



Tax Depreciation Report

401 / 82 Hawdon Street,
Heidelberg VIC 3084

Chan San Sang & Tam Wah Kin
Room 2408, 24/F, Chui Ho House,
Sheung Chui Court, 376 Sha Tsui Road
TSUEN WAN, HONG KONG, SAR CHINA

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

Chan San Sang & Tam Wah Kin
Room 2408, 24/F, Chui Ho House,
Sheung Chui Court, 376 Sha Tsui Road
TSUEN WAN, HONG KONG, SAR CHINA

March 2020
Job No: RES3084003

Tax Depreciation Report – 401/82 Hawdon Street, Heidelberg VIC 3084

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

5 March 2020

Purchaser

Chan San Sang & Tam Wah Kin

Property Address

401/82 Hawdon Street, Heidelberg VIC 3084

Real Property Description

401//PS744774

Property Type

Residential Unit

Date of Construction

6 May 2019

Property Photo



2. Report Details

2.1 Introduction

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

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

Division 40 (Capital Allowances)

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

Division 40 (Capital Allowances) - Low Value Pool

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

Division 43 (Capital Works)

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

3. Capital Allowances

3.1 Entitlement

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

3.2 Qualifying Expenditure Calculation

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

3.3 Effective Life

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

3.4 Immediate Write-Off Assets

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

3.5 Low Value Pool

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

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

3.6 Method of Depreciation

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

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

4. Capital Works

4.1 Entitlement

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

4.2 Method of Depreciation

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

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

4.3 Method of Depreciation

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

5. Summary of Entitlements – Diminishing Value Method

Year	Financial Year	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	5 June 19 to 30 June 19	760	3,200	3,960	260	4,220
2	1 July 19 to 30 June 20	8,587	5,200	13,788	3,797	17,585
3	1 July 20 to 30 June 21	7,050	3,929	10,980	3,797	14,777
4	1 July 21 to 30 June 22	5,940	2,799	8,738	3,797	12,535
5	1 July 22 to 30 June 23	4,967	2,116	7,083	3,797	10,880
6	1 July 23 to 30 June 24	4,351	1,323	5,674	3,797	9,471
7	1 July 24 to 30 June 25	3,505	1,558	5,063	3,797	8,860
8	1 July 25 to 30 June 26	2,781	1,602	4,382	3,797	8,179
9	1 July 26 to 30 June 27	2,374	1,314	3,688	3,797	7,485
10	1 July 27 to 30 June 28	2,163	821	2,984	3,797	6,781
11	1 July 28 to 30 June 29	1,783	874	2,657	3,797	6,454
12	1 July 29 to 30 June 30	1,526	906	2,432	3,797	6,229
13	1 July 30 to 30 June 31	1,424	567	1,991	3,797	5,788
14	1 July 31 to 30 June 32	1,329	354	1,683	3,797	5,480
15	1 July 32 to 30 June 33	1,241	221	1,462	3,797	5,259
16	1 July 33 to 30 June 34	1,158	138	1,296	3,797	5,093
17	1 July 34 to 30 June 35	1,081	86	1,167	3,797	4,964
18	1 July 35 to 30 June 36	1,009	54	1,063	3,797	4,860
19	1 July 36 to 30 June 37	941	34	975	3,797	4,772
20	1 July 37 to 30 June 38	879	21	900	3,797	4,697
21	1 July 38 to 30 June 39	820	13	833	3,797	4,630
22	1 July 39 to 30 June 40	765	8	774	3,797	4,571
23	1 July 40 to 30 June 41	714	5	720	3,797	4,517
24	1 July 41 to 30 June 42	667	3	670	3,797	4,467
25	1 July 42 to 30 June 43	622	2	624	3,797	4,421
26	1 July 43 to 30 June 44	581	1	582	3,797	4,379
27	1 July 44 to 30 June 45	542	1	543	3,797	4,340
28	1 July 45 to 30 June 46	506	0	506	3,797	4,303
29	1 July 46 to 30 June 47	472	0	473	3,797	4,270
30	1 July 47 to 30 June 48	441	0	441	3,797	4,238
31	1 July 48 to 30 June 49	411	0	411	3,797	4,208
32	1 July 49 to 30 June 50	384	0	384	3,797	4,181
33	1 July 50 to 30 June 51	358	0	358	3,797	4,155
34	1 July 51 to 30 June 52	334	0	334	3,797	4,131
35	1 July 52 to 30 June 53	312	0	312	3,797	4,109
36	1 July 53 to 30 June 54	291	0	291	3,797	4,088
37	1 July 54 to 30 June 55	272	0	272	3,797	4,069
38	1 July 55 to 30 June 56	254	0	254	3,797	4,051
39	1 July 56 to 30 June 57	237	0	237	3,797	4,034
40	2057+	3,316	0	3,316	6,987	10,303
Totals		67,149	27,154	94,303	151,533	245,836

