



## Tax Depreciation Report

8-10 Marseille Court ,  
Bundall, QLD, 4217

666 Property Developments PTY LTD  
705/150 Clarendon St  
EAST MEDLBOURN, VIC 3002

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

666 Property Developments PTY LTD  
705/150 Clarendon St  
EAST MEDLBOURN, VIC 3002

March 2020  
Job No: RES4217050

**Tax Depreciation Report – 8-10 Marseille Court , Bundall, QLD, 4217**

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 .....	14
12. Division 43 Capital Works Schedule .....	17
13. Definition of Terms .....	18
14. Contact Details .....	19
15. Disclaimer .....	20

## 1. Property Information

### Date of Report

3 March 2020

### Purchaser

666 Property Developments PTY LTD

### Property Address

8-10 Marseille Court , Bundall, QLD, 4217

### Real Property Description

L41- 42 RP217027

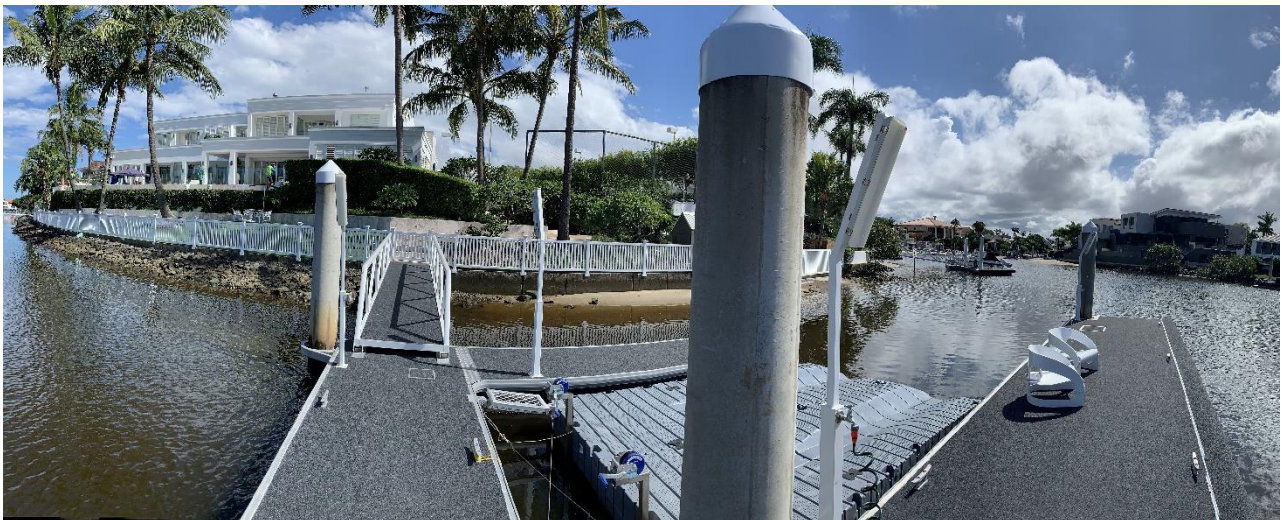
### Property Type

Residential House

### Date of Construction

20 April 2007

### Property Photo



## 2. Report Details

### 2.1 Introduction

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

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

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

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

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

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

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

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

### **3. Capital Allowances**

#### **3.1 Entitlement**

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

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

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

#### **3.3 Effective Life**

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

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

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

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

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

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

### 3.6 Method of Depreciation

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

Diminishing Value Method					Prime Cost Method				
Diminishing value method is often the most popular form of depreciation due to the cash-flow benefits in the early years of asset ownership.					Prime Cost Method of Depreciation, often referred to as straight line depreciation is depreciated at a constant rate each year.				
Benefits					Benefits				
<ul style="list-style-type: none"> <li>• Cash-flow during initial years of asset ownership</li> <li>• Ability to use Low Value Pool for assets less than \$1000 (Note: unable to write off these assets)</li> </ul>					<ul style="list-style-type: none"> <li>• Write off assets when they are demolished or disposed.</li> </ul>				
Calculation Example					Calculation Example				
Under Diminishing Value method, the effective life is dividing by 200.					Under Prime Cost method, the effective life is dividing by 100.				
<b>200 / 10 Years = 20% (Adjusted Value)</b>					<b>100 / 10 Years = 10% (Straight Line)</b>				
If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.					If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.				
Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
\$2,000	\$1,600	\$1,280	\$1,024	\$819.20	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000

## **4. Capital Works**

### **4.1 Entitlement**

Capital Works Division 43 of the Income Tax Act 1997 allows the taxpayer to a deduction of the decline in value of a depreciating asset used for income producing purpose over its effective life.

### **4.2 Method of Depreciation**

Capital Works allowances under Division 43 are based on the historical construction costs and are not based on an apportionment of the purchase price. Where construction costs are not available, a qualified Quantity Surveyor will establish costs in accordance with the Tax Ruling TR97/25.

Capital Works are depreciated by Prime Cost method only, which may vary dependant on the date the construction works commenced and the property usage. Where a property has been updated over the years, capital works expenditure may be allocated in different periods. Clients must make any construction periods clear wherever possible to ensure your claim is maximised.

