



Tax Depreciation Report

10142 Arumpo Rd,
Arumpo NSW 2715

ZED Motels Group Pty Ltd
PO Box 2980

CARLINGFORD, NSW 2118

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



ZED Motels Group Pty Ltd
PO Box 2980

March 2020
Job No: COM2715010

CARLINGFORD, NSW 2118

Tax Depreciation Report – 10142 Arumpo Rd, , Arumpo NSW 2715

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.

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

31 March 2020

Purchaser

ZED Hospitality Pty Ltd

Property Address

10142 Arumpo Rd, , Arumpo NSW 2715

Real Property Description

L1-3,6 RP16759 & L5 RP898486

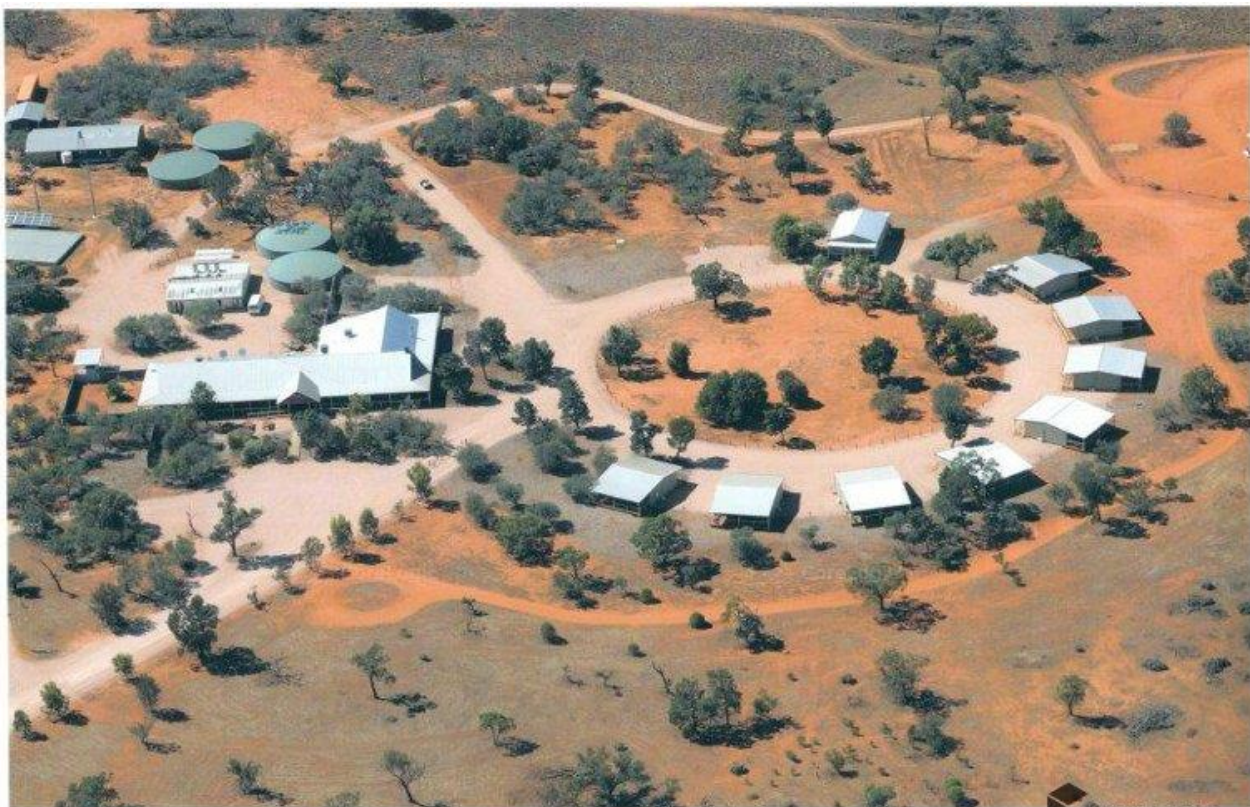
Property Type

Commercial - Hotel

Date of Construction

1 August 2012

Property Photo



Jun 16

CoreLogic

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				
Diminishing value method is often the most popular form of depreciation due to the cash-flow benefits in the early years of asset ownership.				
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) 				
Calculation Example				
Under Diminishing Value method, the effective life is dividing by 200.				
200 / 10 Years = 20% (Adjusted Value)				
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
\$2,000	\$1,600	\$1,280	\$1,024	\$819.20

