



## Tax Depreciation Report

429/9 Winning Street,  
North Kellyville 2155

Afiscom Australia Pty Ltd  
PO Box 138  
1-5 Jacobs Street  
BANKSTOWN, NSW 1885

Issue Schedule	
Issue Date:	Issued by:
04 February 2020	Mark Kilroy Bsc (Hons) MRICS

Afiscom Australia Pty Ltd  
PO Box 138  
1-5 Jacobs Street  
BANKSTOWN, NSW 1885

February 2020  
Job No: RES2155004

### **Tax Depreciation Report – 429/9 Winning Street, North Kellyville 2155**

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

4 February 2020

### Purchaser

Afiscom Australia Pty Ltd

### Property Address

429/9 Winning Street, North Kellyville 2155

### Real Property Description

LOT 19 SP95852

### Property Type

Residential Unit

### Date of Construction

16 August 2017

### Property Photo



## 2. Report Details

### 2.1 Introduction

Koste Pty Ltd has prepared an independent Tax Depreciation Schedule for the purchase of the subject property under the Income Tax Act 1997.

We have evaluated and reported the allowances based on the following:

#### **Division 40 (Capital Allowances)**

Referred to as Depreciating Assets, identified as assets which can be removed with ease including; Appliances, Furnishings and the like. Koste will identify and provide an analysis using both Diminishing Value and Prime Cost methods of depreciation. All items which have a value less than \$300 will be written off in the first year.

#### **Division 40 (Capital Allowances) - Low Value Pool**

Low Cost Assets are depreciating assets which have a cost of between \$300 and \$1,000 at your purchase date. These assets are depreciated at 18.75% in the first year, and 37.5% in each subsequent year.

#### **Division 43 (Capital Works)**

Capital works often referred to as Building Allowances entitles the tax payer to a deduction on assessable income producing buildings and other capital works. The opening value of these assets will be calculated on the date of installation; typical assets may include Windows, Doors and Walls.

### **3. Capital Allowances**

#### **3.1 Entitlement**

Capital Allowances Division 40 of the Income Tax Act 1997 allows the taxpayer to a deduction of the decline in value of a depreciating asset used for income producing purpose over its effective life. A depreciating asset will deteriorate over the life and will therefore decline in value.

#### **3.2 Qualifying Expenditure Calculation**

On a property acquisition, Capital Allowances (Plant and Equipment) are based on a reasonable apportionment of the purchase price relating to qualifying plant under the Income Tax Assessment Act (ITAA) 1977 Section 40 – 195.

#### **3.3 Effective Life**

The Commissioner of Taxation provides regular tax rulings which determine the period an asset can be used to produce income. Included within this report is as new effective life rates.

#### **3.4 Immediate Write-Off Assets**

A depreciating asset which costs less than \$300 can be immediately written off under Division 40 of ITAA. Please note that this is only applicable to residential property investments.

#### **3.5 Low Value Pool**

Assets which have a starting value of between \$300 and \$1000 have been included within the Low Value Pool. These assets are depreciated at 18.75% in the first year and 37.5% for all subsequent years on a diminishing basis.

An asset that has a written down value under \$1000 in following years will be allocated to the low value pool and depreciated at 37.5% using diminishing value method. This method does not apply to assets that were depreciated using the prime cost method in any previous years.

### 3.6 Method of Depreciation

We provide you with a choice to calculate the decline in value for depreciating assets. Your choice on whether to use Diminishing Value or Prime Cost method of depreciation should be discussed with your accountant. Once a depreciation method is chosen for an asset this cannot be changed.

