



Tax Depreciation Report

3303/79 Albert Street,
Brisbane QLD 4000

Lisa Huang
3303/79 Albert Street
BRISBANE, QLD 4000

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

Lisa Huang
3303/79 Albert Street
BRISBANE, QLD 4000

March 2020
Job No: RES4000087

Tax Depreciation Report – 3303/79 Albert Street, Brisbane QLD 4000

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

20 March 2020

Purchaser

Lisa Huang

Property Address

3303/79 Albert Street, Brisbane QLD 4000

Real Property Description

L3303 SP139730

Property Type

Residential Unit

Date of Construction

1 August 2003

2. Report Details

2.1 Introduction

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

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

Division 40 (Capital Allowances)

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

Division 40 (Capital Allowances) - Low Value Pool

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

Division 43 (Capital Works)

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

3. Capital Allowances

3.1 Entitlement

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

3.2 Qualifying Expenditure Calculation

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

3.3 Effective Life

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

3.4 Immediate Write-Off Assets

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

3.5 Low Value Pool

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

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

3.6 Method of Depreciation

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

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

4. Capital Works

4.1 Entitlement

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

4.2 Method of Depreciation

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

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

4.3 Method of Depreciation

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

5. Summary of Entitlements – Diminishing Value Method

Year	Financial Year	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	15 January 04 to 30 June 04	2,102	0	2,102	1,357	3,459
2	1 July 04 to 30 June 05	7,098	0	7,098	2,973	10,071
3	1 July 05 to 30 June 06	5,460	0	5,460	2,973	8,433
4	1 July 06 to 30 June 07	4,755	0	4,755	2,973	7,728
5	1 July 07 to 30 June 08	3,825	0	3,825	2,973	6,798
6	1 July 08 to 30 June 09	3,118	0	3,118	2,973	6,091
7	1 July 09 to 30 June 10	2,709	0	2,709	2,973	5,682
8	1 July 10 to 30 June 11	2,127	0	2,127	2,973	5,100
9	1 July 11 to 30 June 12	2,011	0	2,011	2,973	4,984
10	1 July 12 to 30 June 13	1,600	0	1,600	2,973	4,573
11	1 July 13 to 30 June 14	1,315	0	1,315	2,973	4,288
12	1 July 14 to 30 June 15	3,043	0	3,043	2,973	6,016
13	1 July 15 to 30 June 16	2,639	0	2,639	2,973	5,612
14	1 July 16 to 30 June 17	1,534	716	2,250	2,973	5,223
15	1 July 17 to 30 June 18	1,344	448	1,792	2,973	4,765
16	1 July 18 to 30 June 19	1,181	280	1,460	2,973	4,433
17	1 July 19 to 30 June 20	1,040	175	1,215	2,973	4,188
18	1 July 20 to 30 June 21	918	109	1,028	2,973	4,001
19	1 July 21 to 30 June 22	813	68	882	2,973	3,855
20	1 July 22 to 30 June 23	723	43	765	2,973	3,738
21	1 July 23 to 30 June 24	644	27	671	2,973	3,644
22	1 July 24 to 30 June 25	575	17	592	2,973	3,565
23	1 July 25 to 30 June 26	516	10	526	2,973	3,499
24	1 July 26 to 30 June 27	464	7	470	2,973	3,443
25	1 July 27 to 30 June 28	418	4	422	2,973	3,395
26	1 July 28 to 30 June 29	379	3	381	2,973	3,354
27	1 July 29 to 30 June 30	207	343	550	2,973	3,523
28	1 July 30 to 30 June 31	197	214	411	2,973	3,384
29	1 July 31 to 30 June 32	187	134	321	2,973	3,294
30	1 July 32 to 30 June 33	177	84	261	2,973	3,234
31	1 July 33 to 30 June 34	169	52	221	2,973	3,194
32	1 July 34 to 30 June 35	160	33	193	2,973	3,166
33	1 July 35 to 30 June 36	152	20	173	2,973	3,146
34	1 July 36 to 30 June 37	145	13	157	2,973	3,130
35	1 July 37 to 30 June 38	137	8	145	2,973	3,118
36	1 July 38 to 30 June 39	130	5	135	2,973	3,108
37	1 July 39 to 30 June 40	124	3	127	2,973	3,100
38	1 July 40 to 30 June 41	118	2	120	2,973	3,093
39	1 July 41 to 30 June 42	112	1	113	2,973	3,086
40	2042+	2,125	2	2,127	108,917	111,044
Totals		56,489	2,821	59,310	223,248	282,558