Prime Cost Method				
Prime Cost Method of Depreciation, often referred to as straight line depreciation is depreciated at a constant rate each year.				
Benefits				
<ul style="list-style-type: none"> • Write off assets when they are demolished or disposed. 				
Calculation Example				
Under Prime Cost method, the effective life is dividing by 100.				
100 / 10 Years = 10% (Straight Line)				
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
\$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	21 October 19 to 30 June 20	72,412	19,592	92,004	18,489	110,493
2	1 July 20 to 30 June 21	62,169	33,412	95,581	26,747	122,328
3	1 July 21 to 30 June 22	45,216	22,896	68,112	26,747	94,859
4	1 July 22 to 30 June 23	34,254	15,240	49,494	26,747	76,241
5	1 July 23 to 30 June 24	26,065	10,988	37,053	26,747	63,800
6	1 July 24 to 30 June 25	20,858	7,133	27,991	26,747	54,738
7	1 July 25 to 30 June 26	16,923	4,418	21,341	26,747	48,088
8	1 July 26 to 30 June 27	13,516	3,105	16,622	26,747	43,369
9	1 July 27 to 30 June 28	10,868	2,270	13,138	26,747	39,885
10	1 July 28 to 30 June 29	8,972	1,413	10,385	26,747	37,132
11	1 July 29 to 30 June 30	7,434	880	8,314	26,747	35,061
12	1 July 30 to 30 June 31	6,010	868	6,878	26,747	33,625
13	1 July 31 to 30 June 32	4,552	1,257	5,809	26,747	32,556
14	1 July 32 to 30 June 33	3,692	1,092	4,784	26,747	31,531
15	1 July 33 to 30 June 34	2,949	1,041	3,991	26,747	30,738
16	1 July 34 to 30 June 35	2,401	994	3,395	26,747	30,142
17	1 July 35 to 30 June 36	1,866	977	2,843	26,747	29,590
18	1 July 36 to 30 June 37	1,518	960	2,478	26,747	29,225
19	1 July 37 to 30 June 38	1,309	600	1,909	4,226	6,135
20	1 July 38 to 30 June 39	1,130	375	1,505	2,156	3,661
21	1 July 39 to 30 June 40	977	234	1,211	2,156	3,367
22	1 July 40 to 30 June 41	845	146	991	2,156	3,147
23	1 July 41 to 30 June 42	732	92	824	188	1,012
24	1 July 42 to 30 June 43	635	57	692	0	692
25	1 July 43 to 30 June 44	551	36	587	0	587
26	1 July 44 to 30 June 45	479	22	502	0	502
27	1 July 45 to 30 June 46	154	708	863	0	863
28	1 July 46 to 30 June 47	139	443	582	0	582
29	1 July 47 to 30 June 48	125	277	402	0	402
30	1 July 48 to 30 June 49	112	173	285	0	285
31	1 July 49 to 30 June 50	101	108	209	0	209
32	1 July 50 to 30 June 51	0	409	409	0	409
33	1 July 51 to 30 June 52	0	256	256	0	256
34	1 July 52 to 30 June 53	0	160	160	0	160
35	1 July 53 to 30 June 54	0	100	100	0	100
36	1 July 54 to 30 June 55	0	62	62	0	62
37	1 July 55 to 30 June 56	0	39	39	0	39
38	1 July 56 to 30 June 57	0	24	24	0	24
39	1 July 57 to 30 June 58	0	15	15	0	15
40	2058+	0	25	25	0	25
Totals		348,964	132,901	481,865	484,070	965,935