### **4.3 Method of Depreciation**

Structural improvements such as fencing, paths and other hard landscaping can also be written off at 2.5% per annum if construction started after 27 February 1992.



## 5. Summary of Entitlements – Diminishing Value Method

Year	Financial Year	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	29 October 18 to 30 June 19	173,247	6,307	179,554	77,769	257,323
2	1 July 19 to 30 June 20	220,393	10,580	230,973	132,672	363,645
3	1 July 20 to 30 June 21	172,364	6,947	179,311	138,574	317,885
4	1 July 21 to 30 June 22	136,465	5,337	141,803	138,574	280,377
5	1 July 22 to 30 June 23	109,472	3,604	113,076	138,574	251,650
6	1 July 23 to 30 June 24	88,162	3,526	91,687	138,574	230,261
7	1 July 24 to 30 June 25	71,829	2,834	74,663	138,574	213,237
8	1 July 25 to 30 June 26	58,257	2,906	61,163	138,574	199,737
9	1 July 26 to 30 June 27	47,833	2,772	50,605	138,574	189,179
10	1 July 27 to 30 June 28	39,807	2,434	42,241	138,574	180,815
11	1 July 28 to 30 June 29	33,083	2,244	35,327	138,574	173,901
12	1 July 29 to 30 June 30	27,552	2,076	29,628	138,574	168,202
13	1 July 30 to 30 June 31	23,035	1,562	24,597	138,574	163,171
14	1 July 31 to 30 June 32	19,361	1,298	20,659	138,574	159,233
15	1 July 32 to 30 June 33	16,233	1,116	17,349	138,574	155,923
16	1 July 33 to 30 June 34	13,584	1,039	14,623	138,574	153,197
17	1 July 34 to 30 June 35	11,207	1,326	12,534	138,574	151,108
18	1 July 35 to 30 June 36	9,539	829	10,368	138,574	148,942
19	1 July 36 to 30 June 37	8,032	870	8,902	138,574	147,476
20	1 July 37 to 30 June 38	6,843	544	7,387	138,574	145,961
21	1 July 38 to 30 June 39	5,312	1,736	7,048	138,574	145,622
22	1 July 39 to 30 June 40	4,355	1,424	5,779	138,574	144,353
23	1 July 40 to 30 June 41	3,597	1,225	4,822	138,574	143,396
24	1 July 41 to 30 June 42	2,987	1,129	4,116	138,574	142,690
25	1 July 42 to 30 June 43	2,464	1,056	3,520	138,574	142,094
26	1 July 43 to 30 June 44	1,983	1,009	2,992	138,574	141,566
27	1 July 44 to 30 June 45	1,533	994	2,527	138,574	141,101
28	1 July 45 to 30 June 46	1,314	621	1,935	138,574	140,509
29	1 July 46 to 30 June 47	1,127	388	1,515	118,908	120,423
30	1 July 47 to 30 June 48	833	617	1,450	41,438	42,888
31	1 July 48 to 30 June 49	614	758	1,373	41,438	42,811
32	1 July 49 to 30 June 50	522	474	996	41,438	42,434
33	1 July 50 to 30 June 51	444	296	740	41,438	42,178
34	1 July 51 to 30 June 52	377	185	562	41,438	42,000
35	1 July 52 to 30 June 53	192	437	629	41,438	42,067
36	1 July 53 to 30 June 54	163	273	436	41,438	41,874
37	1 July 54 to 30 June 55	0	518	518	41,438	41,956
38	1 July 55 to 30 June 56	0	323	323	41,438	41,761
39	1 July 56 to 30 June 57	0	202	202	41,438	41,640
40	2057+	0	337	337	75,925	76,262
<b>Totals</b>		<b>1,314,114</b>	<b>74,157</b>	<b>1,388,271</b>	<b>4,422,578</b>	<b>5,810,849</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	29 October 18 to 30 June 19	86,623	6,307	92,930	77,769	170,699
2	1 July 19 to 30 June 20	129,910	10,249	140,159	132,672	272,831
3	1 July 20 to 30 June 21	129,910	6,406	136,316	138,574	274,890
4	1 July 21 to 30 June 22	129,910	4,003	133,913	138,574	272,487
5	1 July 22 to 30 June 23	129,910	2,502	132,412	138,574	270,986
6	1 July 23 to 30 June 24	111,794	1,564	113,358	138,574	251,932
7	1 July 24 to 30 June 25	100,990	977	101,967	138,574	240,541
8	1 July 25 to 30 June 26	92,707	611	93,318	138,574	231,892
9	1 July 26 to 30 June 27	92,352	382	92,734	138,574	231,308
10	1 July 27 to 30 June 28	92,352	239	92,591	138,574	231,165
11	1 July 28 to 30 June 29	73,306	149	73,455	138,574	212,029
12	1 July 29 to 30 June 30	63,817	93	63,910	138,574	202,484
13	1 July 30 to 30 June 31	55,035	58	55,093	138,574	193,667
14	1 July 31 to 30 June 32	36,930	36	36,966	138,574	175,540
15	1 July 32 to 30 June 33	9,501	23	9,524	138,574	148,098
16	1 July 33 to 30 June 34	5,352	14	5,366	138,574	143,940
17	1 July 34 to 30 June 35	3,286	9	3,295	138,574	141,869
18	1 July 35 to 30 June 36	3,286	6	3,292	138,574	141,866
19	1 July 36 to 30 June 37	3,286	3	3,289	138,574	141,863
20	1 July 37 to 30 June 38	3,286	2	3,288	138,574	141,862
21	1 July 38 to 30 June 39	1,091	1	1,092	138,574	139,666
22	1 July 39 to 30 June 40	0	1	1	138,574	138,575
23	1 July 40 to 30 June 41	0	1	1	138,574	138,575
24	1 July 41 to 30 June 42	0	0	0	138,574	138,574
25	1 July 42 to 30 June 43	0	0	0	138,574	138,574
26	1 July 43 to 30 June 44	0	0	0	138,574	138,574
27	1 July 44 to 30 June 45	0	0	0	138,574	138,574
28	1 July 45 to 30 June 46	0	0	0	138,574	138,574
29	1 July 46 to 30 June 47	0	0	0	118,908	118,908
30	1 July 47 to 30 June 48	0	0	0	41,438	41,438
31	1 July 48 to 30 June 49	0	0	0	41,438	41,438
32	1 July 49 to 30 June 50	0	0	0	41,438	41,438
33	1 July 50 to 30 June 51	0	0	0	41,438	41,438
34	1 July 51 to 30 June 52	0	0	0	41,438	41,438
35	1 July 52 to 30 June 53	0	0	0	41,438	41,438
36	1 July 53 to 30 June 54	0	0	0	41,438	41,438
37	1 July 54 to 30 June 55	0	0	0	41,438	41,438
38	1 July 55 to 30 June 56	0	0	0	41,438	41,438
39	1 July 56 to 30 June 57	0	0	0	41,438	41,438
40	2057+	0	0	0	75,925	75,925
<b>Totals</b>		<b>1,354,633</b>	<b>33,637</b>	<b>1,388,271</b>	<b>4,422,578</b>	<b>5,810,849</b>