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	15 January 04 to 30 June 04	1,401	0	1,401	1,357	2,758
2	1 July 04 to 30 June 05	3,510	0	3,510	2,973	6,483
3	1 July 05 to 30 June 06	3,602	0	3,602	2,973	6,575
4	1 July 06 to 30 June 07	3,602	0	3,602	2,973	6,575
5	1 July 07 to 30 June 08	3,602	0	3,602	2,973	6,575
6	1 July 08 to 30 June 09	3,602	0	3,602	2,973	6,575
7	1 July 09 to 30 June 10	3,602	0	3,602	2,973	6,575
8	1 July 10 to 30 June 11	2,779	0	2,779	2,973	5,752
9	1 July 11 to 30 June 12	2,246	0	2,246	2,973	5,219
10	1 July 12 to 30 June 13	2,246	0	2,246	2,973	5,219
11	1 July 13 to 30 June 14	1,982	0	1,982	2,973	4,955
12	1 July 14 to 30 June 15	2,401	0	2,401	2,973	5,374
13	1 July 15 to 30 June 16	1,836	0	1,836	2,973	4,809
14	1 July 16 to 30 June 17	1,948	0	1,948	2,973	4,921
15	1 July 17 to 30 June 18	1,912	0	1,912	2,973	4,885
16	1 July 18 to 30 June 19	1,899	0	1,899	2,973	4,872
17	1 July 19 to 30 June 20	1,899	0	1,899	2,973	4,872
18	1 July 20 to 30 June 21	1,899	0	1,899	2,973	4,872
19	1 July 21 to 30 June 22	1,899	0	1,899	2,973	4,872
20	1 July 22 to 30 June 23	1,899	0	1,899	2,973	4,872
21	1 July 23 to 30 June 24	1,660	0	1,660	2,973	4,633
22	1 July 24 to 30 June 25	1,259	0	1,259	2,973	4,232
23	1 July 25 to 30 June 26	1,165	0	1,165	2,973	4,138
24	1 July 26 to 30 June 27	1,154	0	1,154	2,973	4,127
25	1 July 27 to 30 June 28	1,154	0	1,154	2,973	4,127
26	1 July 28 to 30 June 29	838	0	838	2,973	3,811
27	1 July 29 to 30 June 30	509	0	509	2,973	3,482
28	1 July 30 to 30 June 31	509	0	509	2,973	3,482
29	1 July 31 to 30 June 32	509	0	509	2,973	3,482
30	1 July 32 to 30 June 33	509	0	509	2,973	3,482
31	1 July 33 to 30 June 34	277	0	277	2,973	3,250
32	1 July 34 to 30 June 35	0	0	0	2,973	2,973
33	1 July 35 to 30 June 36	0	0	0	2,973	2,973
34	1 July 36 to 30 June 37	0	0	0	2,973	2,973
35	1 July 37 to 30 June 38	0	0	0	2,973	2,973
36	1 July 38 to 30 June 39	0	0	0	2,973	2,973
37	1 July 39 to 30 June 40	0	0	0	2,973	2,973
38	1 July 40 to 30 June 41	0	0	0	2,973	2,973
39	1 July 41 to 30 June 42	0	0	0	2,973	2,973
40	2042+	0	0	0	108,917	108,917
Totals		59,310	0	59,310	223,248	282,558