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	21 October 19 to 30 June 20	37,447	19,592	57,039	18,489	75,528
2	1 July 20 to 30 June 21	45,006	31,836	76,842	26,747	103,589
3	1 July 21 to 30 June 22	40,692	19,898	60,590	26,747	87,337
4	1 July 22 to 30 June 23	37,023	12,436	49,459	26,747	76,206
5	1 July 23 to 30 June 24	35,042	7,773	42,814	26,747	69,561
6	1 July 24 to 30 June 25	32,617	4,858	37,474	26,747	64,221
7	1 July 25 to 30 June 26	31,517	3,036	34,554	26,747	61,301
8	1 July 26 to 30 June 27	25,294	1,898	27,192	26,747	53,939
9	1 July 27 to 30 June 28	21,617	1,186	22,803	26,747	49,550
10	1 July 28 to 30 June 29	21,193	741	21,934	26,747	48,681
11	1 July 29 to 30 June 30	14,452	463	14,915	26,747	41,662
12	1 July 30 to 30 June 31	11,436	290	11,726	26,747	38,473
13	1 July 31 to 30 June 32	5,971	181	6,152	26,747	32,899
14	1 July 32 to 30 June 33	3,530	113	3,643	26,747	30,390
15	1 July 33 to 30 June 34	3,530	71	3,601	26,747	30,348
16	1 July 34 to 30 June 35	3,187	44	3,231	26,747	29,978
17	1 July 35 to 30 June 36	2,993	28	3,021	26,747	29,768
18	1 July 36 to 30 June 37	1,460	17	1,477	26,747	28,224
19	1 July 37 to 30 June 38	1,460	11	1,471	4,226	5,697
20	1 July 38 to 30 June 39	1,460	7	1,467	2,156	3,623
21	1 July 39 to 30 June 40	449	4	453	2,156	2,609
22	1 July 40 to 30 June 41	0	3	3	2,156	2,159
23	1 July 41 to 30 June 42	0	2	2	188	190
24	1 July 42 to 30 June 43	0	1	1	0	1
25	1 July 43 to 30 June 44	0	1	1	0	1
26	1 July 44 to 30 June 45	0	0	0	0	0
27	1 July 45 to 30 June 46	0	0	0	0	0
28	1 July 46 to 30 June 47	0	0	0	0	0
29	1 July 47 to 30 June 48	0	0	0	0	0
30	1 July 48 to 30 June 49	0	0	0	0	0
31	1 July 49 to 30 June 50	0	0	0	0	0
32	1 July 50 to 30 June 51	0	0	0	0	0
33	1 July 51 to 30 June 52	0	0	0	0	0
34	1 July 52 to 30 June 53	0	0	0	0	0
35	1 July 53 to 30 June 54	0	0	0	0	0
36	1 July 54 to 30 June 55	0	0	0	0	0
37	1 July 55 to 30 June 56	0	0	0	0	0
38	1 July 56 to 30 June 57	0	0	0	0	0
39	1 July 57 to 30 June 58	0	0	0	0	0
40	2058+	0	0	0	0	0
Totals		377,376	104,489	481,865	484,070	965,935

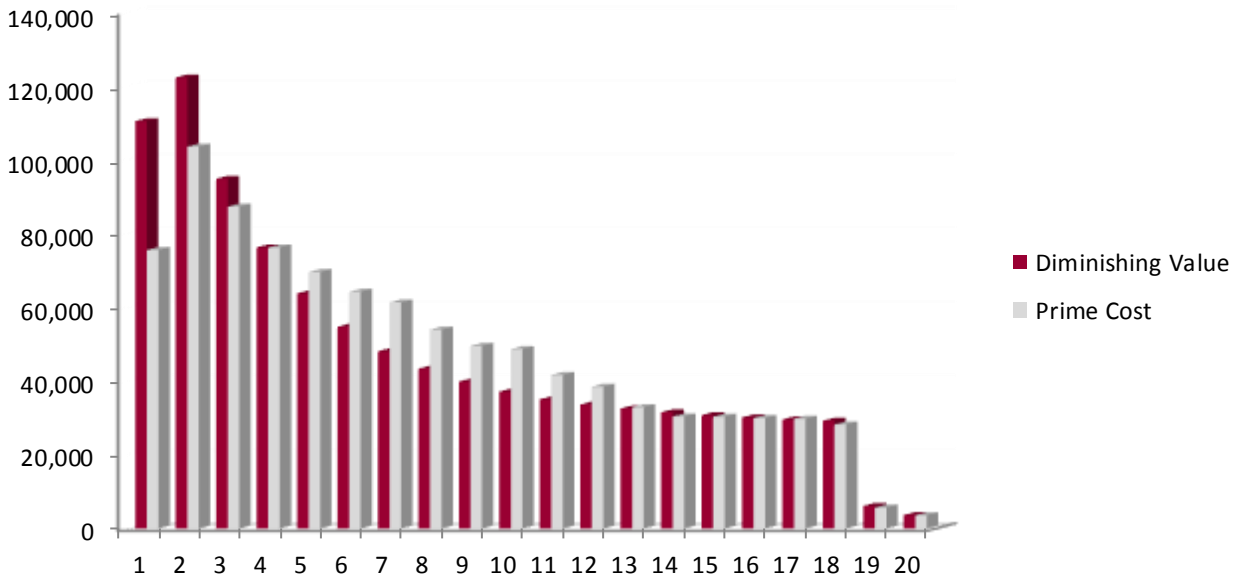
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