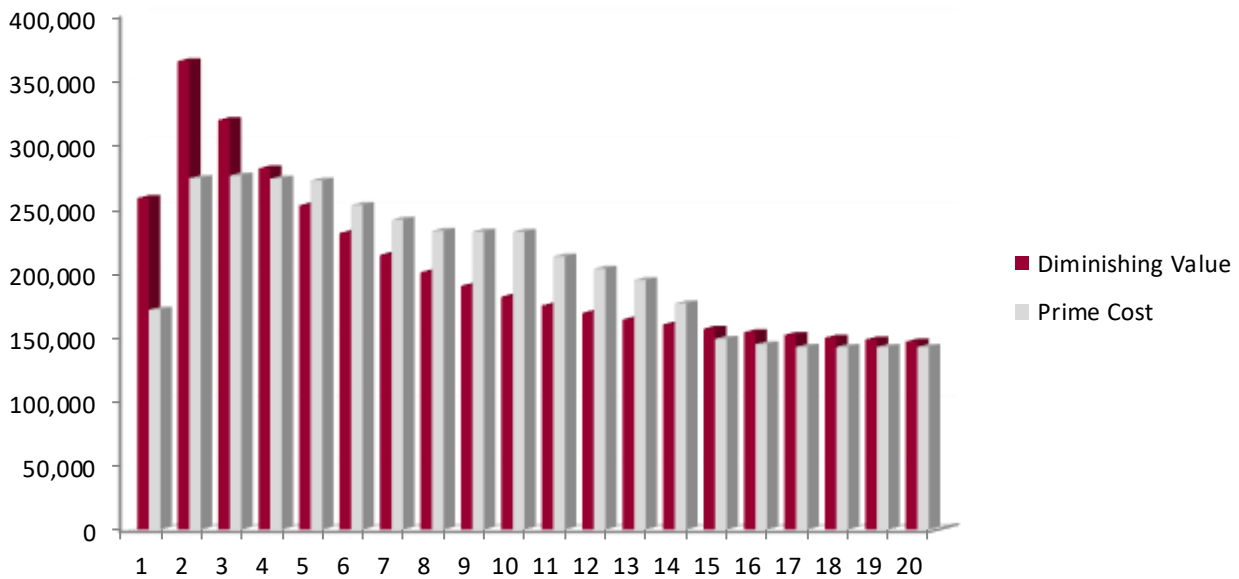
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