Diminishing Value Method					Prime Cost Method				
<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	30 August 17 to 30 June 18	5,589	3,458	9,047	5,958	15,005
2	1 July 18 to 30 June 19	5,251	5,942	11,193	7,154	18,347
3	1 July 19 to 30 June 20	3,993	4,043	8,036	7,154	15,190
4	1 July 20 to 30 June 21	3,279	2,527	5,806	7,154	12,960
5	1 July 21 to 30 June 22	2,355	2,284	4,639	7,154	11,793
6	1 July 22 to 30 June 23	1,609	2,128	3,737	7,154	10,891
7	1 July 23 to 30 June 24	1,343	1,330	2,673	7,154	9,827
8	1 July 24 to 30 June 25	1,126	831	1,957	7,154	9,111
9	1 July 25 to 30 June 26	949	520	1,468	7,154	8,622
10	1 July 26 to 30 June 27	623	664	1,287	7,154	8,441
11	1 July 27 to 30 June 28	540	415	955	7,154	8,109
12	1 July 28 to 30 June 29	274	629	904	7,154	8,058
13	1 July 29 to 30 June 30	256	393	649	7,154	7,803
14	1 July 30 to 30 June 31	239	246	485	7,154	7,639
15	1 July 31 to 30 June 32	223	154	377	7,154	7,531
16	1 July 32 to 30 June 33	208	96	304	7,154	7,458
17	1 July 33 to 30 June 34	194	60	254	7,154	7,408
18	1 July 34 to 30 June 35	181	38	219	7,154	7,373
19	1 July 35 to 30 June 36	169	23	193	7,154	7,347
20	1 July 36 to 30 June 37	158	15	172	7,154	7,326
21	1 July 37 to 30 June 38	147	9	156	7,154	7,310
22	1 July 38 to 30 June 39	137	6	143	7,154	7,297
23	1 July 39 to 30 June 40	128	4	132	7,154	7,286
24	1 July 40 to 30 June 41	120	2	122	7,154	7,276
25	1 July 41 to 30 June 42	112	1	113	7,154	7,267
26	1 July 42 to 30 June 43	104	1	105	7,154	7,259
27	1 July 43 to 30 June 44	97	1	98	7,154	7,252
28	1 July 44 to 30 June 45	91	0	91	7,154	7,245
29	1 July 45 to 30 June 46	85	0	85	7,154	7,239
30	1 July 46 to 30 June 47	79	0	79	7,154	7,233
31	1 July 47 to 30 June 48	74	0	74	7,154	7,228
32	1 July 48 to 30 June 49	69	0	69	7,154	7,223
33	1 July 49 to 30 June 50	0	362	362	7,154	7,516
34	1 July 50 to 30 June 51	0	226	226	7,154	7,380
35	1 July 51 to 30 June 52	0	141	141	7,154	7,295
36	1 July 52 to 30 June 53	0	88	88	7,154	7,242
37	1 July 53 to 30 June 54	0	55	55	7,154	7,209
38	1 July 54 to 30 June 55	0	35	35	7,154	7,189
39	1 July 55 to 30 June 56	0	22	22	7,154	7,176
40	2056+	0	36	36	8,100	8,136
<b>Totals</b>		<b>29,804</b>	<b>26,786</b>	<b>56,590</b>	<b>285,910</b>	<b>342,500</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	30 August 17 to 30 June 18	2,917	3,458	6,375	5,958	12,333
2	1 July 18 to 30 June 19	3,209	5,619	8,828	7,154	15,982
3	1 July 19 to 30 June 20	3,209	3,512	6,721	7,154	13,875
4	1 July 20 to 30 June 21	3,209	2,195	5,404	7,154	12,558
5	1 July 21 to 30 June 22	3,209	1,372	4,581	7,154	11,735
6	1 July 22 to 30 June 23	3,209	857	4,066	7,154	11,220
7	1 July 23 to 30 June 24	3,164	536	3,700	7,154	10,854
8	1 July 24 to 30 June 25	2,958	335	3,293	7,154	10,447
9	1 July 25 to 30 June 26	2,958	209	3,167	7,154	10,321
10	1 July 26 to 30 June 27	2,958	131	3,089	7,154	10,243
11	1 July 27 to 30 June 28	1,097	82	1,178	7,154	8,332
12	1 July 28 to 30 June 29	723	51	774	7,154	7,928
13	1 July 29 to 30 June 30	359	32	391	7,154	7,545
14	1 July 30 to 30 June 31	289	20	309	7,154	7,463
15	1 July 31 to 30 June 32	289	12	301	7,154	7,455
16	1 July 32 to 30 June 33	289	8	297	7,154	7,451
17	1 July 33 to 30 June 34	289	5	294	7,154	7,448
18	1 July 34 to 30 June 35	289	3	292	7,154	7,446
19	1 July 35 to 30 June 36	289	2	291	7,154	7,445
20	1 July 36 to 30 June 37	289	1	290	7,154	7,444
21	1 July 37 to 30 June 38	289	1	290	7,154	7,444
22	1 July 38 to 30 June 39	289	0	289	7,154	7,443
23	1 July 39 to 30 June 40	289	0	289	7,154	7,443
24	1 July 40 to 30 June 41	289	0	289	7,154	7,443
25	1 July 41 to 30 June 42	289	0	289	7,154	7,443
26	1 July 42 to 30 June 43	289	0	289	7,154	7,443
27	1 July 43 to 30 June 44	289	0	289	7,154	7,443
28	1 July 44 to 30 June 45	289	0	289	7,154	7,443
29	1 July 45 to 30 June 46	289	0	289	7,154	7,443
30	1 July 46 to 30 June 47	289	0	289	7,154	7,443
31	1 July 47 to 30 June 48	56	0	56	7,154	7,210
32	1 July 48 to 30 June 49	0	0	0	7,154	7,154
33	1 July 49 to 30 June 50	0	0	0	7,154	7,154
34	1 July 50 to 30 June 51	0	0	0	7,154	7,154
35	1 July 51 to 30 June 52	0	0	0	7,154	7,154
36	1 July 52 to 30 June 53	0	0	0	7,154	7,154
37	1 July 53 to 30 June 54	0	0	0	7,154	7,154
38	1 July 54 to 30 June 55	0	0	0	7,154	7,154
39	1 July 55 to 30 June 56	0	0	0	7,154	7,154
40	2056+	0	0	0	8,100	8,100
<b>Totals</b>		<b>38,148</b>	<b>18,442</b>	<b>56,590</b>	<b>285,910</b>	<b>342,500</b>