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	5 June 19 to 30 June 19	463	3,200	3,663	260	3,923
2	1 July 19 to 30 June 20	4,336	5,200	9,536	3,797	13,333
3	1 July 20 to 30 June 21	4,336	3,250	7,586	3,797	11,383
4	1 July 21 to 30 June 22	4,336	2,031	6,367	3,797	10,164
5	1 July 22 to 30 June 23	4,336	1,270	5,606	3,797	9,403
6	1 July 23 to 30 June 24	4,336	794	5,130	3,797	8,927
7	1 July 24 to 30 June 25	4,336	496	4,832	3,797	8,629
8	1 July 25 to 30 June 26	4,336	310	4,646	3,797	8,443
9	1 July 26 to 30 June 27	4,336	194	4,530	3,797	8,327
10	1 July 27 to 30 June 28	4,336	121	4,457	3,797	8,254
11	1 July 28 to 30 June 29	4,217	76	4,292	3,797	8,089
12	1 July 29 to 30 June 30	2,647	47	2,694	3,797	6,491
13	1 July 30 to 30 June 31	2,590	30	2,619	3,797	6,416
14	1 July 31 to 30 June 32	1,874	18	1,892	3,797	5,689
15	1 July 32 to 30 June 33	1,822	12	1,833	3,797	5,630
16	1 July 33 to 30 June 34	1,784	7	1,792	3,797	5,589
17	1 July 34 to 30 June 35	1,528	5	1,533	3,797	5,330
18	1 July 35 to 30 June 36	1,528	3	1,531	3,797	5,328
19	1 July 36 to 30 June 37	1,528	2	1,530	3,797	5,327
20	1 July 37 to 30 June 38	1,528	1	1,529	3,797	5,326
21	1 July 38 to 30 June 39	1,528	1	1,529	3,797	5,326
22	1 July 39 to 30 June 40	1,528	0	1,528	3,797	5,325
23	1 July 40 to 30 June 41	1,528	0	1,528	3,797	5,325
24	1 July 41 to 30 June 42	1,528	0	1,528	3,797	5,325
25	1 July 42 to 30 June 43	1,528	0	1,528	3,797	5,325
26	1 July 43 to 30 June 44	1,528	0	1,528	3,797	5,325
27	1 July 44 to 30 June 45	1,528	0	1,528	3,797	5,325
28	1 July 45 to 30 June 46	1,528	0	1,528	3,797	5,325
29	1 July 46 to 30 June 47	1,528	0	1,528	3,797	5,325
30	1 July 47 to 30 June 48	1,528	0	1,528	3,797	5,325
31	1 July 48 to 30 June 49	1,423	0	1,423	3,797	5,220
32	1 July 49 to 30 June 50	0	0	0	3,797	3,797
33	1 July 50 to 30 June 51	0	0	0	3,797	3,797
34	1 July 51 to 30 June 52	0	0	0	3,797	3,797
35	1 July 52 to 30 June 53	0	0	0	3,797	3,797
36	1 July 53 to 30 June 54	0	0	0	3,797	3,797
37	1 July 54 to 30 June 55	0	0	0	3,797	3,797
38	1 July 55 to 30 June 56	0	0	0	3,797	3,797
39	1 July 56 to 30 June 57	0	0	0	3,797	3,797
40	2057+	0	0	0	6,987	6,987
Totals		77,236	17,067	94,303	151,533	245,836