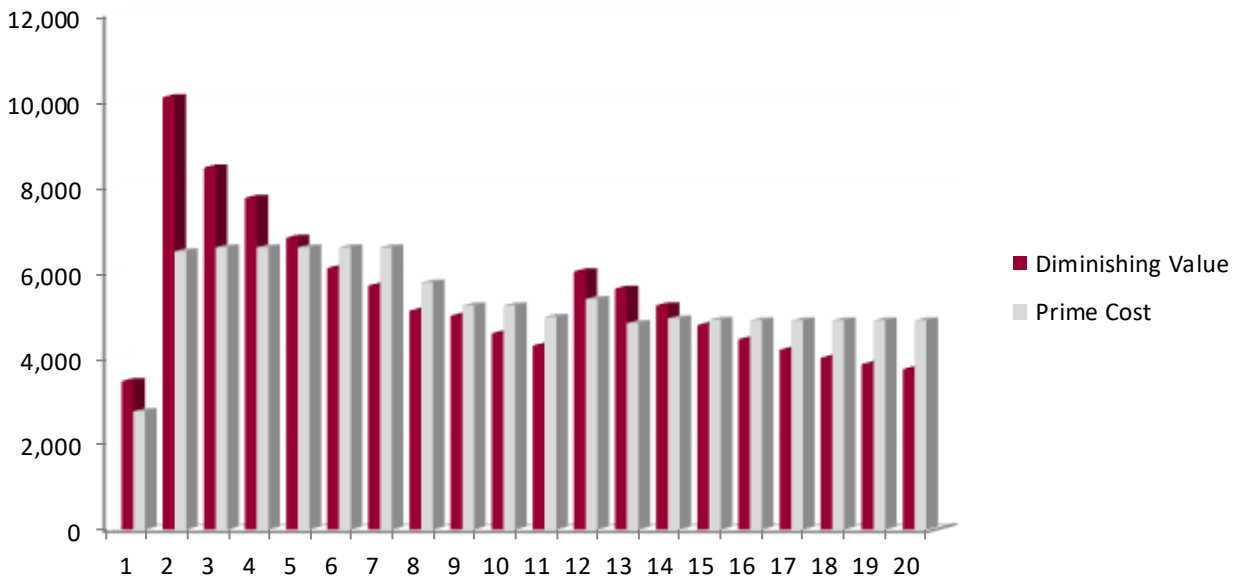
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

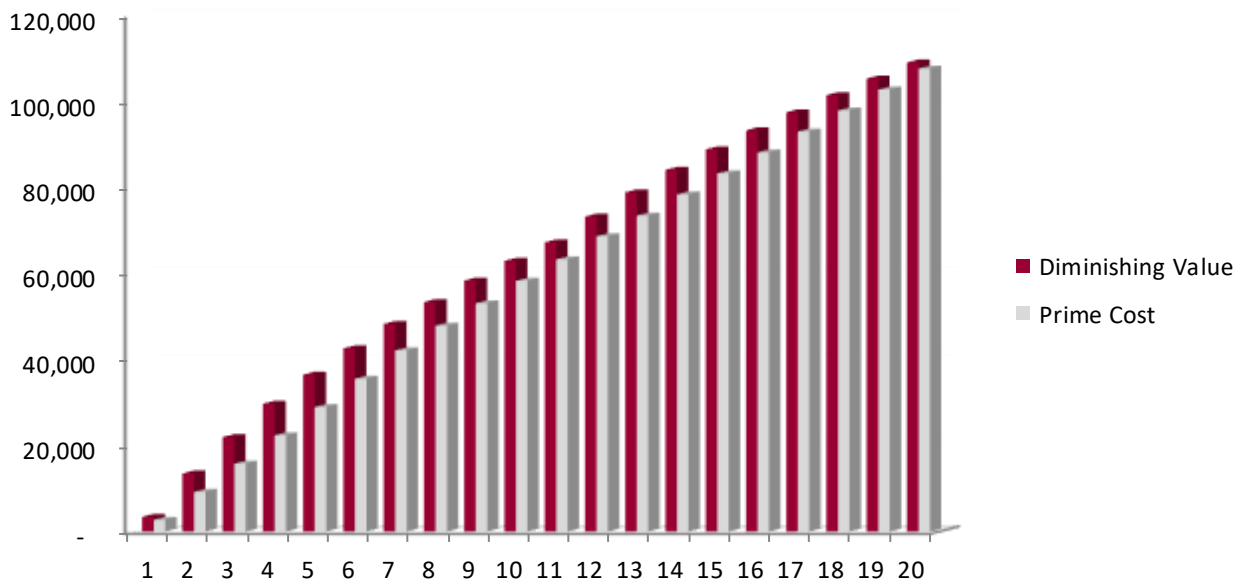
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	5 December 2003
Settlement Date	15 January 2004

Expenditure Analysed

Purchase Price	\$382,000
Stamp Duty	\$11,795
Legals	\$1,200
Post Expenditure	\$14,766
Total Expenditure Analysed	\$409,761

Historical Construction Details

Construction Start Date	24 November 2002
Construction Completion Date	1 August 2003
Historical Construction Cost (Estimated)*	\$255,154