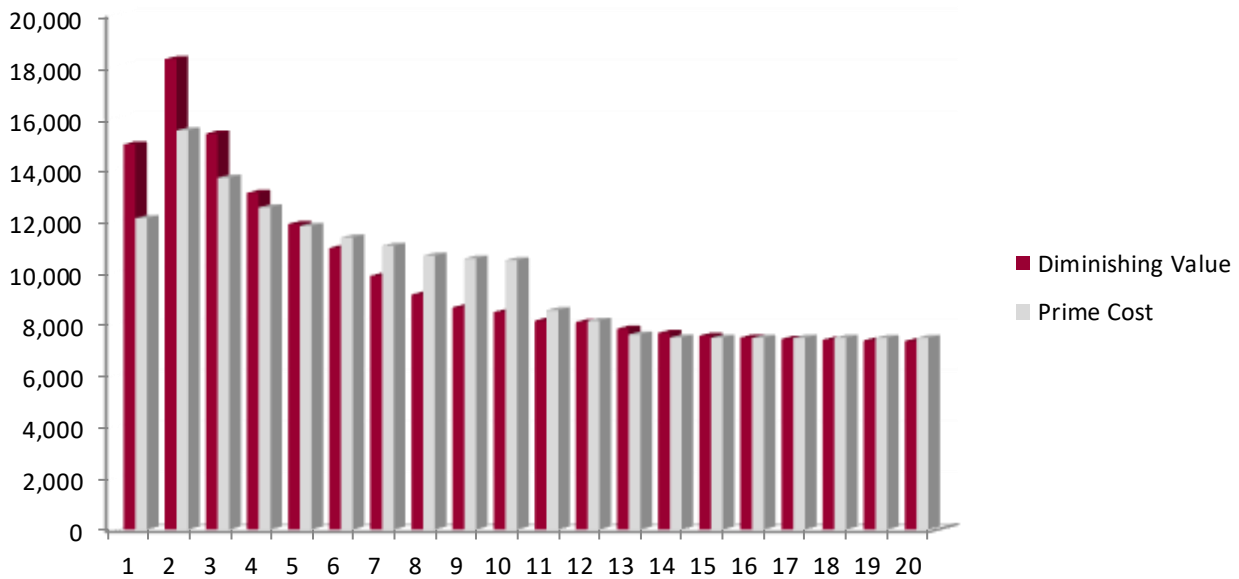
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