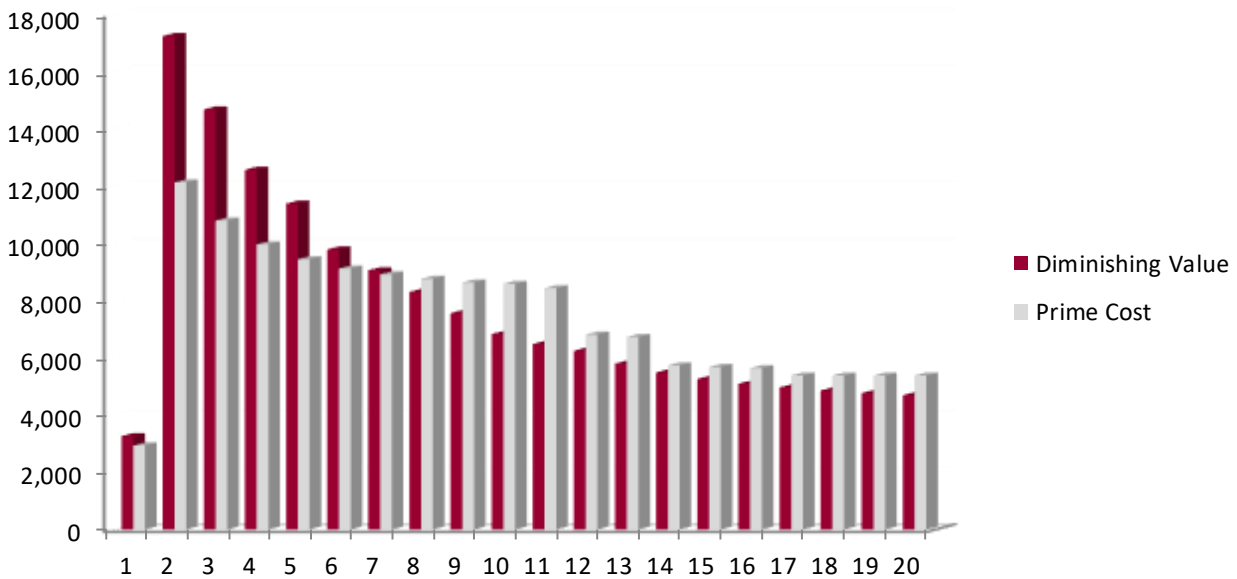
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

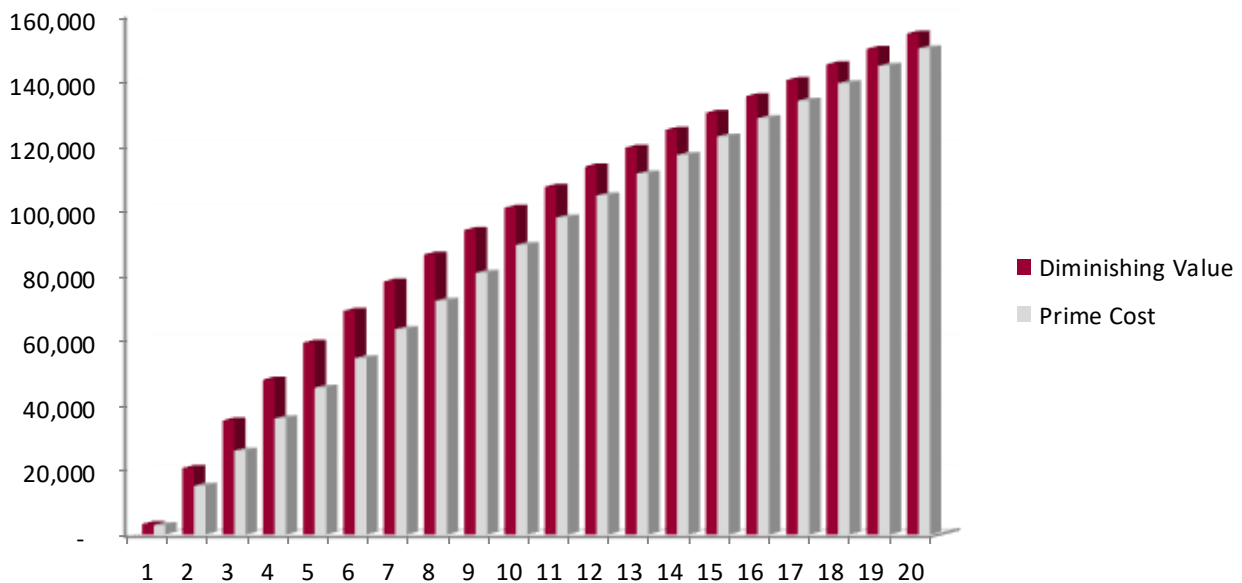
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	30 November 2015
Settlement Date	5 June 2019