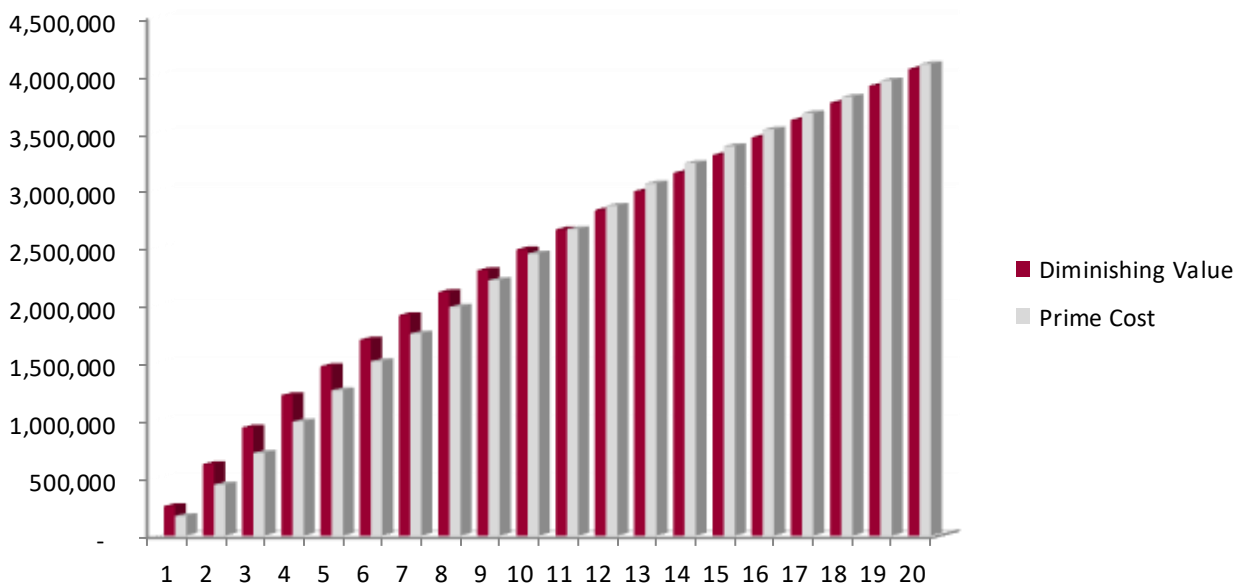
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	27 April 2018
Settlement Date	29 October 2018

### Expenditure Analysed

Purchase Price	\$9,000,000
Stamp Duty	\$334,675
Legals	\$2,500
Post Expenditure	\$2,000,000
<b>Total Expenditure Analysed</b>	<b>\$11,337,175</b>

### Historical Construction Details

Construction Start Date	24 July 2006
Construction Completion Date	20 April 2007
Historical Construction Cost (Estimated)*	\$4,824,531

## 9. Reconciliation of Capital Expenditure

### Apportionment of cost relating to:

Division 40 (Plant)	\$1,388,271
Division 43	\$4,422,578
Land (Advised)	\$3,318,996
Balance of Capital Expenditure**	\$2,207,330
<b>Total Expenditure Analysed</b>	<b>\$11,337,175</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%	29-Oct-18	72,354	9,674	12,536	10,029	8,023	6,418	5,135	4,108	3,286	2,629	2,103
<b>Audio visual equipment</b>													
DVD players	40.00%	29-Oct-18	1,206	322	331	207	129	81	51	32	20	12	8
Stereo systems	28.57%	29-Oct-18	7,537	1,440	1,742	1,244	889	635	453	324	304	190	119
Surround sound systems	20.00%	29-Oct-18	8,291	1,108	1,436	1,149	919	735	588	471	377	301	241
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	29-Oct-18	4,296	806	1,309	818	511	320	200	125	78	49	30
<b>Blinds Residential</b>													
Blinds Residential	20.00%	29-Oct-18	10,130	1,354	1,755	1,404	1,123	899	719	575	460	368	294
Blinds Residential	18.75%	29-Oct-18	434	81	132	83	52	32	20	13	8	5	3
<b>Ceiling Fans</b>													
Ceiling Fans	40.00%	29-Oct-18	17,561	4,696	5,146	3,088	1,853	1,112	667	400	225	141	88
<b>Cleaning equipment</b>													
Vacuum cleaner, ducted system, hoses, motors & wands	20.00%	29-Oct-18	5,276	705	914	731	585	468	374	300	240	359	225
<b>Computer systems</b>													
General	40.00%	29-Oct-18	4,522	1,209	1,325	795	477	268	168	105	66	41	26
<b>Curtains and drapes</b>													
Curtains and drapes	33.33%	29-Oct-18	15,954	3,555	4,133	2,755	1,837	1,225	816	544	363	272	170
<b>Door closers</b>													
Door closers	18.75%	29-Oct-18	543	102	165	103	65	40	25	16	10	6	4
<b>Electrical Machinery &amp; Equipment :</b>													
Switchboards	10.00%	29-Oct-18	7,537	504	703	633	570	513	461	415	374	336	303
Motors	20.00%	29-Oct-18	2,261	302	392	313	251	201	301	188	118	73	46
<b>Demountable wire mesh fence used for partitioning</b>													
Demountable wire mesh fence used for partitioning	10.00%	29-Oct-18	11,305	756	1,055	949	855	769	692	623	561	505	454
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	29-Oct-18	8,291	1,554	2,526	1,579	987	617	385	241	151	94	59
<b>Floor coverings ( removable without damage)</b>													
Carpets	20.00%	29-Oct-18	23,904	3,196	4,142	3,313	2,651	2,120	1,696	1,357	1,086	869	695
Artificial grass	40.00%	29-Oct-18	14,471	3,869	4,241	2,544	1,527	916	550	309	193	121	75
<b>Furniture</b>													
Furniture	15.00%	29-Oct-18	203,261	20,387	27,438	23,321	19,822	16,848	14,320	12,172	10,345	8,793	7,474
Furniture	18.75%	29-Oct-18	9,932	1,862	3,026	1,891	1,182	739	462	289	180	113	70
<b>Garage doors, automatic</b>													
Motors	20.00%	29-Oct-18	2,261	302	392	313	251	201	301	188	118	73	46
<b>Garbage disposal</b>													
Garbage bins	18.75%	29-Oct-18	362	68	110	69	43	27	17	11	7	4	3
Carried forward			431,687	57,853	74,950	57,334	44,600	35,183	28,402	22,803	18,566	15,355	12,535

