



Tax Depreciation Report

G09/6A Atkinson Street,
Liverpool, NSW 2170

Jukun Bing
G09/6A Atkinson Street
LIVERPOOL, NSW 2170

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

Jukun Bing
G09/6A Atkinson Street
LIVERPOOL, NSW 2170

January 2020
Job No: RES21700010

Tax Depreciation Report – G09/6A Atkinson Street, Liverpool, NSW 2170

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

31 January 2020

Purchaser

Jukun Bing

Property Address

G09/6A Atkinson Street, Liverpool, NSW 2170

Real Property Description

LOT 9 SP97533

Property Type

Residential Unit

Date of Construction

29 June 2018

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	29 July 18 to 30 June 19	6,295	2,749	9,044	5,919	14,963
2	1 July 19 to 30 June 20	4,735	4,467	9,202	6,430	15,632
3	1 July 20 to 30 June 21	3,931	2,792	6,723	6,430	13,153
4	1 July 21 to 30 June 22	2,891	2,390	5,281	6,430	11,711
5	1 July 22 to 30 June 23	1,957	2,514	4,471	6,430	10,901
6	1 July 23 to 30 June 24	1,703	1,571	3,274	6,430	9,704
7	1 July 24 to 30 June 25	1,327	1,287	2,614	6,430	9,044
8	1 July 25 to 30 June 26	1,179	804	1,983	6,430	8,413
9	1 July 26 to 30 June 27	865	852	1,717	6,430	8,147
10	1 July 27 to 30 June 28	792	532	1,325	6,430	7,755
11	1 July 28 to 30 June 29	596	659	1,255	6,430	7,685
12	1 July 29 to 30 June 30	557	412	968	6,430	7,398
13	1 July 30 to 30 June 31	520	257	777	6,430	7,207
14	1 July 31 to 30 June 32	485	161	646	6,430	7,076
15	1 July 32 to 30 June 33	453	100	553	6,430	6,983
16	1 July 33 to 30 June 34	422	63	485	6,430	6,915
17	1 July 34 to 30 June 35	394	39	433	6,430	6,863
18	1 July 35 to 30 June 36	368	25	392	6,430	6,822
19	1 July 36 to 30 June 37	343	15	359	6,430	6,789
20	1 July 37 to 30 June 38	321	10	330	6,430	6,760
21	1 July 38 to 30 June 39	299	6	305	6,430	6,735
22	1 July 39 to 30 June 40	279	4	283	6,430	6,713
23	1 July 40 to 30 June 41	261	2	263	6,430	6,693
24	1 July 41 to 30 June 42	243	1	245	6,430	6,675
25	1 July 42 to 30 June 43	227	1	228	6,430	6,658
26	1 July 43 to 30 June 44	212	1	212	6,430	6,642
27	1 July 44 to 30 June 45	198	0	198	6,430	6,628
28	1 July 45 to 30 June 46	185	0	185	6,430	6,615
29	1 July 46 to 30 June 47	172	0	172	6,430	6,602
30	1 July 47 to 30 June 48	161	0	161	6,430	6,591
31	1 July 48 to 30 June 49	150	0	150	6,430	6,580
32	1 July 49 to 30 June 50	140	0	140	6,430	6,570
33	1 July 50 to 30 June 51	131	0	131	6,430	6,561
34	1 July 51 to 30 June 52	122	0	122	6,430	6,552
35	1 July 52 to 30 June 53	114	0	114	6,430	6,544
36	1 July 53 to 30 June 54	106	0	106	6,430	6,536
37	1 July 54 to 30 June 55	99	0	99	6,430	6,529
38	1 July 55 to 30 June 56	93	0	93	6,430	6,523
39	1 July 56 to 30 June 57	86	0	86	6,430	6,516
40	2057+	1,210	0	1,210	6,418	7,628
Totals		34,620	21,714	56,334	256,677	313,011