Expenditure Analysed

Purchase Price	\$514,750
Stamp Duty	\$25,955
Total Expenditure Analysed	\$540,705

Historical Construction Details

Construction Start Date	22 December 2017
Construction Completion Date	6 May 2019
Historical Construction Cost (Estimated)*	\$202,354

9. Reconciliation of Capital Expenditure

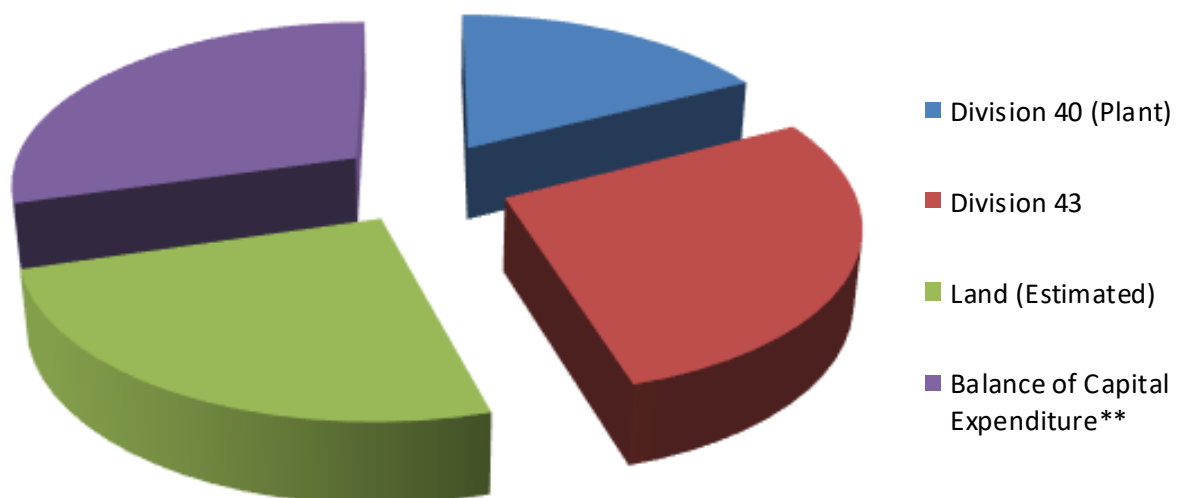
Apportionment of cost relating to:

Division 40 (Plant)	\$94,303
Division 43	\$151,533
Land (Estimated)	\$135,176
Balance of Capital Expenditure**	\$159,693
Total Expenditure Analysed	\$540,705

Notes

* The historical construction has been calculated and the eligible qualifying expenditure for the purposes of calculating the Division 43 deductions capital works has been taken from this total by excluding the plant (Division 40) and any non eligible expenditure items

** Balance of capital expenditure comprises the apportionment of all capital works which are ineligible for depreciation or capital allowances



