



## Tax Depreciation Report

6 Troubridge Drive,  
West Lakes SA 5021

John Thomas  
6 Troubridge Drive  
WEST LAKE, SA 5021

Issue Schedule	
Issue Date:	Issued by:
03 March 2020	Mark Kilroy Bsc (Hons) MRICS

John Thomas  
6 Troubridge Drive  
WEST LAKE, SA 5021

March 2020  
Job No: RES5021006

### **Tax Depreciation Report – 6 Troubridge Drive, West Lakes SA 5021**

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

3 March 2020

### Purchaser

John Thomas

### Property Address

6 Troubridge Drive, West Lakes SA 5021

### Real Property Description

LOT 140 D117577

### Property Type

Residential House

### Date of Construction

21 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								
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								
<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	20 January 20 to 30 June 20	4,228	2,653	6,881	2,827	9,708
2	1 July 20 to 30 June 21	7,562	4,311	11,872	6,385	18,257
3	1 July 21 to 30 June 22	5,657	2,967	8,624	6,385	15,009
4	1 July 22 to 30 June 23	4,459	1,854	6,313	6,385	12,698
5	1 July 23 to 30 June 24	3,003	2,191	5,194	6,385	11,579
6	1 July 24 to 30 June 25	2,224	1,698	3,922	6,385	10,307
7	1 July 25 to 30 June 26	1,385	1,668	3,053	6,385	9,438
8	1 July 26 to 30 June 27	1,108	1,042	2,150	6,385	8,535
9	1 July 27 to 30 June 28	886	651	1,538	6,385	7,923
10	1 July 28 to 30 June 29	709	407	1,116	6,385	7,501
11	1 July 29 to 30 June 30	567	254	822	6,385	7,207
12	1 July 30 to 30 June 31	454	159	613	6,385	6,998
13	1 July 31 to 30 June 32	0	780	780	6,385	7,165
14	1 July 32 to 30 June 33	0	488	488	6,385	6,873
15	1 July 33 to 30 June 34	0	305	305	6,385	6,690
16	1 July 34 to 30 June 35	0	190	190	6,385	6,575
17	1 July 35 to 30 June 36	0	119	119	6,385	6,504
18	1 July 36 to 30 June 37	0	74	74	6,385	6,459
19	1 July 37 to 30 June 38	0	47	47	6,385	6,432
20	1 July 38 to 30 June 39	0	29	29	6,385	6,414
21	1 July 39 to 30 June 40	0	18	18	6,385	6,403
22	1 July 40 to 30 June 41	0	11	11	6,385	6,396
23	1 July 41 to 30 June 42	0	7	7	6,385	6,392
24	1 July 42 to 30 June 43	0	4	4	6,385	6,389
25	1 July 43 to 30 June 44	0	3	3	6,385	6,388
26	1 July 44 to 30 June 45	0	2	2	6,385	6,387
27	1 July 45 to 30 June 46	0	1	1	6,385	6,386
28	1 July 46 to 30 June 47	0	1	1	6,385	6,386
29	1 July 47 to 30 June 48	0	0	0	6,385	6,385
30	1 July 48 to 30 June 49	0	0	0	6,385	6,385
31	1 July 49 to 30 June 50	0	0	0	6,385	6,385
32	1 July 50 to 30 June 51	0	0	0	6,385	6,385
33	1 July 51 to 30 June 52	0	0	0	6,385	6,385