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	29 July 18 to 30 June 19	3,697	2,749	6,446	5,919	12,365
2	1 July 19 to 30 June 20	2,823	4,467	7,290	6,430	13,720
3	1 July 20 to 30 June 21	2,823	2,792	5,615	6,430	12,045
4	1 July 21 to 30 June 22	2,823	1,745	4,568	6,430	10,998
5	1 July 22 to 30 June 23	2,823	1,091	3,914	6,430	10,344
6	1 July 23 to 30 June 24	2,823	682	3,505	6,430	9,935
7	1 July 24 to 30 June 25	2,735	426	3,161	6,430	9,591
8	1 July 25 to 30 June 26	2,479	266	2,745	6,430	9,175
9	1 July 26 to 30 June 27	2,479	166	2,645	6,430	9,075
10	1 July 27 to 30 June 28	2,479	104	2,583	6,430	9,013
11	1 July 28 to 30 June 29	1,311	65	1,376	6,430	7,806
12	1 July 29 to 30 June 30	1,213	41	1,254	6,430	7,684
13	1 July 30 to 30 June 31	939	25	965	6,430	7,395
14	1 July 31 to 30 June 32	720	16	736	6,430	7,166
15	1 July 32 to 30 June 33	591	10	601	6,430	7,031
16	1 July 33 to 30 June 34	591	6	597	6,430	7,027
17	1 July 34 to 30 June 35	591	4	595	6,430	7,025
18	1 July 35 to 30 June 36	591	2	593	6,430	7,023
19	1 July 36 to 30 June 37	591	2	593	6,430	7,023
20	1 July 37 to 30 June 38	591	1	592	6,430	7,022
21	1 July 38 to 30 June 39	591	1	592	6,430	7,022
22	1 July 39 to 30 June 40	591	0	591	6,430	7,021
23	1 July 40 to 30 June 41	591	0	591	6,430	7,021
24	1 July 41 to 30 June 42	591	0	591	6,430	7,021
25	1 July 42 to 30 June 43	591	0	591	6,430	7,021
26	1 July 43 to 30 June 44	591	0	591	6,430	7,021
27	1 July 44 to 30 June 45	591	0	591	6,430	7,021
28	1 July 45 to 30 June 46	591	0	591	6,430	7,021
29	1 July 46 to 30 June 47	591	0	591	6,430	7,021
30	1 July 47 to 30 June 48	591	0	591	6,430	7,021
31	1 July 48 to 30 June 49	50	0	50	6,430	6,480
32	1 July 49 to 30 June 50	0	0	0	6,430	6,430
33	1 July 50 to 30 June 51	0	0	0	6,430	6,430
34	1 July 51 to 30 June 52	0	0	0	6,430	6,430
35	1 July 52 to 30 June 53	0	0	0	6,430	6,430
36	1 July 53 to 30 June 54	0	0	0	6,430	6,430
37	1 July 54 to 30 June 55	0	0	0	6,430	6,430
38	1 July 55 to 30 June 56	0	0	0	6,430	6,430
39	1 July 56 to 30 June 57	0	0	0	6,430	6,430
40	2057+	0	0	0	6,418	6,418
Totals		41,674	14,660	56,334	256,677	313,011

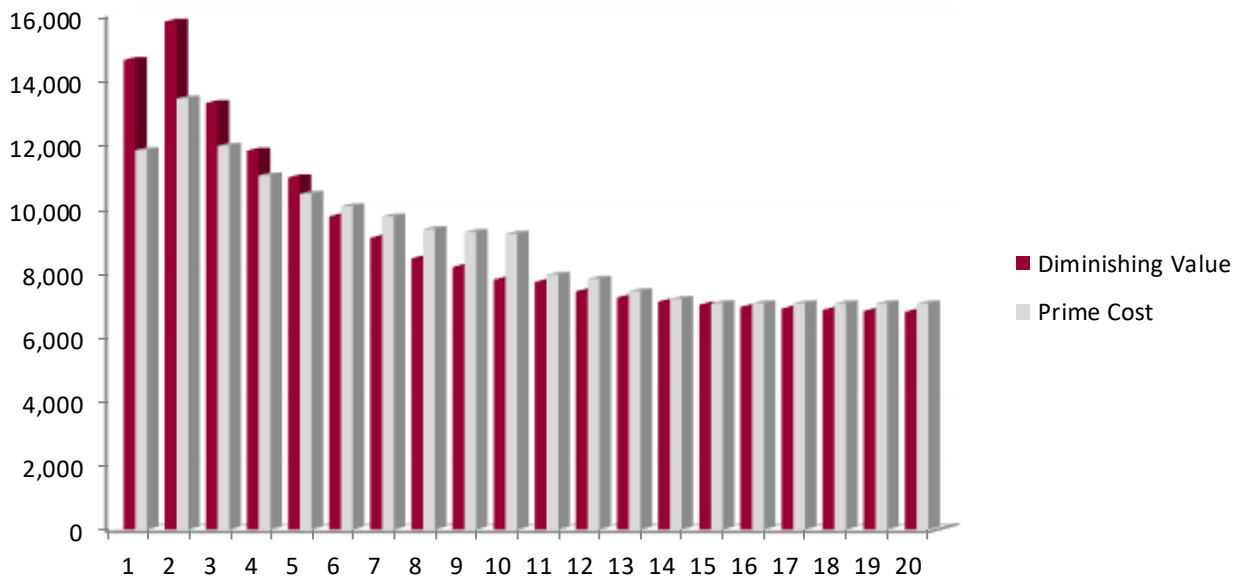
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