## Diminishing Value Depreciation Schedule (cont.)

Assets Generally	Diminishing	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	Value Rate												
<b>Brought forward</b>			<b>431,687</b>	<b>57,853</b>	<b>74,950</b>	<b>57,334</b>	<b>44,600</b>	<b>35,183</b>	<b>28,402</b>	<b>22,803</b>	<b>18,566</b>	<b>15,355</b>	<b>12,535</b>
<b>Garden watering system</b>	10.00%	29-Oct-18	6,029	403	563	506	456	410	369	332	299	269	242
<b>Garden watering installations</b>													
Control panels, pumps & timing devices	40.00%	29-Oct-18	24,872	6,651	7,288	4,373	2,624	1,574	945	567	319	199	125
Operable pergola louvres, controls & motors	13.33%	29-Oct-18	60,295	5,374	7,323	6,346	5,500	4,767	4,131	3,580	3,103	2,689	2,331
<b>Garden sheds, freestanding</b>	20.00%	29-Oct-18	3,015	403	522	418	334	267	214	321	201	125	78
<b>Gymnasium equipment</b>													
Equipment	18.75%	29-Oct-18	4,522	848	1,378	861	538	336	210	131	82	51	32
<b>Heating units</b>													
Electronic	13.33%	29-Oct-18	31,655	2,821	3,844	3,332	2,888	2,503	2,169	1,880	1,629	1,412	1,224
<b>Hot water systems (excluding piping)</b>													
Gas or electric	16.67%	29-Oct-18	15,375	1,713	2,277	1,898	1,581	1,318	1,098	915	763	635	530
<b>Kitchen assets</b>													
Cooktops	16.67%	29-Oct-18	104,009	11,588	15,403	12,836	10,697	8,914	7,428	6,190	5,159	4,299	3,582
Dishwashers	20.00%	29-Oct-18	8,291	1,108	1,436	1,149	919	735	588	471	377	301	241
Garbage disposal units	20.00%	29-Oct-18	2,789	373	483	387	309	247	371	232	145	91	57
Microwave ovens	18.75%	29-Oct-18	904	170	276	172	108	67	42	26	16	10	6
Ovens	16.67%	29-Oct-18	32,408	3,611	4,800	4,000	3,333	2,778	2,315	1,929	1,607	1,339	1,116
Ovens	18.75%	29-Oct-18	754	141	230	144	90	56	35	22	14	9	5
Rangehoods	16.67%	29-Oct-18	4,824	537	714	595	496	413	345	287	239	199	374
Refrigerators	16.67%	29-Oct-18	1,206	134	179	335	209	131	82	51	32	20	12
Stoves	13.33%	29-Oct-18	1,281	114	156	135	329	205	128	80	50	31	20
Water filters, electrical	10.00%	29-Oct-18	10,552	705	985	886	798	718	646	581	523	471	424
<b>Lights</b>													
Fittings (excluding hardwired)	40.00%	29-Oct-18	42,206	11,286	12,368	7,421	4,453	2,672	1,603	962	577	325	203
Freestanding	40.00%	29-Oct-18	22,415	5,994	6,568	3,941	2,365	1,419	851	511	287	180	112
<b>MATV - amplifiers &amp; modulators</b>	20.00%	29-Oct-18	30,147	4,031	5,223	4,179	3,343	2,674	2,139	1,712	1,369	1,095	876
<b>Outdoor assets</b>													
Barbecues	10.00%	29-Oct-18	22,611	1,512	2,110	1,899	1,709	1,538	1,384	1,246	1,121	1,009	908
<b>Security systems &amp; equipment</b>													
Electronic	30.00%	29-Oct-18	44,618	8,948	10,701	7,491	5,244	3,670	2,569	1,799	1,259	881	617
<b>Solar power generating system assets</b>	10.00%	29-Oct-18	7,688	514	717	646	581	523	471	424	381	343	309
<b>Carried forward</b>			<b>914,151</b>	<b>126,833</b>	<b>160,495</b>	<b>121,282</b>	<b>93,502</b>	<b>73,120</b>	<b>58,536</b>	<b>47,052</b>	<b>38,119</b>	<b>31,340</b>	<b>25,960</b>