9. Reconciliation of Capital Expenditure

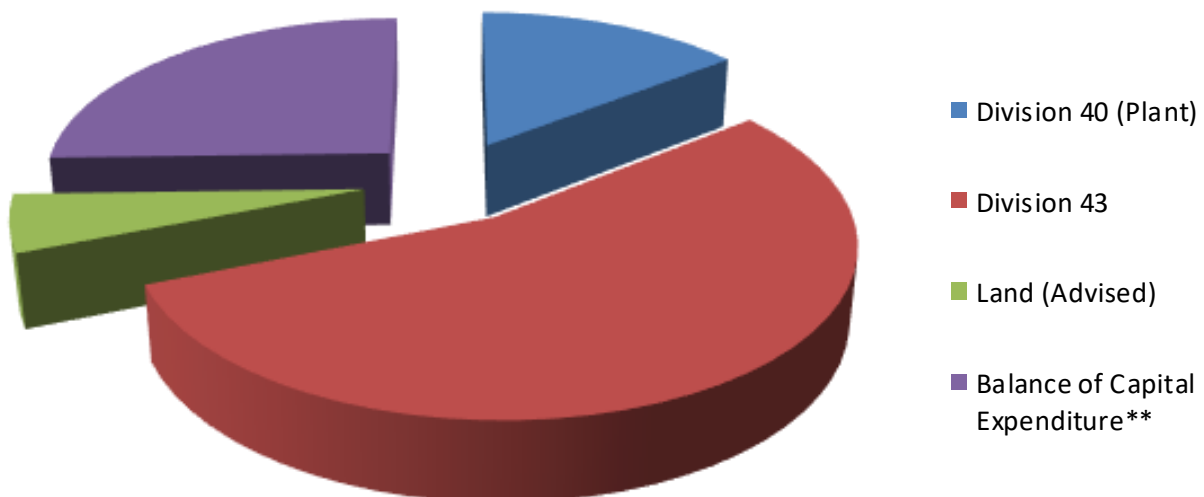
Apportionment of cost relating to:

Division 40 (Plant)	\$59,310
Division 43	\$223,248
Land (Advised)	\$22,908
Balance of Capital Expenditure**	\$104,295
Total Expenditure Analysed	\$409,761

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)													
Room units	11.25%	15-Jan-04	5,371	276	573	509	451	401	356	316	280	249	221
Curtains and drapes													
	22.50%	15-Jan-04	2,309	237	466	361	280	362	226	141	88	55	34
Door closers													
	11.25%	15-Jan-04	395	20	140	88	55	34	21	13	8	5	3
Electrical Machinery & Equipment :													
Motors	7.50%	15-Jan-04	20	1	7	5	3	2	1	1	0	0	0
Fire control assets													
Detection & alarm systems, bells	7.50%	15-Jan-04	381	13	138	86	54	34	21	13	8	5	3
Detection & alarm systems, detectors	7.50%	15-Jan-04	534	18	193	121	76	47	29	18	12	7	5
Detection & alarm systems, fire indicator panel	7.50%	15-Jan-04	126	4	46	28	18	11	7	4	3	2	1
Hoses and nozzles	7.50%	15-Jan-04	159	5	57	36	22	14	9	5	3	2	1
Fire extinguishers	11.25%	15-Jan-04	112	6	40	25	16	10	6	4	2	1	1
Fire sprinklers - pumps only													
	7.50%	15-Jan-04	2,103	72	152	141	130	121	111	103	95	88	82
Floor coverings (removable without damage)													
Carpets	15.00%	15-Jan-04	5,504	377	769	654	556	472	401	341	290	247	210
Furniture													
	11.25%	15-Jan-04	42	2	15	9	6	4	2	1	1	1	0
Gymnasium equipment													
Cardiovascular	15.00%	15-Jan-04	101	7	35	22	14	9	5	3	2	1	1
Resistance	15.00%	15-Jan-04	63	4	22	14	9	5	3	2	1	1	1
Hot water systems (excluding piping)													
Gas or electric	7.50%	15-Jan-04	755	26	274	171	107	67	42	26	16	10	6
Kitchen assets													
Cooktops	7.50%	15-Jan-04	1,145	39	83	77	355	222	139	87	54	34	21
Dishwashers	22.50%	15-Jan-04	2,643	271	534	414	321	248	321	201	125	78	49
Ovens	7.50%	15-Jan-04	2,115	72	153	142	131	121	112	104	96	89	82
Rangehoods	7.50%	15-Jan-04	617	21	223	140	87	55	34	21	13	8	5
Laundry assets													
Clothes dryers	22.50%	15-Jan-04	705	72	237	148	93	58	36	23	14	9	6
Lifts (including hydraulic & tractions lifts)													
	5.00%	15-Jan-04	15,271	348	746	709	673	640	608	577	548	521	495
Lights													
Shades, removable	7.50%	15-Jan-04	1,004	34	364	227	142	89	55	35	22	14	8
MATV - amplifiers & modulators													
	15.00%	15-Jan-04	332	23	116	73	45	28	18	11	7	4	3
Carried forward			41,805	1,950	5,385	4,198	3,643	3,052	2,565	2,051	1,691	1,432	1,238