10. Diminishing Value Depreciation Schedule

Assets Generally Division 40 - Plant and Equipment	Diminishing Value Rate	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Air-conditioning assets (excl. ducting, pipes & vents)													
Mini split system upto 20KW	20.00%	5-Jun-19	7,265	100	1,433	1,146	917	734	587	470	376	301	240
Bathroom assets													
Exhaust fans (including light/heating)	18.75%	5-Jun-19	1,211	227	369	231	144	90	56	35	22	14	9
Blinds Residential													
Blinds Residential	20.00%	5-Jun-19	1,937	27	382	306	245	367	229	143	90	56	35
Blinds Residential	18.75%	5-Jun-19	678	127	207	129	81	50	32	20	12	8	5
Computer systems													
General	18.75%	5-Jun-19	848	159	258	161	101	63	39	25	15	10	6
Door closers													
Door closers	18.75%	5-Jun-19	700	131	213	133	83	52	33	20	13	8	5
Fire control assets													
Detection & alarm systems, detectors	18.75%	5-Jun-19	1,583	297	482	301	188	118	74	46	29	18	11
Detection & alarm systems, fire indicator panel	18.75%	5-Jun-19	1,730	324	527	329	206	129	80	50	31	20	12
Emergency warning & intercommunication system	18.75%	5-Jun-19	1,659	311	505	316	197	123	77	48	30	19	12
Hoses and nozzles	18.75%	5-Jun-19	332	62	101	63	40	25	15	10	6	4	2
Pumps, diesel & electric	18.75%	5-Jun-19	588	110	179	112	70	44	27	17	11	7	4
Fire extinguishers	18.75%	5-Jun-19	381	71	116	72	45	28	18	11	7	4	3
Fire sprinklers - pumps only													
Fire sprinklers - pumps only	18.75%	5-Jun-19	588	110	179	112	70	44	27	17	11	7	4
Floor coverings (removable without damage)													
Carpets	20.00%	5-Jun-19	3,204	44	632	506	404	324	259	207	311	194	121
Floating timber	13.33%	5-Jun-19	4,055	37	536	464	402	349	302	262	227	197	171
Furniture													
Furniture	15.00%	5-Jun-19	1,017	10	151	321	201	125	78	49	31	19	12
Furniture	18.75%	5-Jun-19	1,873	351	571	357	223	139	87	54	34	21	13
Hot water systems (excluding piping)													
Gas or electric	16.67%	5-Jun-19	2,491	28	410	342	285	238	198	371	232	145	91
Kitchen assets													
Cooktops	16.67%	5-Jun-19	2,422	28	399	333	277	231	192	361	225	141	88
Dishwashers	20.00%	5-Jun-19	3,269	45	645	516	413	330	264	211	317	198	124
Ovens	16.67%	5-Jun-19	3,027	35	499	416	346	289	241	200	167	313	196
Rangehoods	16.67%	5-Jun-19	1,332	15	219	183	343	214	134	84	52	33	20
Lifts (including hydraulic & tractions lifts)													
Lifts (including hydraulic & tractions lifts)	6.67%	5-Jun-19	45,839	209	3,042	2,839	2,650	2,473	2,308	2,154	2,011	1,877	1,752
Lights													
Shades, removable	18.75%	5-Jun-19	3,330	624	1,015	634	396	248	155	97	60	38	24
MATV - amplifiers & modulators													
MATV - amplifiers & modulators	20.00%	5-Jun-19	1,211	17	239	358	224	140	87	55	34	21	13
Carried forward			92,570	3,500	13,310	10,681	8,552	6,966	5,601	5,018	4,354	3,671	2,973

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
Division 40 - Plant and Equipment													
Brought forward			92,570	3,500	13,310	10,681	8,552	6,966	5,601	5,018	4,354	3,671	2,973
Security systems & equipment													
Electronic	18.75%	5-Jun-19	515	97	157	98	61	38	24	15	9	6	4
Ventilating plant													
Ventilation plant - fans only	18.75%	5-Jun-19	1,052	197	320	200	125	78	49	31	19	12	7
\$300 items													
	100.00%	5-Jun-19	166	166									
Pooled Plant Total				3,200	5,200	3,929	2,799	2,116	1,323	1,558	1,602	1,314	821
Effective Life Plant Total				760	8,587	7,050	5,940	4,967	4,351	3,505	2,781	2,374	2,163
Total Division 40			94,303	3,960	13,788	10,980	8,738	7,083	5,674	5,063	4,382	3,688	2,984
Division 43 - Capital Works Allowance													
	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 2019			145,924	250	3,656	3,656	3,656	3,656	3,656	3,656	3,656	3,656	3,656
Structural Improvements - Completed 2019			5,609	10	141	141	141	141	141	141	141	141	141
Total Division 43			151,533	260	3,797	3,797	3,797	3,797	3,797	3,797	3,797	3,797	3,797
Total Depreciation			245,836	4,220	17,585	14,777	12,535	10,880	9,471	8,860	8,179	7,485	6,781