## 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>													
Brought forward			914,151	126,833	160,495	121,282	93,502	73,120	58,536	47,052	38,119	31,340	25,960
<b>Swimming pools</b>													
Filtration equipment	15.00%	29-Oct-18	6,708	673	905	769	654	556	473	402	341	290	247
Heating equipment	15.00%	29-Oct-18	30,147	3,023	4,069	3,458	2,940	2,499	2,124	1,805	1,534	1,304	1,109
Pool equipment	15.00%	29-Oct-18	4,824	484	651	553	470	400	340	289	246	209	177
<b>Tennis courts</b>													
Synthetic lawn surfacing	20.00%	29-Oct-18	90,442	12,092	15,670	12,536	10,029	8,023	6,418	5,135	4,108	3,286	2,629
<b>Additional Items (Post Expenditure)</b>													
				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Furniture</b>	15.00%	1-Nov-18	303,800	30,096	41,066	34,904	29,667	25,216	21,433	18,217	15,484	13,161	11,186
Furniture	18.75%	1-Nov-18	3,600	675	1,097	686	428	268	167	105	65	41	26
<b>Gymnasium equipment</b>													
Cardiovascular	40.00%	1-Nov-18	8,400	2,219	2,473	1,484	890	534	300	188	117	73	46
Resistance	20.00%	1-Nov-18	6,000	792	1,042	833	667	533	427	341	273	218	328
<b>Laundry assets</b>													
Irons & ironing boards	20.00%	1-Nov-18	1,600	211	278	222	333	208	130	81	51	32	20
Washing machines	20.00%	1-Nov-18	1,599	211	278	222	333	208	130	81	51	32	20
Televisions	20.00%	1-Nov-18	17,000	2,245	2,951	2,361	1,889	1,511	1,209	967	774	619	495
Pooled Plant Total				6,307	10,580	6,947	5,337	3,604	3,526	2,834	2,906	2,772	2,434
Effective Life Plant Total				173,247	220,393	172,364	136,465	109,472	88,162	71,829	58,257	47,833	39,807
<b>Total Division 40</b>			<b>1,388,271</b>	<b>179,554</b>	<b>230,973</b>	<b>179,311</b>	<b>141,803</b>	<b>113,076</b>	<b>91,687</b>	<b>74,663</b>	<b>61,163</b>	<b>50,605</b>	<b>42,241</b>
<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
Building Works - Completed 2007	2.50%	29-Oct-18	2,456,011	57,677	86,279	86,279	86,279	86,279	86,279	86,279	86,279	86,279	86,279
Building Works - Completed 2019	2.50%	01-Feb-19	1,257,501	12,834	31,438	31,438	31,438	31,438	31,438	31,438	31,438	31,438	31,438
Structural Improvements - Completed 2007	2.50%	29-Oct-18	309,066	7,258	10,857	10,857	10,857	10,857	10,857	10,857	10,857	10,857	10,857
Structural Improvements - Completed 2020	2.50%	01-Feb-20	400,000		4,098	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>Total Division 43</b>			<b>4,422,578</b>	<b>77,769</b>	<b>132,672</b>	<b>138,574</b>	<b>138,574</b>	<b>138,574</b>	<b>138,574</b>	<b>138,574</b>	<b>138,574</b>	<b>138,574</b>	<b>138,574</b>
<b>Total Depreciation</b>			<b>5,810,849</b>	<b>257,323</b>	<b>363,645</b>	<b>317,885</b>	<b>280,377</b>	<b>251,650</b>	<b>230,261</b>	<b>213,237</b>	<b>199,737</b>	<b>189,179</b>	<b>180,815</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%	29-Oct-18	72,354	4,837	7,235	7,235	7,235	7,235	7,235	7,235	7,235	7,235	7,235
<b>Audio visual equipment</b>													
DVD players	20.00%	29-Oct-18	1,206	161	241	241	241	241	81				
Stereo systems	14.29%	29-Oct-18	7,537	720	1,077	1,077	1,077	1,077	1,077	1,077	355		
Surround sound systems	10.00%	29-Oct-18	8,291	554	829	829	829	829	829	829	829	829	829
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	29-Oct-18	4,296	806	1,309	818	511	320	200	125	78	49	30
<b>Blinds Residential</b>													
Blinds Residential	10.00%	29-Oct-18	10,130	677	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013
Blinds Residential	18.75%	29-Oct-18	434	81	132	83	52	32	20	13	8	5	3
<b>Ceiling Fans</b>													
	20.00%	29-Oct-18	17,561	2,348	3,512	3,512	3,512	3,512	1,165				
<b>Cleaning equipment</b>													
Vacuum cleaner, ducted system, hoses, motors & wands	10.00%	29-Oct-18	5,276	353	528	528	528	528	528	528	528	528	528
<b>Computer systems</b>													
General	20.00%	29-Oct-18	4,522	605	904	904	904	904	302				
<b>Curtains and drapes</b>													
	16.67%	29-Oct-18	15,954	1,778	2,659	2,659	2,659	2,659	2,659	881			
<b>Door closers</b>													
	18.75%	29-Oct-18	543	102	165	103	65	40	25	16	10	6	4
<b>Electrical Machinery &amp; Equipment :</b>													
Switchboards	5.00%	29-Oct-18	7,537	252	377	377	377	377	377	377	377	377	377
Motors	10.00%	29-Oct-18	2,261	151	226	226	226	226	226	226	226	226	226
<b>Demountable wire mesh fence used for partitioning</b>													
	5.00%	29-Oct-18	11,305	378	565	565	565	565	565	565	565	565	565
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	29-Oct-18	8,291	1,554	2,526	1,579	987	617	385	241	151	94	59
<b>Floor coverings ( removable without damage)</b>													
Carpets	10.00%	29-Oct-18	23,904	1,598	2,390	2,390	2,390	2,390	2,390	2,390	2,390	2,390	2,390
Artificial grass	20.00%	29-Oct-18	14,471	1,935	2,894	2,894	2,894	2,894	960				
<b>Furniture</b>													
Furniture	7.50%	29-Oct-18	203,261	10,193	15,248	15,248	15,248	15,248	15,248	15,248	15,248	15,248	15,248
Furniture	18.75%	29-Oct-18	9,932	1,862	3,026	1,891	1,182	739	462	289	180	113	70
<b>Garage doors, automatic</b>													
Motors	10.00%	29-Oct-18	2,261	151	226	226	226	226	226	226	226	226	226
<b>Garbage disposal</b>													
Garbage bins	18.75%	29-Oct-18	362	68	110	69	43	27	17	11	7	4	3
		Carried forward	431,687	31,163	47,193	44,467	42,763	41,699	35,989	31,289	29,425	28,908	28,806