34	1 July 52 to 30 June 53	0	0	0	6,385	6,385
35	1 July 53 to 30 June 54	0	0	0	6,385	6,385
36	1 July 54 to 30 June 55	0	0	0	6,385	6,385
37	1 July 55 to 30 June 56	0	0	0	6,385	6,385
38	1 July 56 to 30 June 57	0	0	0	6,385	6,385
39	1 July 57 to 30 June 58	0	0	0	6,385	6,385
40	2058+	0	0	0	9,447	9,447
<b>Totals</b>		<b>32,241</b>	<b>21,938</b>	<b>54,179</b>	<b>254,904</b>	<b>309,083</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 January 20 to 30 June 20	2,373	2,653	5,026	2,827	7,853
2	1 July 20 to 30 June 21	4,190	4,311	8,501	6,385	14,886
3	1 July 21 to 30 June 22	4,190	2,694	6,884	6,385	13,269
4	1 July 22 to 30 June 23	4,190	1,684	5,874	6,385	12,259
5	1 July 23 to 30 June 24	4,190	1,052	5,242	6,385	11,627
6	1 July 24 to 30 June 25	4,190	658	4,848	6,385	11,233
7	1 July 25 to 30 June 26	4,098	411	4,509	6,385	10,894
8	1 July 26 to 30 June 27	3,386	257	3,643	6,385	10,028
9	1 July 27 to 30 June 28	3,216	161	3,377	6,385	9,762
10	1 July 28 to 30 June 29	3,216	100	3,316	6,385	9,701
11	1 July 29 to 30 June 30	2,013	63	2,076	6,385	8,461
12	1 July 30 to 30 June 31	497	39	536	6,385	6,921
13	1 July 31 to 30 June 32	281	25	306	6,385	6,691
14	1 July 32 to 30 June 33	0	15	15	6,385	6,400
15	1 July 33 to 30 June 34	0	10	10	6,385	6,395
16	1 July 34 to 30 June 35	0	6	6	6,385	6,391
17	1 July 35 to 30 June 36	0	4	4	6,385	6,389
18	1 July 36 to 30 June 37	0	2	2	6,385	6,387
19	1 July 37 to 30 June 38	0	1	1	6,385	6,386
20	1 July 38 to 30 June 39	0	1	1	6,385	6,386
21	1 July 39 to 30 June 40	0	1	1	6,385	6,386
22	1 July 40 to 30 June 41	0	0	0	6,385	6,385
23	1 July 41 to 30 June 42	0	0	0	6,385	6,385
24	1 July 42 to 30 June 43	0	0	0	6,385	6,385
25	1 July 43 to 30 June 44	0	0	0	6,385	6,385
26	1 July 44 to 30 June 45	0	0	0	6,385	6,385
27	1 July 45 to 30 June 46	0	0	0	6,385	6,385
28	1 July 46 to 30 June 47	0	0	0	6,385	6,385
29	1 July 47 to 30 June 48	0	0	0	6,385	6,385
30	1 July 48 to 30 June 49	0	0	0	6,385	6,385
31	1 July 49 to 30 June 50	0	0	0	6,385	6,385
32	1 July 50 to 30 June 51	0	0	0	6,385	6,385
33	1 July 51 to 30 June 52	0	0	0	6,385	6,385
34	1 July 52 to 30 June 53	0	0	0	6,385	6,385
35	1 July 53 to 30 June 54	0	0	0	6,385	6,385
36	1 July 54 to 30 June 55	0	0	0	6,385	6,385
37	1 July 55 to 30 June 56	0	0	0	6,385	6,385
38	1 July 56 to 30 June 57	0	0	0	6,385	6,385
39	1 July 57 to 30 June 58	0	0	0	6,385	6,385
40	2058+	0	0	0	9,447	9,447
<b>Totals</b>		<b>40,030</b>	<b>14,148</b>	<b>54,179</b>	<b>254,904</b>	<b>309,083</b>