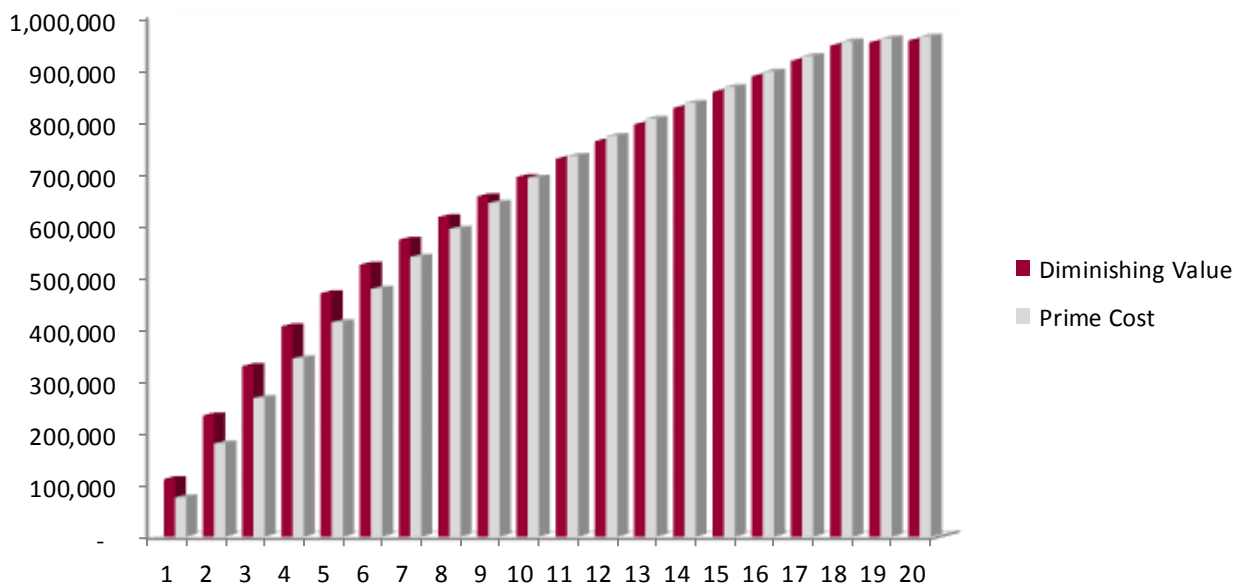
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	23 September 2019
Settlement Date	21 October 2019

Expenditure Analysed

Purchase Price	\$1,200,000
Stamp Duty	\$11,311
Legals	\$38,775
Post Expenditure	\$0
Total Expenditure Analysed	\$1,250,085

Historical Construction Details

Fitout Cost (Estimated)*	\$627,600
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9. Reconciliation of Capital Expenditure

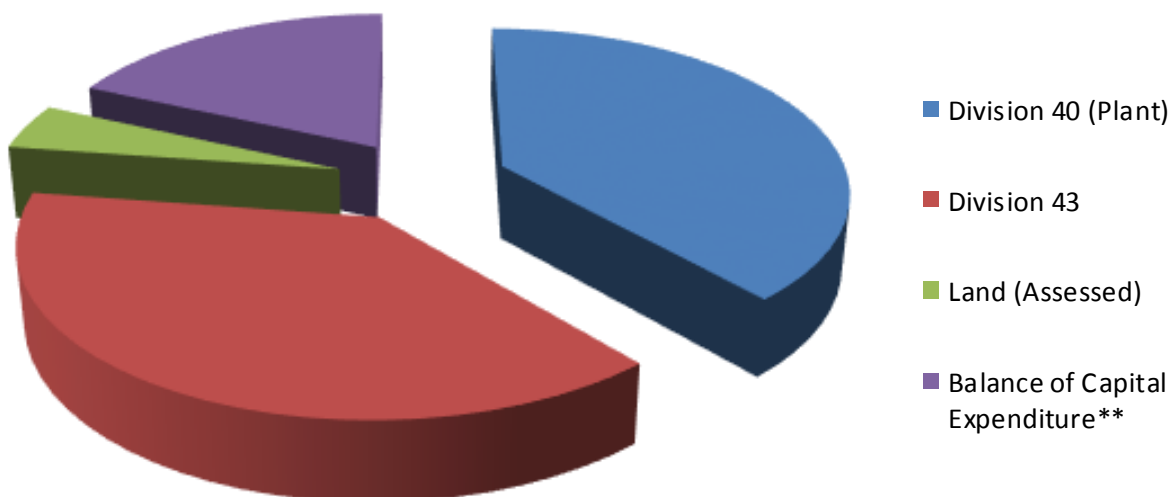
Apportionment of cost relating to:

Division 40 (Plant)	\$481,865
Division 43	\$484,070
Land (Assessed)	\$56,000
Balance of Capital Expenditure**	\$227,623
Total Expenditure Analysed	\$1,249,558

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	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												
TABLE A													
ACCOMMODATION AND FOOD SERVICES													
Accommodation													
Assets generally:													
Air conditioning assets mini split systems up to 20KW	20.00%	21-Oct-19	31,317	4,330	5,397	4,318	3,454	2,764	2,211	1,769	1,415	1,132	906
Generators	10.00%	21-Oct-19	23,078	1,595	2,148	1,933	1,740	1,566	1,410	1,269	1,142	1,028	925
Heaters fixed gas other	18.75%	21-Oct-19	716	134	218	136	85	53	33	21	13	8	5
Lights fittings	18.75%	21-Oct-19	17,030	3,193	5,189	3,243	2,027	1,267	792	495	309	193	121
Radios	20.00%	21-Oct-19	1,284	178	221	332	208	130	81	51	32	20	12
Stereo systems	28.57%	21-Oct-19	2,354	465	540	386	361	226	141	88	55	34	22
Telecommunications assets telephone hand sets	18.75%	21-Oct-19	3,121	585	951	594	372	232	145	91	57	35	22
Television sets	20.00%	21-Oct-19	13,816	1,910	2,381	1,905	1,524	1,219	975	780	624	499	400
Fire control assets:													
Extinguishers	13.33%	21-Oct-19	7,471	689	904	784	679	589	510	442	383	332	288
Hoses and nozzles	20.00%	21-Oct-19	9,211	1,273	1,587	1,270	1,016	813	650	520	416	333	266
Furniture, freestanding:													
Generally	28.57%	21-Oct-19	9,103	1,798	2,087	1,491	1,065	761	543	388	364	227	142
Generally	18.75%	21-Oct-19	66,227	12,418	20,179	12,612	7,882	4,926	3,079	1,924	1,203	752	470
Outdoor	18.75%	21-Oct-19	6,678	1,252	2,035	1,272	795	497	310	194	121	76	47
Guestroom assets:													
Bedding	100.00%	21-Oct-19	10,771	10,771									
Beds generally	28.57%	21-Oct-19	50,434	9,961	11,564	8,260	5,900	4,214	3,010	2,150	1,536	1,097	784
Beds foldout and rollaway beds	66.67%	21-Oct-19	2,763	1,273	993	331	110	37	12	4	1	0	0
Cabinetry	12.00%	21-Oct-19	26,200	2,173	2,883	2,537	2,233	1,965	1,729	1,522	1,339	1,178	1,037
Kitchen assets bar refrigerators	20.00%	21-Oct-19	1,228	170	212	317	198	124	78	48	30	19	12
Kitchen assets bar refrigerators	18.75%	21-Oct-19	7,369	1,382	2,245	1,403	877	548	343	214	134	84	52
Kitchen assets cooking utensils	100.00%	21-Oct-19	660	660									
Kitchen assets crockery and cutlery	50.00%	21-Oct-19	164	57	54	27	13	7	3	2	1	0	0
Kitchen assets glassware	100.00%	21-Oct-19	491	491									
Kitchen assets microwave ovens	40.00%	21-Oct-19	2,630	727	761	457	274	164	99	59	36	21	13
Kitchen assets refrigerators	16.67%	21-Oct-19	1,228	141	181	340	212	133	83	52	32	20	13
Laundry assets in guestrooms irons and ironing boards	66.67%	21-Oct-19	2,942	1,356	1,058	353	118	39	13	4	1	0	0
Housekeeping assets													
	100.00%	21-Oct-19	2,456	2,456									
Laundry assets used by hotel/motel operators:													
Washing machines	20.00%	21-Oct-19	1,903	263	328	262	210	315	197	123	77	48	30
Outdoor assets:													
Barbecue assets freestanding barbecues	40.00%	21-Oct-19	1,637	453	474	284	171	102	61	37	22	13	8
Carried forward			304,284	62,154	64,591	44,847	31,524	22,690	16,509	12,247	9,343	7,152	5,574

Diminishing Value Depreciation Schedule (cont.)