## Prime Cost Depreciation Schedule (cont.)

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	
Brought forward			431,687	31,163	47,193	44,467	42,763	41,699	35,989	31,289	29,425	28,908	28,806	
<b>Garden watering system</b>	5.00%	29-Oct-18	6,029	202	301	301	301	301	301	301	301	301	301	
<b>Garden watering installations</b>														
Control panels, pumps & timing devices	20.00%	29-Oct-18	24,872	3,325	4,974	4,974	4,974	4,974	1,650					
Operable pergola louvres, controls & motors	6.67%	29-Oct-18	60,295	2,687	4,020	4,020	4,020	4,020	4,020	4,020	4,020	4,020	4,020	
<b>Garden sheds, freestanding</b>	10.00%	29-Oct-18	3,015	202	301	301	301	301	301	301	301	301	301	
<b>Gymnasium equipment</b>														
Equipment	18.75%	29-Oct-18	4,522	848	1,378	861	538	336	210	131	82	51	32	
<b>Heating units</b>														
Electronic	6.67%	29-Oct-18	31,655	1,411	2,110	2,110	2,110	2,110	2,110	2,110	2,110	2,110	2,110	
<b>Hot water systems (excluding piping)</b>														
Gas or electric	8.33%	29-Oct-18	15,375	857	1,281	1,281	1,281	1,281	1,281	1,281	1,281	1,281	1,281	
<b>Kitchen assets</b>														
Cooktops	8.33%	29-Oct-18	104,009	5,794	8,667	8,667	8,667	8,667	8,667	8,667	8,667	8,667	8,667	
Dishwashers	10.00%	29-Oct-18	8,291	554	829	829	829	829	829	829	829	829	829	
Garbage disposal units	10.00%	29-Oct-18	2,789	186	279	279	279	279	279	279	279	279	279	
Microwave ovens	18.75%	29-Oct-18	904	170	276	172	108	67	42	26	16	10	6	
Ovens	8.33%	29-Oct-18	32,408	1,805	2,701	2,701	2,701	2,701	2,701	2,701	2,701	2,701	2,701	
Ovens	18.75%	29-Oct-18	754	141	230	144	90	56	35	22	14	9	5	
Rangehoods	8.33%	29-Oct-18	4,824	269	402	402	402	402	402	402	402	402	402	
Refrigerators	8.33%	29-Oct-18	1,206	67	100	100	100	100	100	100	100	100	100	
Stoves	6.67%	29-Oct-18	1,281	57	85	85	85	85	85	85	85	85	85	
Water filters, electrical	5.00%	29-Oct-18	10,552	353	528	528	528	528	528	528	528	528	528	
<b>Lights</b>														
Fittings (excluding hardwired)	20.00%	29-Oct-18	42,206	5,643	8,441	8,441	8,441	8,441	2,799					
Freestanding	20.00%	29-Oct-18	22,415	2,997	4,483	4,483	4,483	4,483	1,486					
<b>MATV - amplifiers &amp; modulators</b>	10.00%	29-Oct-18	30,147	2,015	3,015	3,015	3,015	3,015	3,015	3,015	3,015	3,015	3,015	
<b>Outdoor assets</b>														
Barbecues	5.00%	29-Oct-18	22,611	756	1,131	1,131	1,131	1,131	1,131	1,131	1,131	1,131	1,131	
<b>Security systems &amp; equipment</b>														
Electronic	15.00%	29-Oct-18	44,618	4,474	6,693	6,693	6,693	6,693	6,693	6,679				
<b>Solar power generating system assets</b>	5.00%	29-Oct-18	7,688	257	384	384	384	384	384	384	384	384	384	
Carried forward			914,151	66,232	99,801	96,369	94,224	92,883	75,039	64,281	55,672	55,112	54,984	