11. Prime Cost Depreciation Schedule

Assets Generally	Prime Cost												
Division 40 - Plant and Equipment	Rate	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Air-conditioning assets (excl. ducting, pipes & vents)													
Mini split system upto 20KW	10.00%	05-Jun-19	7,265	50	727	727	727	727	727	727	727	727	727
Bathroom assets													
Exhaust fans (including light/heating)	18.75%	05-Jun-19	1,211	227	369	231	144	90	56	35	22	14	9
Blinds Residential													
Blinds Residential	10.00%	05-Jun-19	1,937	13	194	194	194	194	194	194	194	194	194
Blinds Residential	18.75%	05-Jun-19	678	127	207	129	81	50	32	20	12	8	5
Computer systems													
General	18.75%	05-Jun-19	848	159	258	161	101	63	39	25	15	10	6
Door closers													
Door closers	18.75%	05-Jun-19	700	131	213	133	83	52	33	20	13	8	5
Fire control assets													
Detection & alarm systems, detectors	18.75%	05-Jun-19	1,583	297	482	301	188	118	74	46	29	18	11
Detection & alarm systems, fire indicator panel	18.75%	05-Jun-19	1,730	324	527	329	206	129	80	50	31	20	12
Emergency warning & intercommunication system	18.75%	05-Jun-19	1,659	311	505	316	197	123	77	48	30	19	12
Hoses and nozzles	18.75%	05-Jun-19	332	62	101	63	40	25	15	10	6	4	2
Pumps, diesel & electric	18.75%	05-Jun-19	588	110	179	112	70	44	27	17	11	7	4
Fire extinguishers	18.75%	05-Jun-19	381	71	116	72	45	28	18	11	7	4	3
Fire sprinklers - pumps only													
Fire sprinklers - pumps only	18.75%	05-Jun-19	588	110	179	112	70	44	27	17	11	7	4
Floor coverings (removable without damage)													
Carpets	10.00%	05-Jun-19	3,204	22	320	320	320	320	320	320	320	320	320
Floating timber	6.67%	05-Jun-19	4,055	19	270	270	270	270	270	270	270	270	270
Furniture													
Furniture	7.50%	05-Jun-19	1,017	5	76	76	76	76	76	76	76	76	76
Furniture	18.75%	05-Jun-19	1,873	351	571	357	223	139	87	54	34	21	13
Hot water systems (excluding piping)													
Gas or electric	8.33%	05-Jun-19	2,491	14	208	208	208	208	208	208	208	208	208
Kitchen assets													
Cooktops	8.33%	05-Jun-19	2,422	14	202	202	202	202	202	202	202	202	202
Dishwashers	10.00%	05-Jun-19	3,269	22	327	327	327	327	327	327	327	327	327
Ovens	8.33%	05-Jun-19	3,027	17	252	252	252	252	252	252	252	252	252
Rangehoods	8.33%	05-Jun-19	1,332	8	111	111	111	111	111	111	111	111	111
Lifts (including hydraulic & tractions lifts)													
Lifts (including hydraulic & tractions lifts)	3.33%	05-Jun-19	45,839	105	1,528	1,528	1,528	1,528	1,528	1,528	1,528	1,528	1,528
Lights													
Shades, removable	18.75%	05-Jun-19	3,330	624	1,015	634	396	248	155	97	60	38	24
MATV - amplifiers & modulators													
MATV - amplifiers & modulators	10.00%	05-Jun-19	1,211	8	121	121	121	121	121	121	121	121	121
Carried forward			92,570	3,203	9,059	7,288	6,181	5,489	5,057	4,786	4,618	4,512	4,446