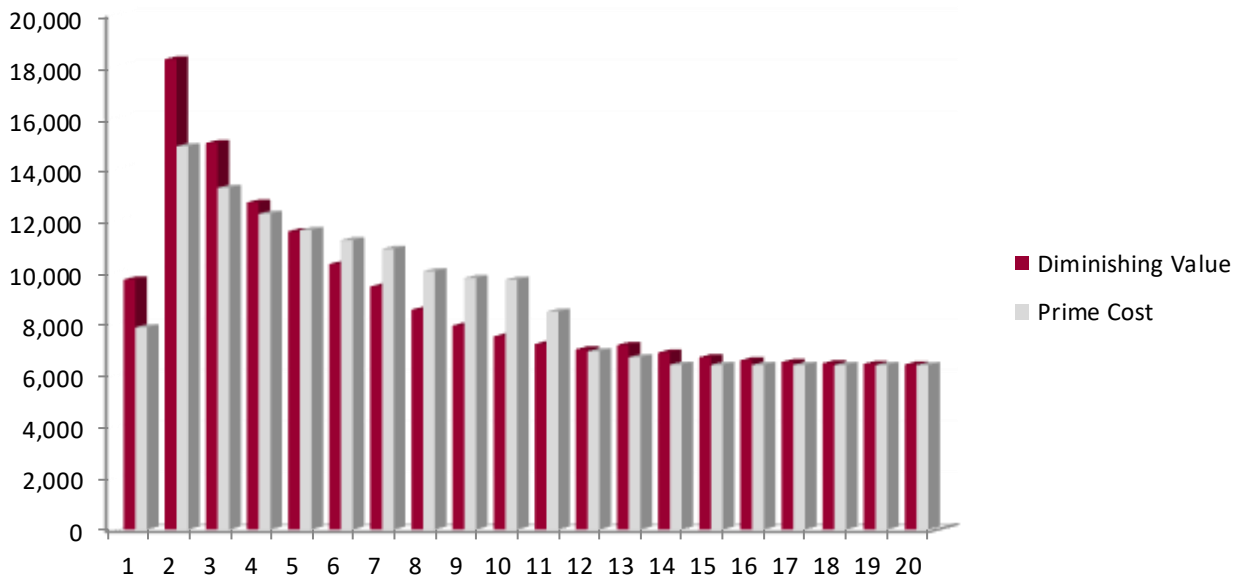
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

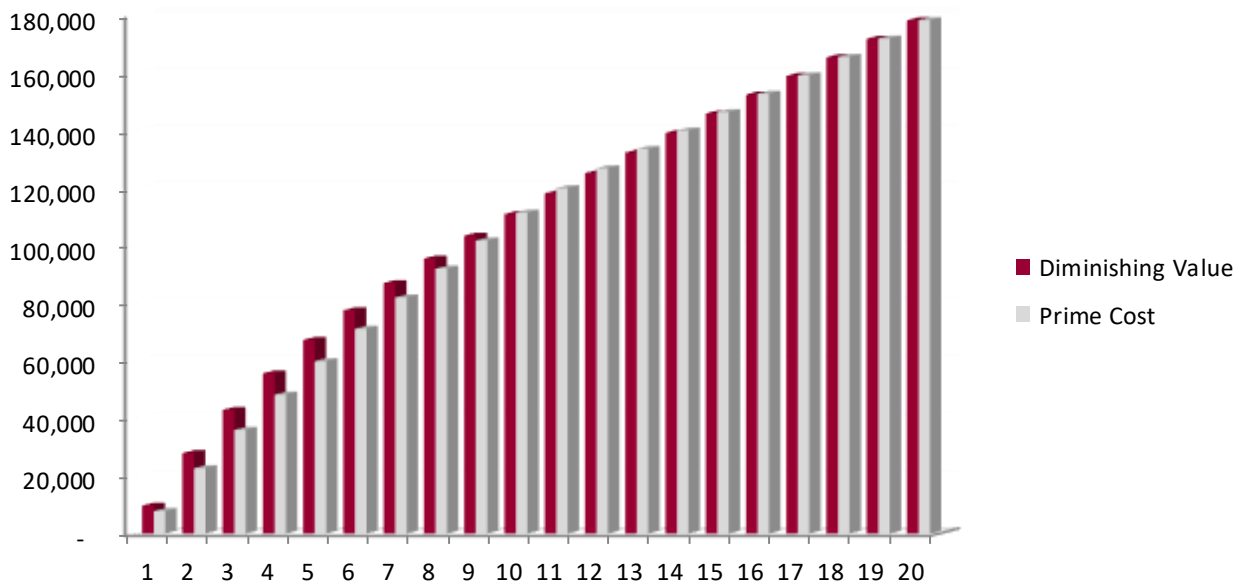
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	31 January 2019
Settlement Date	20 January 2020

