division 43</b>			<b>258,903</b>	<b>3,515</b>	<b>6,648</b>	<b>6,648</b>	<b>6,648</b>	<b>6,648</b>	<b>6,648</b>	<b>6,648</b>	<b>6,648</b>	<b>6,648</b>	<b>6,648</b>
<b>Total Depreciation</b>			<b>320,776</b>	<b>11,365</b>	<b>19,337</b>	<b>15,671</b>	<b>13,274</b>	<b>11,654</b>	<b>10,670</b>	<b>9,928</b>	<b>8,976</b>	<b>8,347</b>	<b>7,924</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%	19-Dec-20	11,802	624	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	
<b>Bathroom assets</b>														
Exhaust fans (including light/heating)	18.75%	19-Dec-20	894	168	272	170	106	67	42	26	16	10	6	
<b>Blinds Residential</b>	10.00%	19-Dec-20	1,448	77	145	145	145	145	145	145	145	145	145	
Blinds Residential	18.75%	19-Dec-20	3,040	570	926	579	362	226	141	88	55	35	22	
<b>Ceiling Fans</b>	18.75%	19-Dec-20	1,878	352	572	358	223	140	87	55	34	21	13	
<b>Computer systems</b>														
General	18.75%	19-Dec-20	626	117	191	119	74	47	29	18	11	7	4	
<b>Door closers</b>	18.75%	19-Dec-20	455	85	139	87	54	34	21	13	8	5	3	
<b>Fire control assets</b>														
Detection & alarm systems, detectors	18.75%	19-Dec-20	2,023	379	616	385	241	150	94	59	37	23	14	
Detection & alarm systems, fire indicator panel	8.33%	19-Dec-20	1,001	44	83	83	83	83	83	83	83	83	83	
Emergency warning & intercommunication system	18.75%	19-Dec-20	510	96	156	97	61	38	24	15	9	6	4	
Pumps, diesel & electric	18.75%	19-Dec-20	340	64	104	65	41	25	16	10	6	4	2	
<b>Floor coverings ( removable without damage)</b>														
Carpets	10.00%	19-Dec-20	3,335	176	333	333	333	333	333	333	333	333	333	
<b>Furniture</b>	7.50%	19-Dec-20	2,146	85	161	161	161	161	161	161	161	161	161	
Furniture	18.75%	19-Dec-20	5,355	1,004	1,632	1,020	637	398	249	156	97	61	38	
<b>Hot water systems (excluding piping)</b>														
Gas or electric	18.75%	19-Dec-20	721	135	220	137	86	54	34	21	13	8	5	
<b>Kitchen assets</b>														
Cooktops	8.33%	19-Dec-20	1,699	75	142	142	142	142	142	142	142	142	142	
Dishwashers	10.00%	19-Dec-20	2,414	128	241	241	241	241	241	241	241	241	241	
Microwave ovens	18.75%	19-Dec-20	983	184	300	187	117	73	46	29	18	11	7	
Ovens	8.33%	19-Dec-20	2,146	95	179	179	179	179	179	179	179	179	179	
Rangehoods	18.75%	19-Dec-20	983	184	300	187	117	73	46	29	18	11	7	
<b>Laundry assets</b>														
Clothes dryers	18.75%	19-Dec-20	805	151	245	153	96	60	37	23	15	9	6	
<b>Lifts (including hydraulic &amp; tractions lifts)</b>	3.33%	19-Dec-20	11,210	198	374	374	374	374	374	374	374	374	374	
<b>Lights</b>														
Shades, removable	18.75%	19-Dec-20	3,354	629	1,022	639	399	249	156	97	61	38	24	
<b>MATV - amplifiers &amp; modulators</b>	18.75%	19-Dec-20	701	131	213	133	83	52	33	20	13	8	5	
Carried forward			59,867	5,751	9,745	7,155	5,536	4,524	3,892	3,497	3,250	3,095	2,999	

## 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				59,867	5,751	9,745	7,155	5,536	4,524	3,892	3,497	3,250	3,095	2,999
<b>Security systems &amp; equipment</b>														
Electronic	15.00%	19-Dec-20	1,379	109	207	207	207	207	207	207	207	28		
<b>Ventilating plant</b>														
Ventilation plant - fans only	18.75%	19-Dec-20	304	57	93	58	36	23	14	9	6	3	2	
\$300 items	100.00%	19-Dec-20	322	322										
<b>Pooled Plant Total</b>					4,307	6,999	4,375	2,734	1,709	1,068	667	417	261	163
<b>Effective Life Plant Total</b>					1,933	3,045	3,045	3,045	3,045	3,045	3,045	2,866	2,838	2,838
<b>Total Division 40</b>				61,873	6,240	10,044	7,420	5,779	4,754	4,113	3,712	3,283	3,099	3,001
<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%	19-Dec-20	254,351	3,453	6,531	6,531	6,531	6,531	6,531	6,531	6,531	6,531	6,531
<b>Structural Improvements - Completed 2019</b>		2.50%	19-Dec-20	4,552	62	117	117	117	117	117	117	117	117	117
<b>Total Division 43</b>				258,903	3,515	6,648	6,648	6,648	6,648	6,648	6,648	6,648	6,648	6,648
<b>Total Depreciation</b>				320,776	9,755	16,692	14,068	12,427	11,402	10,761	10,360	9,931	9,747	9,649



## 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	7 Oct 18 to 1 Dec 19	261,222	2.50%	6,531	254,351
<b>Sub-total</b>		<b>261,222</b>		<b>6,531</b>	<b>254,351</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2019	7 Oct 18 to 1 Dec 19	4,675	2.50%	117	4,552
<b>Sub-total</b>		<b>4,675</b>		<b>117</b>	<b>4,552</b>
<b>Totals</b>		<b>265,897</b>		<b>6,648</b>	<b>258,903</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.