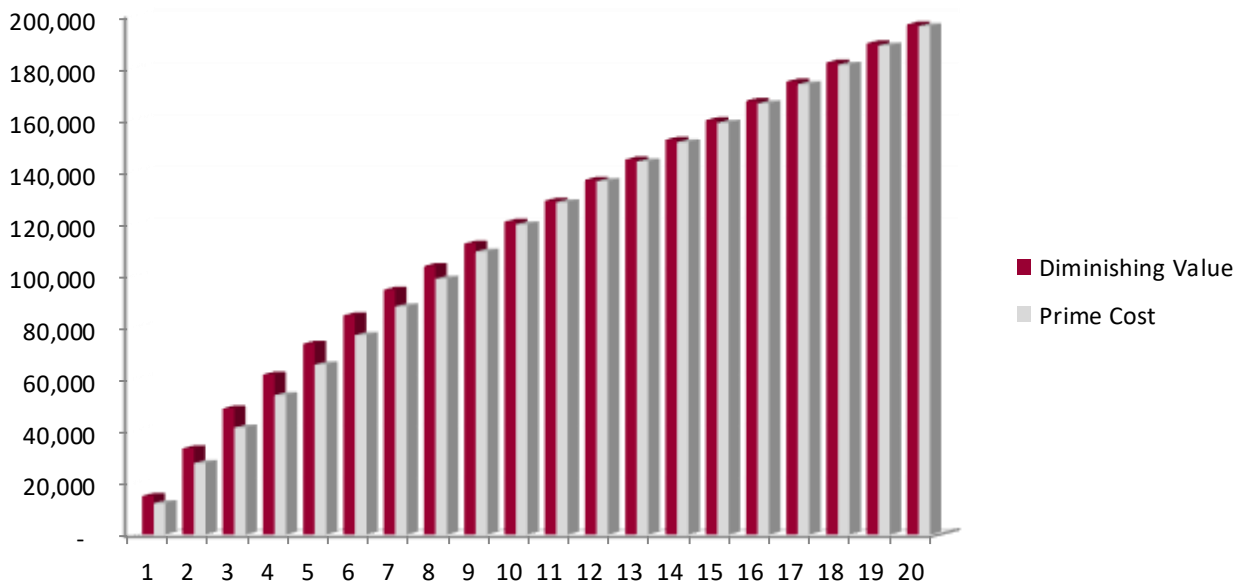
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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 June 2015
Settlement Date	30 August 2017

### Expenditure Analysed

Purchase Price	\$660,000
Stamp Duty	\$25,132
<b>Total Expenditure Analysed</b>	<b>\$685,132</b>

### Historical Construction Details

Construction Start Date	3 April 2016
Construction Completion Date	16 August 2017
Historical Construction Cost (Estimated)*	\$318,940
Lot Entitlement	86
Overall Lot Entitlement	10,000

## 9. Reconciliation of Capital Expenditure

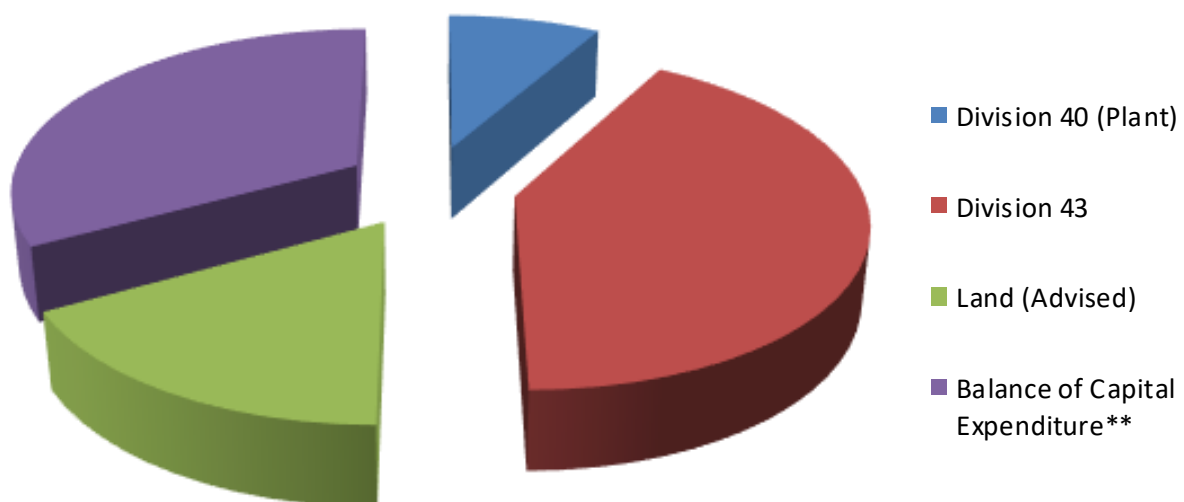
### Apportionment of cost relating to:

Division 40 (Plant)	\$56,590
Division 43	\$285,910
Land (Advised)	\$116,057
Balance of Capital Expenditure**	\$226,575
<b>Total Expenditure Analysed</b>	<b>\$685,132</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%	30-Aug-17	6,468	1,077	1,078	863	690	552	442	353	283	226	339
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	30-Aug-17	1,617	303	493	308	192	120	75	47	29	18	11
<b>Blinds Residential</b>													
Blinds Residential	20.00%	30-Aug-17	2,264	377	377	302	242	362	226	142	88	55	35
Blinds Residential	18.75%	30-Aug-17	1,523	286	464	290	181	113	71	44	28	17	11
<b>Door closers</b>													
Door closers	18.75%	30-Aug-17	449	84	137	86	53	33	21	13	8	5	3
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	30-Aug-17	1,087	204	331	207	129	81	51	32	20	12	8
Detection & alarm systems, fire indicator panel	18.75%	30-Aug-17	556	104	169	106	66	41	26	16	10	6	4
Emergency warning & intercommunication system	18.75%	30-Aug-17	1,311	246	399	250	156	97	61	38	24	15	9
Pumps, diesel & electric	18.75%	30-Aug-17	315	59	96	60	38	23	15	9	6	4	2
<b>Fire sprinklers - pumps only</b>													
Fire sprinklers - pumps only	18.75%	30-Aug-17	315	59	96	60	38	23	15	9	6	4	2
<b>Floor coverings ( removable without damage)</b>													
Carpets	20.00%	30-Aug-17	11,030	1,837	1,839	1,471	1,177	941	753	602	482	386	308
<b>Furniture</b>													
Furniture	18.75%	30-Aug-17	4,219	791	1,286	803	502	314	196	123	77	48	30
<b>Garbage disposal</b>													
Garbage chutes	18.75%	30-Aug-17	834	156	254	159	99	62	39	24	15	9	6
<b>Hot water systems (excluding piping)</b>													
Gas or electric	16.67%	30-Aug-17	1,001	139	323	202	126	79	49	31	19	12	8
<b>Kitchen assets</b>													
Cooktops	16.67%	30-Aug-17	1,833	254	263	219	183	343	214	134	84	52	33
Dishwashers	20.00%	30-Aug-17	2,587	431	431	345	276	221	331	207	129	81	51
Ovens	16.67%	30-Aug-17	2,372	329	340	284	236	197	369	231	144	90	56
Rangehoods	18.75%	30-Aug-17	970	182	296	185	115	72	45	28	18	11	7
<b>Laundry assets</b>													
Clothes dryers	18.75%	30-Aug-17	970	182	296	185	115	72	45	28	18	11	7
<b>Lifts (including hydraulic &amp; tractions lifts)</b>													
Lifts (including hydraulic & tractions lifts)	6.67%	30-Aug-17	8,678	482	546	510	476	444	415	387	361	337	315
<b>Lights</b>													
Shades, removable	18.75%	30-Aug-17	3,068	575	935	584	365	228	143	89	56	35	22
<b>MATV - amplifiers &amp; modulators</b>													
MATV - amplifiers & modulators	18.75%	30-Aug-17	464	87	141	88	55	34	22	13	8	5	3
Carried forward			53,934	8,246	10,592	7,566	5,512	4,456	3,623	2,601	1,912	1,440	1,269