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
Brought forward			304,284	62,154	64,591	44,847	31,524	22,690	16,509	12,247	9,343	7,152	5,574
Cafes, restaurants, takeaway food services, pubs, taverns, bars and clubs													
Coffee making machines	40.00%	21-Oct-19	1,484	410	429	258	155	93	56	33	20	12	7
Dishwasher machines	25.00%	21-Oct-19	8,187	1,415	1,693	1,270	952	714	536	402	301	339	212
Drink dispensing machines	20.00%	21-Oct-19	246	34	79	50	31	19	12	8	5	3	2
Food preparation and service assets:													
Bench top appliances - small portable type	66.67%	21-Oct-19	353	163	127	42	14	5	2	1	0	0	0
Cooking appliances, large commercial type	20.00%	21-Oct-19	20,213	2,794	3,484	2,787	2,230	1,784	1,427	1,142	913	731	584
Cookware, handheld	100.00%	21-Oct-19	558	558									
Crockery, cutlery and glassware	100.00%	21-Oct-19	2,180	2,180									
Hot food display assets	20.00%	21-Oct-19	921	127	298	186	116	73	45	28	18	11	7
Preparation benches, freestanding	10.00%	21-Oct-19	5,404	374	503	453	407	367	330	297	267	241	217
Furniture, freestanding, for customer use:													
In dining areas	25.00%	21-Oct-19	200	34	62	39	24	15	9	6	4	2	1
Glassware	100.00%	21-Oct-19	1,699	1,699									
Glasswasher machines	40.00%	21-Oct-19	2,814	778	814	489	293	176	106	63	38	23	14
Refrigeration assets:													
Generally	20.00%	21-Oct-19	2,661	368	459	367	294	235	352	220	138	86	54
Generally	18.75%	21-Oct-19	3,173	595	967	604	378	236	148	92	58	36	23
Ice making machines	25.00%	21-Oct-19	2,559	442	529	397	298	335	209	131	82	51	32
TABLE B													
Computers and computer equipment:													
Computers and computer equipment (not specified elsewhere below)	50.00%	21-Oct-19	6,796	2,349	2,223	1,112	556	278	139	69	35	17	9
Office furniture, freestanding:													
Cabinets - Metal	18.75%	21-Oct-19	174	33	53	33	21	13	8	5	3	2	1
Chairs	20.00%	21-Oct-19	1,981	274	341	273	219	328	205	128	80	50	31
Chairs	20.00%	21-Oct-19	512	71	165	103	65	40	25	16	10	6	4
Desks	10.00%	21-Oct-19	716	50	250	156	98	61	38	24	15	9	6
Reception assets (including lobby chairs, desks, lounges, sofas and tables)	20.00%	21-Oct-19	12,281	1,698	2,117	1,693	1,355	1,084	867	694	555	444	355
Point of sale assets:													
Generally (including barcode scanners, cash drawers, dedicated computers, electronic funds transfer point of sale (EFTPOS) machines, keyboards, monitors, printers and terminals)	33.33%	21-Oct-19	2,204	508	566	377	283	177	110	69	43	27	17
Carried forward			381,599	79,107	79,750	55,535	39,311	28,721	21,133	15,674	11,927	9,242	7,149

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													
			381,599	79,107	79,750	55,535	39,311	28,721	21,133	15,674	11,927	9,242	7,149
	Brought forward												
Light Commercial Vehicles & Trailers	16.67%	21-Oct-19	93,644	10,789	13,809	11,508	9,590	7,991	6,660	5,550	4,625	3,854	3,212
Ride on Lawn Mower	40.00%	21-Oct-19	5,117	1,415	1,481	889	533	320	192	115	69	41	25
Hand Tools	66.67%	21-Oct-19	1,504	693	541	180	60	20	7	2	1	0	0
Pooled Plant Total				19,592	33,412	22,896	15,240	10,988	7,133	4,418	3,105	2,270	1,413
Effective Life Plant Total				72,412	62,169	45,216	34,254	26,065	20,858	16,923	13,516	10,868	8,972
Total Division 40			481,865	92,004	95,581	68,112	49,494	37,053	27,991	21,341	16,622	13,138	10,385
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 2012	4.00%	21-Oct-19	437,116	16,999	24,591	24,591	24,591	24,591	24,591	24,591	24,591	24,591	24,591
Building Works - Completed 2016	4.00%	21-Oct-19	46,954	1,490	2,156	2,156	2,156	2,156	2,156	2,156	2,156	2,156	2,156
Total Division 43			484,070	18,489	26,747	26,747	26,747	26,747	26,747	26,747	26,747	26,747	26,747
Total Depreciation			965,935	110,493	122,328	94,859	76,241	63,800	54,738	48,088	43,369	39,885	37,132