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			41,805	1,950	5,385	4,198	3,643	3,052	2,565	2,051	1,691	1,432	1,238
Pumps	7.50%	15-Jan-04	13	0	5	3	2	1	1	0	0	0	0
Outdoor assets													
Barbecues	7.50%	15-Jan-04	13	0	5	3	2	1	1	0	0	0	0
Sauna & spa equipment													
Sauna heating assets	11.25%	15-Jan-04	25	1	9	6	3	2	1	1	1	0	0
Security systems & equipment													
Electronic	22.50%	15-Jan-04	789	81	265	166	104	65	41	25	16	10	6
Swimming pools													
Filtration equipment	11.25%	15-Jan-04	84	4	30	19	12	7	5	3	2	1	1
Heating equipment	11.25%	15-Jan-04	126	6	45	28	17	11	7	4	3	2	1
Ventilating plant													
Ventilation plant - fans only	7.50%	15-Jan-04	1,689	58	122	113	105	97	90	83	77	354	221
Additional Items (Post Expenditure)				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Furniture	15.00%	1-Sep-15	8,603										
Kitchen assets													
Dishwashers	15.00%	1-Sep-04	1,199		149	158	335	209	131	82	51	32	20
Microwave ovens	15.00%	1-Sep-04	289		108	68	42	26	17	10	6	4	3
Ovens	12.50%	1-Sep-04	1,899		196	213	186	163	143	374	234	146	91
Refrigerators	12.50%	1-Sep-04	679		255	159	99	62	39	24	15	9	6
Laundry assets													
Clothes dryers	15.00%	1-Sep-04	499		187	117	73	46	29	18	11	7	4
Washing machines	15.00%	1-Sep-04	899		337	211	132	82	51	32	20	13	8
Televisions	20.00%	1-Sep-15	699										
Pooled Plant Total													
Effective Life Plant Total				2,102	7,098	5,460	4,755	3,825	3,118	2,709	2,127	2,011	1,600
Total Division 40			59,310	2,102	7,098	5,460	4,755	3,825	3,118	2,709	2,127	2,011	1,600

Diminishing Value Depreciation Schedule (cont.)

Division 43 - Capital Works Allowance													
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 2003	2.50%	15-Jan-04	117,542	1,357	2,973	2,973	2,973	2,973	2,973	2,973	2,973	2,973	2,973
Building Works - Completed 1900			48,048										
Building Works - Completed 1900			57,658										
Total Division 43			223,248	1,357	2,973	2,973	2,973	2,973	2,973	2,973	2,973	2,973	2,973
Total Depreciation			282,558	3,459	10,071	8,433	7,728	6,798	6,091	5,682	5,100	4,984	4,573

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)														
Room units	7.50%	15-Jan-04	5,371	184	403	403	403	403	403	403	403	403	403	
Curtains and drapes	15.00%	15-Jan-04	2,309	158	346	346	346	346	346	346	75			
Door closers	7.50%	15-Jan-04	395	14	30	30	30	30	30	30	30	30	30	
Electrical Machinery & Equipment :														
Motors	5.00%	15-Jan-04	20	0	1	1	1	1	1	1	1	1	1	
Fire control assets														
Detection & alarm systems, bells	5.00%	15-Jan-04	381	9	19	19	19	19	19	19	19	19	19	
Detection & alarm systems, detectors	5.00%	15-Jan-04	534	12	27	27	27	27	27	27	27	27	27	
Detection & alarm systems, fire indicator panel	5.00%	15-Jan-04	126	3	6	6	6	6	6	6	6	6	6	
Hoses and nozzles	5.00%	15-Jan-04	159	4	8	8	8	8	8	8	8	8	8	
Fire extinguishers	7.50%	15-Jan-04	112	4	8	8	8	8	8	8	8	8	8	
Fire sprinklers - pumps only	5.00%	15-Jan-04	2,103	48	105	105	105	105	105	105	105	105	105	
Floor coverings (removable without damage)														
Carpets	10.00%	15-Jan-04	5,504	251	550	550	550	550	550	550	550	550	550	
Furniture	7.50%	15-Jan-04	42	1	3	3	3	3	3	3	3	3	3	
Gymnasium equipment														
Cardiovascular	10.00%	15-Jan-04	101	5	10	10	10	10	10	10	10	10	10	
Resistance	10.00%	15-Jan-04	63	3	6	6	6	6	6	6	6	6	6	
Hot water systems (excluding piping)														
Gas or electric	5.00%	15-Jan-04	755	17	38	38	38	38	38	38	38	38	38	
Kitchen assets														
Cooktops	5.00%	15-Jan-04	1,145	26	57	57	57	57	57	57	57	57	57	
Dishwashers	15.00%	15-Jan-04	2,643	181	396	396	396	396	396	396	86			
Ovens	5.00%	15-Jan-04	2,115	48	106	106	106	106	106	106	106	106	106	
Rangehoods	5.00%	15-Jan-04	617	14	31	31	31	31	31	31	31	31	31	
Laundry assets														
Clothes dryers	15.00%	15-Jan-04	705	48	106	106	106	106	106	106	21			
Lifts (including hydraulic & tractions lifts)	3.33%	15-Jan-04	15,271	232	509	509	509	509	509	509	509	509	509	
Lights														
Shades, removable	5.00%	15-Jan-04	1,004	23	50	50	50	50	50	50	50	50	50	
MATV - amplifiers & modulators	10.00%	15-Jan-04	332	15	33	33	33	33	33	33	33	33	33	
Carried forward			41,805	1,300	2,848	2,848	2,848	2,848	2,848	2,848	2,182	2,000	2,000	