## 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>53,934</b>	<b>8,246</b>	<b>10,592</b>	<b>7,566</b>	<b>5,512</b>	<b>4,456</b>	<b>3,623</b>	<b>2,601</b>	<b>1,912</b>	<b>1,440</b>	<b>1,269</b>
<b>Brought forward</b>													
<b>Security systems &amp; equipment</b>													
Electronic	30.00%	30-Aug-17	1,670	417	376	329	206	128	80	50	31	20	12
<b>Ventilating plant</b>													
Ventilation plant - fans only	18.75%	30-Aug-17	742	139	226	141	88	55	34	22	13	8	5
<b>\$300 items</b>	<b>100.00%</b>	<b>30-Aug-17</b>	<b>245</b>	<b>245</b>									
<b>Pooled Plant Total</b>				<b>3,458</b>	<b>5,942</b>	<b>4,043</b>	<b>2,527</b>	<b>2,284</b>	<b>2,128</b>	<b>1,330</b>	<b>831</b>	<b>520</b>	<b>664</b>
<b>Effective Life Plant Total</b>				<b>5,589</b>	<b>5,251</b>	<b>3,993</b>	<b>3,279</b>	<b>2,355</b>	<b>1,609</b>	<b>1,343</b>	<b>1,126</b>	<b>949</b>	<b>623</b>
<b>Total Division 40</b>			<b>56,590</b>	<b>9,047</b>	<b>11,193</b>	<b>8,036</b>	<b>5,806</b>	<b>4,639</b>	<b>3,737</b>	<b>2,673</b>	<b>1,957</b>	<b>1,468</b>	<b>1,287</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 2017</b>	2.50%	30-Aug-17	284,094	5,921	7,109	7,109	7,109	7,109	7,109	7,109	7,109	7,109	7,109
<b>Structural Improvements - Completed 2017</b>	2.50%	30-Aug-17	1,816	37	45	45	45	45	45	45	45	45	45
<b>Total Division 43</b>			<b>285,910</b>	<b>5,958</b>	<b>7,154</b>	<b>7,154</b>	<b>7,154</b>	<b>7,154</b>	<b>7,154</b>	<b>7,154</b>	<b>7,154</b>	<b>7,154</b>	<b>7,154</b>
<b>Total Depreciation</b>			<b>342,500</b>	<b>15,005</b>	<b>18,347</b>	<b>15,190</b>	<b>12,960</b>	<b>11,793</b>	<b>10,891</b>	<b>9,827</b>	<b>9,111</b>	<b>8,622</b>	<b>8,441</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%	30-Aug-17	6,468	539	647	647	647	647	647	647	647	647	647	
<b>Bathroom assets</b>														
Exhaust fans (including light/heating)	18.75%	30-Aug-17	1,617	303	493	308	192	120	75	47	29	18	11	
<b>Blinds Residential</b>														
Blinds Residential	10.00%	30-Aug-17	2,264	189	226	226	226	226	226	226	226	226	226	
Blinds Residential	18.75%	30-Aug-17	1,523	286	464	290	181	113	71	44	28	17	11	
<b>Door closers</b>														
Door closers	18.75%	30-Aug-17	449	84	137	86	53	33	21	13	8	5	3	
<b>Fire control assets</b>														
Detection & alarm systems, detectors	18.75%	30-Aug-17	1,087	204	331	207	129	81	51	32	20	12	8	
Detection & alarm systems, fire indicator panel	18.75%	30-Aug-17	556	104	169	106	66	41	26	16	10	6	4	
Emergency warning & intercommunication system	18.75%	30-Aug-17	1,311	246	399	250	156	97	61	38	24	15	9	
Pumps, diesel & electric	18.75%	30-Aug-17	315	59	96	60	38	23	15	9	6	4	2	
<b>Fire sprinklers - pumps only</b>														
Fire sprinklers - pumps only	18.75%	30-Aug-17 only	315	59	96	60	38	23	15	9	6	4	2	
<b>Floor coverings ( removable without damage)</b>														
Carpets	10.00%	30-Aug-17	11,030	919	1,103	1,103	1,103	1,103	1,103	1,103	1,103	1,103	1,103	
<b>Furniture</b>														
Furniture	18.75%	30-Aug-17	4,219	791	1,286	803	502	314	196	123	77	48	30	
<b>Garbage disposal</b>														
Garbage chutes	18.75%	30-Aug-17	834	156	254	159	99	62	39	24	15	9	6	
<b>Hot water systems (excluding piping)</b>														
Gas or electric	8.33%	30-Aug-17	1,001	69	83	83	83	83	83	83	83	83	83	
<b>Kitchen assets</b>														
Cooktops	8.33%	30-Aug-17	1,833	127	153	153	153	153	153	153	153	153	153	
Dishwashers	10.00%	30-Aug-17	2,587	215	259	259	259	259	259	259	259	259	259	
Ovens	8.33%	30-Aug-17	2,372	165	198	198	198	198	198	198	198	198	198	
Rangehoods	18.75%	30-Aug-17	970	182	296	185	115	72	45	28	18	11	7	
<b>Laundry assets</b>														
Clothes dryers	18.75%	30-Aug-17	970	182	296	185	115	72	45	28	18	11	7	
<b>Lifts (including hydraulic &amp; tractions lifts)</b>														
Lifts (including hydraulic & tractions lifts)	3.33%	30-Aug-17	8,678	241	289	289	289	289	289	289	289	289	289	
<b>Lights</b>														
Shades, removable	18.75%	30-Aug-17	3,068	575	935	584	365	228	143	89	56	35	22	
<b>MATV - amplifiers &amp; modulators</b>														
MATV - amplifiers & modulators	18.75%	30-Aug-17	464	87	141	88	55	34	22	13	8	5	3	
Carried forward			53,934	5,782	8,351	6,329	5,065	4,275	3,781	3,472	3,279	3,159	3,084	