### Expenditure Analysed

Purchase Price	\$585,000
Stamp Duty	\$26,005
<b>Total Expenditure Analysed</b>	<b>\$611,005</b>

### Historical Construction Details

Construction Start Date	26 March 2019
Construction Completion Date	21 December 2019
Historical Construction Cost (Estimated)*	\$301,342

## 9. Reconciliation of Capital Expenditure

### Apportionment of cost relating to:

Division 40 (Plant)	\$54,179
Division 43	\$254,904
Land (Advised)	\$219,335
Balance of Capital Expenditure**	\$82,587
<b>Total Expenditure Analysed</b>	<b>\$611,005</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%	20-Jan-20	11,780	1,043	2,147	1,718	1,374	1,099	880	704	563	450	360
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	20-Jan-20	785	147	239	150	93	58	37	23	14	9	6
<b>Blinds Residential</b>	18.75%	20-Jan-20	1,776	333	541	338	211	132	83	52	32	20	13
<b>Computer systems</b>													
General	18.75%	20-Jan-20	550	103	167	105	65	41	26	16	10	6	4
<b>Curtains and drapes</b>	33.33%	20-Jan-20	1,280	189	364	273	171	107	67	42	26	16	10
Curtains and drapes	18.75%	20-Jan-20	1,711	321	521	326	204	127	80	50	31	19	12
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	20-Jan-20	691	130	211	132	82	51	32	20	13	8	5
<b>Floor coverings ( removable without damage)</b>													
Linoleum & vinyl	20.00%	20-Jan-20	11,406	1,010	2,079	1,663	1,331	1,065	852	681	545	436	349
<b>Furniture</b>	18.75%	20-Jan-20	4,411	827	1,344	840	525	328	205	128	80	50	31
<b>Garage doors, automatic</b>													
Motors	20.00%	20-Jan-20	1,885	167	344	275	220	330	206	129	81	50	31
<b>Hot water systems (excluding piping)</b>													
Gas or electric	16.67%	20-Jan-20	2,356	174	364	303	253	210	175	329	206	128	80
<b>Kitchen assets</b>													
Cooktops	16.67%	20-Jan-20	1,649	122	255	212	177	331	207	129	81	51	32
Dishwashers	20.00%	20-Jan-20	2,120	188	387	309	247	371	232	145	91	57	35
Ovens	16.67%	20-Jan-20	1,963	145	303	253	210	175	329	206	128	80	50
Rangehoods	18.75%	20-Jan-20	864	162	263	165	103	64	40	25	16	10	6
<b>Lights</b>													
Shades, removable	18.75%	20-Jan-20	2,576	483	785	491	307	192	120	75	47	29	18
<b>Pumps</b>	18.75%	20-Jan-20	785	147	239	150	93	58	37	23	14	9	6
<b>Security systems &amp; equipment</b>													
Electronic	30.00%	20-Jan-20	5,073	674	1,320	924	647	453	317	277	173	108	68
<b>\$300 items</b>	100.00%	20-Jan-20	518	518									
<b>Pooled Plant Total</b>				2,653	4,311	2,967	1,854	2,191	1,698	1,668	1,042	651	407
<b>Effective Life Plant Total</b>				4,228	7,562	5,657	4,459	3,003	2,224	1,385	1,108	886	709
<b>Total Division 40</b>			54,179	6,881	11,872	8,624	6,313	5,194	3,922	3,053	2,150	1,538	1,116

## 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
<b>Building Works - Completed 2019</b>	2.50%	20-Jan-20	242,112	2,685	6,065	6,065	6,065	6,065	6,065	6,065	6,065	6,065	6,065
<b>Structural Improvements - Completed 2019</b>	2.50%	20-Jan-20	12,792	142	320	320	320	320	320	320	320	320	320
<b>Total Division 43</b>			254,904	2,827	6,385	6,385	6,385	6,385	6,385	6,385	6,385	6,385	6,385
<b>Total Depreciation</b>			309,083	9,708	18,257	15,009	12,698	11,579	10,307	9,438	8,535	7,923	7,501