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			41,805	1,300	2,848	2,848	2,848	2,848	2,848	2,848	2,182	2,000	2,000	
Pumps	5.00%	15-Jan-04	13	0	1	1	1	1	1	1	1	1	1	
Outdoor assets														
Barbecues	5.00%	15-Jan-04	13	0	1	1	1	1	1	1	1	1	1	
Sauna & spa equipment														
Sauna heating assets	7.50%	15-Jan-04	25	1	2	2	2	2	2	2	2	2	2	
Security systems & equipment														
Electronic	15.00%	15-Jan-04	789	54	118	118	118	118	118	118	27			
Swimming pools														
Filtration equipment	7.50%	15-Jan-04	84	3	6	6	6	6	6	6	6	6	6	
Heating equipment	7.50%	15-Jan-04	126	4	9	9	9	9	9	9	9	9	9	
Ventilating plant														
Ventilation plant - fans only	5.00%	15-Jan-04	1,689	39	84	84	84	84	84	84	84	84	84	
Additional Items (Post Expenditure)				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Furniture	7.50%	01-Sep-15	8,603											
Kitchen assets														
Dishwashers	15.00%	01-Sep-04	1,199		149	180	180	180	180	180	150			
Microwave ovens	5.00%	01-Sep-04	289		12	14	14	14	14	14	14	14	14	
Ovens	5.00%	01-Sep-04	1,899		79	95	95	95	95	95	95	95	95	
Refrigerators	5.00%	01-Sep-04	679		28	34	34	34	34	34	34	34	34	
Laundry assets														
Clothes dryers	15.00%	01-Sep-04	499		62	75	75	75	75	75	62			
Washing machines	15.00%	01-Sep-04	899		112	135	135	135	135	135	112			
Televisions	10.00%	01-Sep-15	699											
Pooled Plant Total														
Effective Life Plant Total				1,401	3,510	3,602	3,602	3,602	3,602	3,602	2,779	2,246	2,246	
Total Division 40			59,310	1,401	3,510	3,602	3,602	3,602	3,602	3,602	2,779	2,246	2,246	

Prime Cost Depreciation Schedule (cont.)

Division 43 - Capital Works Allowance													
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 2003	2.50%	15-Jan-04	117,542	1,357	2,973	2,973	2,973	2,973	2,973	2,973	2,973	2,973	2,973
Building Works - Completed 1900			48,048										
Building Works - Completed 1900			57,658										
Total Division 43			223,248	1,357	2,973	2,973	2,973	2,973	2,973	2,973	2,973	2,973	2,973
Total Depreciation			282,558	2,758	6,483	6,575	6,575	6,575	6,575	6,575	5,752	5,219	5,219

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 2003	24 Nov 02 to 1 Aug 03	118,902	2.50%	2,973	117,542
Building Works - Completed 1900		48,048			48,048
Building Works - Completed 1900		57,658			57,658
Sub-total		224,608		2,973	223,248

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
	24 Nov 02 to 1 Aug 03		2.50%		
Sub-total					
Totals		224,608		2,973	223,248

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.