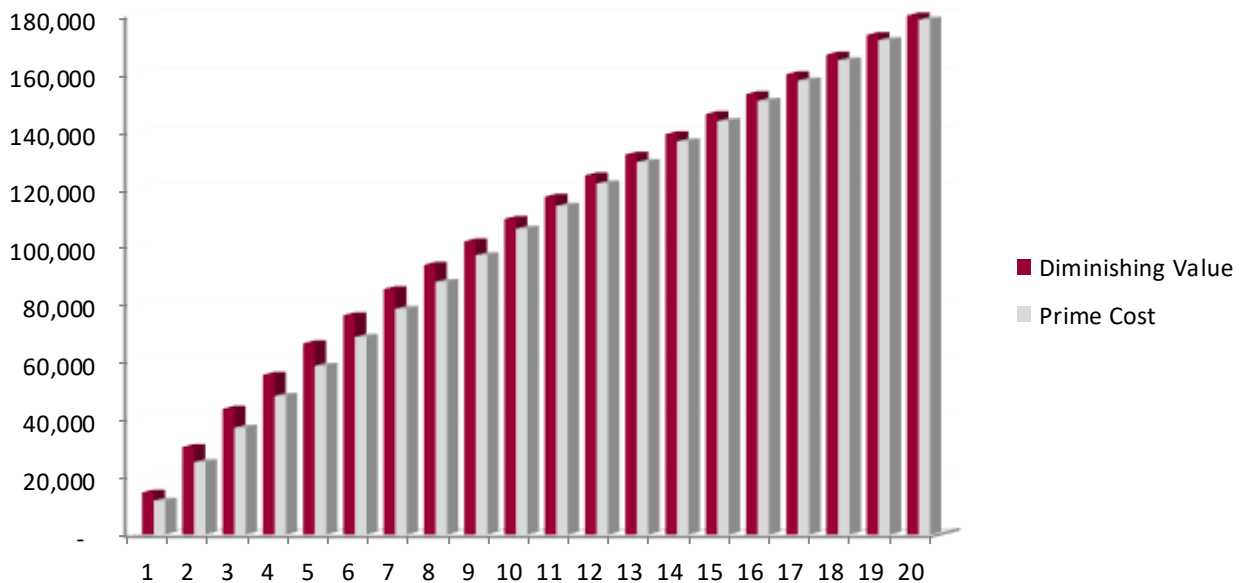
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	19 December 2014
Settlement Date	29 July 2018

Expenditure Analysed

Purchase Price	\$465,000
Stamp Duty	\$16,357
Total Expenditure Analysed	\$481,357

Historical Construction Details

Construction Start Date	17 March 2015
Construction Completion Date	29 June 2018
Historical Construction Cost (Estimated)*	\$295,249
Lot Entitlement	43
Overall Lot Entitlement	10,000

9. Reconciliation of Capital Expenditure

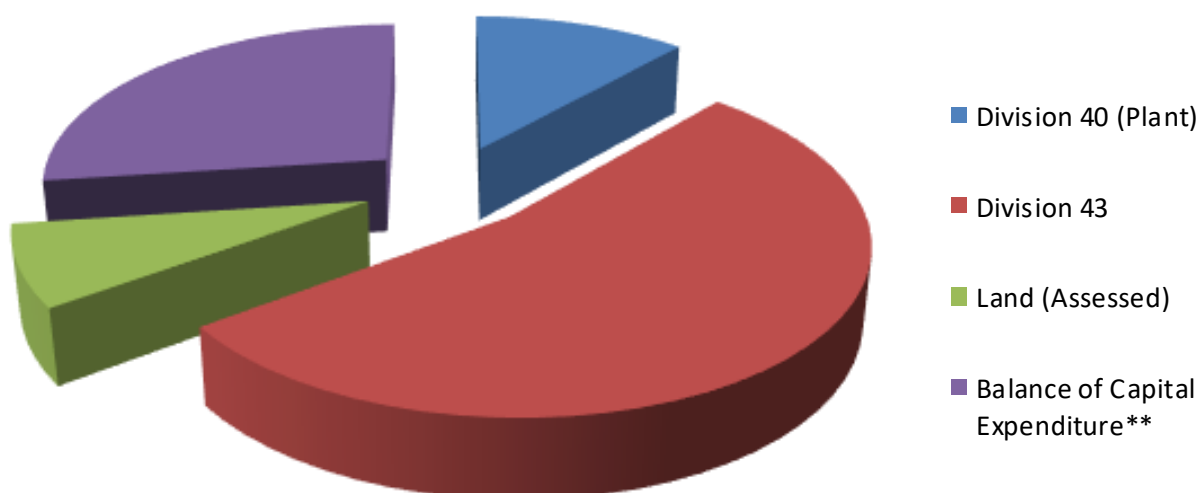
Apportionment of cost relating to:

Division 40 (Plant)	\$56,334
Division 43	\$256,677
Land (Assessed)	\$38,094
Balance of Capital Expenditure**	\$130,252
Total Expenditure Analysed	\$481,357

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%	29-Jul-18	5,443	1,002	888	710	568	455	364	291	233	349	218
Bathroom assets													
Exhaust fans (including light/heating)	18.75%	29-Jul-18	907	170	276	173	108	67	42	26	16	10	6
Blinds Residential	20.00%	29-Jul-18	1,996	367	326	261	208	313	195	122	76	48	30
Blinds Residential	18.75%	29-Jul-18	1,596	299	486	304	190	119	74	46	29	18	11
Computer systems													
General	18.75%	29-Jul-18	635	119	193	121	76	47	30	18	12	7	5
Door closers	18.75%	29-Jul-18	488	92	149	93	58	36	23	14	9	6	3
Fire control assets													
Detection & alarm systems, detectors	18.75%	29-Jul-18	896	168	273	171	107	67	42	26	16	10	6
Emergency warning & intercommunication system	18.75%	29-Jul-18	912	171	278	174	109	68	42	27	17	10	6
Floor coverings (removable without damage)													
Carpets	20.00%	29-Jul-18	3,042	560	496	397	318	254	203	305	191	119	74
Furniture	15.00%	29-Jul-18	4,354	601	563	479	407	346	294	250	212	180	153
Furniture	18.75%	29-Jul-18	2,660	499	811	507	317	198	124	77	48	30	19
Hot water systems (excluding piping)													
Gas or electric	18.75%	29-Jul-18	421	79	128	80	50	31	20	12	8	5	3
Kitchen assets													
Cooktops	16.67%	29-Jul-18	1,542	237	218	181	340	212	133	83	52	32	20
Dishwashers	20.00%	29-Jul-18	2,177	401	355	284	227	341	213	133	83	52	33
Ovens	16.67%	29-Jul-18	1,996	306	282	235	196	367	229	143	90	56	35
Rangehoods	18.75%	29-Jul-18	816	153	249	155	97	61	38	24	15	9	6
Laundry assets													
Clothes dryers	18.75%	29-Jul-18	816	153	249	155	97	61	38	24	15	9	6
Lifts (including hydraulic & tractions lifts)	6.67%	29-Jul-18	17,733	1,088	1,110	1,036	967	902	842	786	734	685	639
Lights													
Shades, removable	18.75%	29-Jul-18	4,042	758	1,232	770	481	301	188	117	73	46	29
MATV - amplifiers & modulators	18.75%	29-Jul-18	468	88	143	89	56	35	22	14	9	5	3
Security systems & equipment													
Electronic	30.00%	29-Jul-18	2,293	633	498	349	305	191	119	74	47	29	18
\$300 items	100.00%	29-Jul-18	1,099	1,099									
Pooled Plant Total				2,749	4,467	2,792	2,390	2,514	1,571	1,287	804	852	532
Effective Life Plant Total				6,295	4,735	3,931	2,891	1,957	1,703	1,327	1,179	865	792
Total Division 40			56,334	9,044	9,202	6,723	5,281	4,471	3,274	2,614	1,983	1,717	1,325

Diminishing Value Depreciation Schedule (cont.)