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	
TABLE A														
ACCOMMODATION AND FOOD SERVICES														
Accommodation														
Assets generally:														
Air conditioning assets mini split systems up to 20KW	10.00%	21-Oct-19	31,317	2,165	3,132	3,132	3,132	3,132	3,132	3,132	3,132	3,132	3,132	3,132
Generators	5.00%	21-Oct-19	23,078	798	1,154	1,154	1,154	1,154	1,154	1,154	1,154	1,154	1,154	1,154
Heaters fixed gas other	18.75%	21-Oct-19	716	134	218	136	85	53	33	21	13	8	5	
Lights fittings	18.75%	21-Oct-19	17,030	3,193	5,189	3,243	2,027	1,267	792	495	309	193	121	
Radios	10.00%	21-Oct-19	1,284	89	128	128	128	128	128	128	128	128	128	
Stereo systems	14.29%	21-Oct-19	2,354	232	336	336	336	336	336	336	105			
Telecommunications assets telephone hand sets	18.75%	21-Oct-19	3,121	585	951	594	372	232	145	91	57	35	22	
Television sets	10.00%	21-Oct-19	13,816	955	1,382	1,382	1,382	1,382	1,382	1,382	1,382	1,382	1,382	
Fire control assets:														
Extinguishers	6.67%	21-Oct-19	7,471	344	498	498	498	498	498	498	498	498	498	
Hoses and nozzles	10.00%	21-Oct-19	9,211	637	921	921	921	921	921	921	921	921	921	
Furniture, freestanding:														
Generally	14.29%	21-Oct-19	9,103	899	1,300	1,300	1,300	1,300	1,300	1,300	404			
Generally	18.75%	21-Oct-19	66,227	12,418	20,179	12,612	7,882	4,926	3,079	1,924	1,203	752	470	
Outdoor	18.75%	21-Oct-19	6,678	1,252	2,035	1,272	795	497	310	194	121	76	47	
Guestroom assets:														
Bedding	50.00%	21-Oct-19	10,771	3,723	5,385	1,663								
Beds generally	14.29%	21-Oct-19	50,434	4,980	7,205	7,205	7,205	7,205	7,205	7,205	2,223			
Beds foldout and rollaway beds	33.33%	21-Oct-19	2,763	637	921	921	285							
Cabinetry	6.00%	21-Oct-19	26,200	1,087	1,572	1,572	1,572	1,572	1,572	1,572	1,572	1,572	1,572	
Kitchen assets bar refrigerators	10.00%	21-Oct-19	1,228	85	123	123	123	123	123	123	123	123	123	
Kitchen assets bar refrigerators	18.75%	21-Oct-19	7,369	1,382	2,245	1,403	877	548	343	214	134	84	52	
Kitchen assets cooking utensils	50.00%	21-Oct-19	660	228	330	102								
Kitchen assets crockery and cutlery	25.00%	21-Oct-19	164	28	41	41	41	12						
Kitchen assets glassware	50.00%	21-Oct-19	491	170	246	75								
Kitchen assets microwave ovens	20.00%	21-Oct-19	2,630	364	526	526	526	526	163					
Kitchen assets refrigerators	8.33%	21-Oct-19	1,228	71	102	102	102	102	102	102	102	102	102	
Laundry assets in guestrooms irons and ironing boards	33.33%	21-Oct-19	2,942	678	981	981	302							
Housekeeping assets														
	100.00%	21-Oct-19	2,456	2,456										
Laundry assets used by hotel/motel operators:														
Washing machines	10.00%	21-Oct-19	1,903	132	190	190	190	190	190	190	190	190	190	
Outdoor assets:														
Barbecue assets freestanding barbecues	20.00%	21-Oct-19	1,637	226	327	327	327	327	103					
Carried forward			304,284	39,947	57,617	41,940	31,562	26,432	23,011	20,982	13,772	10,350	9,920	