## 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-Jan-20	11,780	521	1,178	1,178	1,178	1,178	1,178	1,178	1,178	1,178	1,178
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	20-Jan-20	785	147	239	150	93	58	37	23	14	9	6
<b>Blinds Residential</b>	18.75%	20-Jan-20	1,776	333	541	338	211	132	83	52	32	20	13
<b>Computer systems</b>													
General	18.75%	20-Jan-20	550	103	167	105	65	41	26	16	10	6	4
<b>Curtains and drapes</b>	16.67%	20-Jan-20	1,280	94	213	213	213	213	213	121			
Curtains and drapes	18.75%	20-Jan-20	1,711	321	521	326	204	127	80	50	31	19	12
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	20-Jan-20	691	130	211	132	82	51	32	20	13	8	5
<b>Floor coverings ( removable without damage)</b>													
Linoleum & vinyl	10.00%	20-Jan-20	11,406	505	1,141	1,141	1,141	1,141	1,141	1,141	1,141	1,141	1,141
<b>Furniture</b>	18.75%	20-Jan-20	4,411	827	1,344	840	525	328	205	128	80	50	31
<b>Garage doors, automatic</b>													
Motors	10.00%	20-Jan-20	1,885	83	188	188	188	188	188	188	188	188	188
<b>Hot water systems (excluding piping)</b>													
Gas or electric	8.33%	20-Jan-20	2,356	87	196	196	196	196	196	196	196	196	196
<b>Kitchen assets</b>													
Cooktops	8.33%	20-Jan-20	1,649	61	137	137	137	137	137	137	137	137	137
Dishwashers	10.00%	20-Jan-20	2,120	94	212	212	212	212	212	212	212	212	212
Ovens	8.33%	20-Jan-20	1,963	72	164	164	164	164	164	164	164	164	164
Rangehoods	18.75%	20-Jan-20	864	162	263	165	103	64	40	25	16	10	6
<b>Lights</b>													
Shades, removable	18.75%	20-Jan-20	2,576	483	785	491	307	192	120	75	47	29	18
<b>Pumps</b>	18.75%	20-Jan-20	785	147	239	150	93	58	37	23	14	9	6
<b>Security systems &amp; equipment</b>													
Electronic	15.00%	20-Jan-20	5,073	337	761	761	761	761	761	761	170		
<b>\$300 items</b>	100.00%	20-Jan-20	518	518									
<b>Pooled Plant Total</b>				2,653	4,311	2,694	1,684	1,052	658	411	257	161	100
<b>Effective Life Plant Total</b>				2,373	4,190	4,190	4,190	4,190	4,190	4,098	3,386	3,216	3,216
<b>Total Division 40</b>			54,179	5,026	8,501	6,884	5,874	5,242	4,848	4,509	3,643	3,377	3,316

## 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
<b>Building Works - Completed 2019</b>	2.50%	20-Jan-20	242,112	2,685	6,065	6,065	6,065	6,065	6,065	6,065	6,065	6,065	6,065
<b>Structural Improvements - Completed 2019</b>	2.50%	20-Jan-20	12,792	142	320	320	320	320	320	320	320	320	320
<b>Total Division 43</b>			254,904	2,827	6,385	6,385	6,385	6,385	6,385	6,385	6,385	6,385	6,385
<b>Total Depreciation</b>			309,083	7,853	14,886	13,269	12,259	11,627	11,233	10,894	10,028	9,762	9,701



## 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	26 Mar 19 to 21 Dec 19	242,610	2.50%	6,065	242,112
<b>Sub-total</b>		<b>242,610</b>		<b>6,065</b>	<b>242,112</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2019	26 Mar 19 to 21 Dec 19	12,818	2.50%	320	12,792
<b>Sub-total</b>		<b>12,818</b>		<b>320</b>	<b>12,792</b>
<b>Totals</b>		<b>255,428</b>		<b>6,385</b>	<b>254,904</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.