## 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>													
			<b>53,934</b>	<b>5,782</b>	<b>8,351</b>	<b>6,329</b>	<b>5,065</b>	<b>4,275</b>	<b>3,781</b>	<b>3,472</b>	<b>3,279</b>	<b>3,159</b>	<b>3,084</b>
<b>Brought forward</b>													
<b>Security systems &amp; equipment</b>													
Electronic	15.00%	30-Aug-17	1,670	209	251	251	251	251	251	206			
<b>Ventilating plant</b>													
Ventilation plant - fans only	18.75%	30-Aug-17	742	139	226	141	88	55	34	22	13	8	5
\$300 items	100.00%	30-Aug-17	245	245									
<b>Pooled Plant Total</b>				<b>3,458</b>	<b>5,619</b>	<b>3,512</b>	<b>2,195</b>	<b>1,372</b>	<b>857</b>	<b>536</b>	<b>335</b>	<b>209</b>	<b>131</b>
<b>Effective Life Plant Total</b>				<b>2,917</b>	<b>3,209</b>	<b>3,209</b>	<b>3,209</b>	<b>3,209</b>	<b>3,209</b>	<b>3,164</b>	<b>2,958</b>	<b>2,958</b>	<b>2,958</b>
<b>Total Division 40</b>			<b>56,590</b>	<b>6,375</b>	<b>8,828</b>	<b>6,721</b>	<b>5,404</b>	<b>4,581</b>	<b>4,066</b>	<b>3,700</b>	<b>3,293</b>	<b>3,167</b>	<b>3,089</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 2017</b>	2.50%	30-Aug-17	284,094	5,921	7,109	7,109	7,109	7,109	7,109	7,109	7,109	7,109	7,109
<b>Structural Improvements - Completed 2017</b>	2.50%	30-Aug-17	1,816	37	45	45	45	45	45	45	45	45	45
<b>Total Division 43</b>			<b>285,910</b>	<b>5,958</b>	<b>7,154</b>	<b>7,154</b>	<b>7,154</b>	<b>7,154</b>	<b>7,154</b>	<b>7,154</b>	<b>7,154</b>	<b>7,154</b>	<b>7,154</b>
<b>Total Depreciation</b>			<b>342,500</b>	<b>12,333</b>	<b>15,982</b>	<b>13,875</b>	<b>12,558</b>	<b>11,735</b>	<b>11,220</b>	<b>10,854</b>	<b>10,447</b>	<b>10,321</b>	<b>10,243</b>



## 12. Division 43 Capital Works Schedule

The table below outlines the amount of Division 43 building write-off available for this property. The building write-off is claimed over forty years from the construction date of the works completed and is the remaining value after plant and equipment has been taken out.

### Qualifying Building Allowance

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Building Works - Completed 2017	3 Apr 16 to 16 Aug 17	284,367	2.50%	7,109	284,094
<b>Sub-total</b>		<b>284,367</b>		<b>7,109</b>	<b>284,094</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2017	3 Apr 16 to 16 Aug 17	1,817	2.50%	45	1,816
<b>Sub-total</b>		<b>1,817</b>		<b>45</b>	<b>1,816</b>
<b>Totals</b>		<b>286,184</b>		<b>7,154</b>	<b>285,910</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.