Division 43 - Capital Works Allowance													
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 2018	2.50%	29-Jul-18	255,211	5,885	6,393	6,393	6,393	6,393	6,393	6,393	6,393	6,393	6,393
Structural Improvements - Completed 2018	2.50%	29-Jul-18	1,466	34	37	37	37	37	37	37	37	37	37
Total Division 43			256,677	5,919	6,430	6,430	6,430	6,430	6,430	6,430	6,430	6,430	6,430
Total Depreciation			313,011	14,963	15,632	13,153	11,711	10,901	9,704	9,044	8,413	8,147	7,755

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%	29-Jul-18	5,443	501	544	544	544	544	544	544	544	544	544	
Bathroom assets														
Exhaust fans (including light/heating)	18.75%	29-Jul-18	907	170	276	173	108	67	42	26	16	10	6	
Blinds Residential														
Blinds Residential	10.00%	29-Jul-18	1,996	184	200	200	200	200	200	200	200	200	200	
Blinds Residential	18.75%	29-Jul-18	1,596	299	486	304	190	119	74	46	29	18	11	
Computer systems														
General	18.75%	29-Jul-18	635	119	193	121	76	47	30	18	12	7	5	
Door closers														
Door closers	18.75%	29-Jul-18	488	92	149	93	58	36	23	14	9	6	3	
Fire control assets														
Detection & alarm systems, detectors	18.75%	29-Jul-18	896	168	273	171	107	67	42	26	16	10	6	
Emergency warning & intercommunication system	18.75%	29-Jul-18	912	171	278	174	109	68	42	27	17	10	6	
Floor coverings (removable without damage)														
Carpets	10.00%	29-Jul-18	3,042	280	304	304	304	304	304	304	304	304	304	
Furniture														
Furniture	7.50%	29-Jul-18	4,354	301	327	327	327	327	327	327	327	327	327	
Furniture	18.75%	29-Jul-18	2,660	499	811	507	317	198	124	77	48	30	19	
Hot water systems (excluding piping)														
Gas or electric	18.75%	29-Jul-18	421	79	128	80	50	31	20	12	8	5	3	
Kitchen assets														
Cooktops	8.33%	29-Jul-18	1,542	118	129	129	129	129	129	129	129	129	129	
Dishwashers	10.00%	29-Jul-18	2,177	200	218	218	218	218	218	218	218	218	218	
Ovens	8.33%	29-Jul-18	1,996	153	166	166	166	166	166	166	166	166	166	
Rangehoods	18.75%	29-Jul-18	816	153	249	155	97	61	38	24	15	9	6	
Laundry assets														
Clothes dryers	18.75%	29-Jul-18	816	153	249	155	97	61	38	24	15	9	6	
Lifts (including hydraulic & tractions lifts)														
Lifts (including hydraulic & tractions lifts)	3.33%	29-Jul-18	17,733	544	591	591	591	591	591	591	591	591	591	
Lights														
Shades, removable	18.75%	29-Jul-18	4,042	758	1,232	770	481	301	188	117	73	46	29	
MATV - amplifiers & modulators														
MATV - amplifiers & modulators	18.75%	29-Jul-18	468	88	143	89	56	35	22	14	9	5	3	
Security systems & equipment														
Electronic	15.00%	29-Jul-18	2,293	317	344	344	344	344	344	256				
\$300 items														
\$300 items	100.00%	29-Jul-18	1,099	1,099										
Pooled Plant Total				2,749	4,467	2,792	1,745	1,091	682	426	266	166	104	
Effective Life Plant Total				3,697	2,823	2,823	2,823	2,823	2,823	2,735	2,479	2,479	2,479	
Total Division 40			56,334	6,446	7,290	5,615	4,568	3,914	3,505	3,161	2,745	2,645	2,583	

Prime Cost Depreciation Schedule (cont.)

Division 43 - Capital Works Allowance													
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 2018	2.50%	29-Jul-18	255,211	5,885	6,393	6,393	6,393	6,393	6,393	6,393	6,393	6,393	6,393
Structural Improvements - Completed 2018	2.50%	29-Jul-18	1,466	34	37	37	37	37	37	37	37	37	37
Total Division 43			256,677	5,919	6,430	6,430	6,430	6,430	6,430	6,430	6,430	6,430	6,430
Total Depreciation			313,011	12,365	13,720	12,045	10,998	10,344	9,935	9,591	9,175	9,075	9,013

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 2018	17 Mar 15 to 29 Jun 18	255,737	2.50%	6,393	255,211
Sub-total		255,737		6,393	255,211

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2018	17 Mar 15 to 29 Jun 18	1,469	2.50%	37	1,466
Sub-total		1,469		37	1,466
Totals		257,206		6,430	256,677

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.