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
Division 40 - Plant and Equipment	Rate												
Brought forward			304,284	39,947	57,617	41,940	31,562	26,432	23,011	20,982	13,772	10,350	9,920
Cafes, restaurants, takeaway food services, pubs, taverns, bars and clubs													
Coffee making machines	20.00%	21-Oct-19	1,484	205	297	297	297	297	91				
Dishwasher machines	12.50%	21-Oct-19	8,187	707	1,023	1,023	1,023	1,023	1,023	1,023	1,023	319	
Drink dispensing machines	10.00%	21-Oct-19	246	17	25	25	25	25	25	25	25	25	25
Food preparation and service assets:													
Bench top appliances - small portable type	33.33%	21-Oct-19	353	81	118	118	36						
Cooking appliances, large commercial type	10.00%	21-Oct-19	20,213	1,397	2,021	2,021	2,021	2,021	2,021	2,021	2,021	2,021	2,021
Cookware, handheld	50.00%	21-Oct-19	558	193	279	86							
Crockery, cutlery and glassware	100.00%	21-Oct-19	2,180	2,180									
Hot food display assets	10.00%	21-Oct-19	921	64	92	92	92	92	92	92	92	92	92
Preparation benches, freestanding	5.00%	21-Oct-19	5,404	187	270	270	270	270	270	270	270	270	270
Furniture, freestanding, for customer use:													
In dining areas	12.50%	21-Oct-19	200	17	25	25	25	25	25	25	25	7	
Glassware													
Glassware	100.00%	21-Oct-19	1,699	1,699									
Glasswasher machines	20.00%	21-Oct-19	2,814	389	563	563	563	563	173				
Refrigeration assets:													
Generally	10.00%	21-Oct-19	2,661	184	266	266	266	266	266	266	266	266	266
Generally	18.75%	21-Oct-19	3,173	595	967	604	378	236	148	92	58	36	23
Ice making machines	12.50%	21-Oct-19	2,559	221	320	320	320	320	320	320	320	97	
TABLE B													
Computers and computer equipment:													
Computers and computer equipment (not specified elsewhere below)	25.00%	21-Oct-19	6,796	1,174	1,699	1,699	1,699	524					
Office furniture, freestanding:													
Cabinets - Metal	18.75%	21-Oct-19	174	33	53	33	21	13	8	5	3	2	1
Chairs	10.00%	21-Oct-19	1,981	137	198	198	198	198	198	198	198	198	198
Chairs	10.00%	21-Oct-19	512	35	51	51	51	51	51	51	51	51	51
Desks	5.00%	21-Oct-19	716	25	36	36	36	36	36	36	36	36	36
Reception assets (including lobby chairs, desks, lounges, sofas and tables)	10.00%	21-Oct-19	12,281	849	1,228	1,228	1,228	1,228	1,228	1,228	1,228	1,228	1,228
Point of sale assets:													
Generally (including barcode scanners, cash drawers, dedicated computers, electronic funds transfer point of sale (EFTPOS) machines, keyboards, monitors, printers and terminals)	16.67%	21-Oct-19	2,204	254	367	367	367	367	367	115			
Carried forward			381,599	50,590	67,514	51,262	40,477	33,987	29,353	26,750	19,388	14,999	14,130

Prime Cost Depreciation Schedule (cont.)

Assets Generally	Prime Cost Rate	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Division 40 - Plant and Equipment														
			Brought forward	381,599	50,590	67,514	51,262	40,477	33,987	29,353	26,750	19,388	14,999	14,130
Light Commercial Vehicles & Trailers	8.33%	21-Oct-19	93,644	5,394	7,804	7,804	7,804	7,804	7,804	7,804	7,804	7,804	7,804	7,804
Ride on Lawn Mower	20.00%	21-Oct-19	5,117	707	1,023	1,023	1,023	1,023	318					
Hand Tools	33.33%	21-Oct-19	1,504	347	501	501	156							
Pooled Plant Total				19,592	31,836	19,898	12,436	7,773	4,858	3,036	1,898	1,186	741	
Effective Life Plant Total				37,447	45,006	40,692	37,023	35,042	32,617	31,517	25,294	21,617	21,193	
Total Division 40			481,865	57,039	76,842	60,590	49,459	42,814	37,474	34,554	27,192	22,803	21,934	
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 2012	4.00%	21-Oct-19	437,116	16,999	24,591	24,591	24,591	24,591	24,591	24,591	24,591	24,591	24,591	24,591
Building Works - Completed 2016	4.00%	21-Oct-19	46,954	1,490	2,156	2,156	2,156	2,156	2,156	2,156	2,156	2,156	2,156	2,156
Total Division 43			484,070	18,489	26,747	26,747	26,747	26,747	26,747	26,747	26,747	26,747	26,747	26,747
Total Depreciation			965,935	75,528	103,589	87,337	76,206	69,561	64,221	61,301	53,939	49,550	48,681	

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 2012	1 Feb 12 to 1 Aug 12	614,779	4.00%	24,591	437,116
Building Works - Completed 2016	1 Jul 16 to 1 Aug 16	53,900	4.00%	2,156	46,954
Sub-total		668,679		26,747	484,070

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Sub-total					
Totals		668,679		26,747	484,070

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	
Company Name	Koste Pty Ltd
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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.