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			92,570	3,203	9,059	7,288	6,181	5,489	5,057	4,786	4,618	4,512	4,446	
Security systems & equipment														
Electronic	18.75%	05-Jun-19	515	97	157	98	61	38	24	15	9	6	4	
Ventilating plant														
Ventilation plant - fans only	18.75%	05-Jun-19	1,052	197	320	200	125	78	49	31	19	12	7	
\$300 items	100.00%	05-Jun-19	166	166										
Pooled Plant Total				3,200	5,200	3,250	2,031	1,270	794	496	310	194	121	
Effective Life Plant Total				463	4,336	4,336	4,336	4,336	4,336	4,336	4,336	4,336	4,336	
Total Division 40			94,303	3,663	9,536	7,586	6,367	5,606	5,130	4,832	4,646	4,530	4,457	
Division 43 - Capital Works Allowance														
	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 2019	2.50%	05-Jun-19	145,924	250	3,656	3,656	3,656	3,656	3,656	3,656	3,656	3,656	3,656	
Structural Improvements - Completed 2019	2.50%	05-Jun-19	5,609	10	141	141	141	141	141	141	141	141	141	
Total Division 43			151,533	260	3,797	3,797	3,797	3,797	3,797	3,797	3,797	3,797	3,797	
Total Depreciation			245,836	3,923	13,333	11,383	10,164	9,403	8,927	8,629	8,443	8,327	8,254	

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	22 Dec 17 to 6 May 19	146,224	2.50%	3,656	145,924
Sub-total		146,224		3,656	145,924

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2019	22 Dec 17 to 6 May 19	5,621	2.50%	141	5,609
Sub-total		5,621		141	5,609
Totals		151,845		3,797	151,533

The table below demonstrates the various property types and the depreciation rates for Capital expenditure deductions. Eligibility is based on the date of construction commencement.

	Today - 27 Feb 92	26 Feb 92 - 16 Sept 87	15 Sept 87 - 18 Jul 85	17 Jul 85 - 22 Aug 84	21 Aug 84 - 20 Jul 82	19 Jul 82 - 21 Aug 79
Traveller Accommodation	4%	2.5%	4%	4%	2.5%	2.5%
Non Residential	2.5%	2.5%	4%	4%	2.5%	N/A
Manufacturing	4%	2.5%	4%	4%	2.5%	N/A
Residential	2.5%	2.5%	4%	N/A	N/A	N/A
Structural Improvement	2.5%	N/A	N/A	N/A	N/A	N/A

13. Definition of Terms

Adjusted Value	This is the value of an asset after a period of decline often referred to as the written down value or WDV.
Balancing Adjustment	The balancing adjustment amount is the difference between the termination value and the adjustable value of a depreciating asset at the time of a balancing adjustment event.
Decline in Value	Deductions for the cost of a depreciating asset are based on the decline in value between any two dates. This report includes both methods of the decline in value of a depreciating asset; the prime cost method and diminishing value method.
Depreciating Assets	Assets with limited effective life that are reasonably expected to decline in value.
Diminishing Value Method	This is the method of calculating the decline in value which uses the opening adjusted value as the basis for the calculation.
Effective Life	The effective life of a depreciating asset is how long it can be used by any entity for a taxable income producing purpose.
Immediate WriteOff	A depreciating asset which costs less than \$300 can be immediately written off at 100% of the total cost. This is only available where the asset is not part of a set e.g. table and chairs.
Installed Costs	This is the total cost of installing the asset inclusive of fees and labour etc.
Low Value Pool	Low cost assets which have a value between \$300 and \$1000. These assets are depreciated at 18.75% in the first year and 37.5% in each subsequent years.
Low Cost Asset	A depreciable asset with an installed cost of less than \$1000.
Low Value Asset	A depreciable asset that has an adjusted value of less than \$1000.
Non Eligible	This may include a proportion of the purchase price that is not claimable due to the age of the building or asset type.
Prime Cost Method	This is a method of calculating depreciation using a constant opening cost base often referred to as the "Straight Line" method.

14. Contact Details

COMPANY DETAILS	
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15. Disclaimer

This report has been prepared for the exclusive use of the parties named within this report, Koste Pty Ltd does not accept any contractual, tortious or other form of liability for any consequences that may arise from any other person acting upon or using this valuation.