## 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
<b>Division 40 - Plant and Equipment</b>		<b>Rate</b>												
	Brought forward			914,151	66,232	99,801	96,369	94,224	92,883	75,039	64,281	55,672	55,112	54,984
<b>Swimming pools</b>														
	Filtration equipment	7.50%	29-Oct-18	6,708	336	503	503	503	503	503	503	503	503	503
	Heating equipment	7.50%	29-Oct-18	30,147	1,512	2,261	2,261	2,261	2,261	2,261	2,261	2,261	2,261	2,261
	Pool equipment	7.50%	29-Oct-18	4,824	242	362	362	362	362	362	362	362	362	362
<b>Tennis courts</b>														
	Synthetic lawn surfacing	10.00%	29-Oct-18	90,442	6,046	9,044	9,044	9,044	9,044	9,044	9,044	9,044	9,044	9,044
<b>Additional Items (Post Expenditure)</b>					<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
	Furniture	7.50%	01-Nov-18	303,800	15,048	22,791	22,791	22,791	22,791	22,791	22,791	22,791	22,791	22,791
	Furniture	18.75%	01-Nov-18	3,600	675	1,097	686	428	268	167	105	65	41	26
<b>Gymnasium equipment</b>														
	Cardiovascular	20.00%	01-Nov-18	8,400	1,109	1,680	1,680	1,680	1,680	571				
	Resistance	10.00%	01-Nov-18	6,000	396	600	600	600	600	600	600	600	600	600
<b>Laundry assets</b>														
	Irons & ironing boards	10.00%	01-Nov-18	1,600	106	160	160	160	160	160	160	160	160	160
	Washing machines	10.00%	01-Nov-18	1,599	106	160	160	160	160	160	160	160	160	160
	Televisions	10.00%	01-Nov-18	17,000	1,122	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
<b>Pooled Plant Total</b>					<b>6,307</b>	<b>10,249</b>	<b>6,406</b>	<b>4,003</b>	<b>2,502</b>	<b>1,564</b>	<b>977</b>	<b>611</b>	<b>382</b>	<b>239</b>
<b>Effective Life Plant Total</b>					<b>86,623</b>	<b>129,910</b>	<b>129,910</b>	<b>129,910</b>	<b>129,910</b>	<b>111,794</b>	<b>100,990</b>	<b>92,707</b>	<b>92,352</b>	<b>92,352</b>
<b>Total Division 40</b>				<b>1,388,271</b>	<b>92,930</b>	<b>140,159</b>	<b>136,316</b>	<b>133,913</b>	<b>132,412</b>	<b>113,358</b>	<b>101,967</b>	<b>93,318</b>	<b>92,734</b>	<b>92,591</b>
<b>Division 43 - Capital Works Allowance</b>														
		<b>Rate</b>		<b>Opening Value</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
	<b>Building Works - Completed 2007</b>	2.50%	29-Oct-18	2,456,011	57,677	86,279	86,279	86,279	86,279	86,279	86,279	86,279	86,279	86,279
	<b>Building Works - Completed 2019</b>	2.50%	01-Feb-19	1,257,501	12,834	31,438	31,438	31,438	31,438	31,438	31,438	31,438	31,438	31,438
	<b>Structural Improvements - Completed 2007</b>	2.50%	29-Oct-18	309,066	7,258	10,857	10,857	10,857	10,857	10,857	10,857	10,857	10,857	10,857
	<b>Structural Improvements - Completed 2020</b>	2.50%	01-Feb-20	400,000		4,098	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>Total Division 43</b>				<b>4,422,578</b>	<b>77,769</b>	<b>132,672</b>	<b>138,574</b>	<b>138,574</b>	<b>138,574</b>	<b>138,574</b>	<b>138,574</b>	<b>138,574</b>	<b>138,574</b>	<b>138,574</b>
<b>Total Depreciation</b>				<b>5,810,849</b>	<b>170,699</b>	<b>272,831</b>	<b>274,890</b>	<b>272,487</b>	<b>270,986</b>	<b>251,932</b>	<b>240,541</b>	<b>231,892</b>	<b>231,308</b>	<b>231,165</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 2007	24 Jul 06 to 20 Apr 07	3,451,180	2.50%	86,279	2,456,011
Building Works - Completed 2019	1 Nov 18 to 1 Feb 19	1,257,501	2.50%	31,438	1,257,501
<b>Sub-total</b>		<b>4,708,681</b>		<b>117,717</b>	<b>3,713,512</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2007	24 Jul 06 to 20 Apr 07	434,299	2.50%	10,857	309,066
Structural Improvements - Completed 2020	1 Nov 18 to 1 Feb 20	400,000	2.50%	10,000	400,000
<b>Sub-total</b>		<b>834,299</b>		<b>20,857</b>	<b>709,066</b>
<b>Totals</b>		<b>5,542,979</b>		<b>138,574</b>	<b>4,422,578</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.