



## Tax Depreciation Report (REV 1)

502/31 Mascar Street,  
Upper Mount Gravatt, QLD

Sarah Rudling and Jodi Niedermayer  
41 Parker Road  
EAST CORRIMAL, NSW 2518

Issue Schedule	
Issue Date:	Issued by:
06 April 2020	Mark Kilroy Bsc (Hons) MRICS

Sarah Rudling and Jodi Niedermayer  
41 Parker Road  
EAST CORRIMAL, NSW 2518

April 2020  
Job No: RES4122018

**Tax Depreciation Report – 502/31 Mascar Street, Upper Mount Gravatt, QLD**

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

6 April 2020

### Purchaser

Sarah Rudling and Jodi Niedermayer

### Property Address

502/31 Mascar Street, Upper Mount Gravatt, QLD

### Real Property Description

502/SP304510

### Property Type

Residential Unit

### Date of Construction

1 December 2019

### Property Photo



## 2. Report Details

### 2.1 Introduction

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

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

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

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

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

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

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

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

### **3. Capital Allowances**

#### **3.1 Entitlement**

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

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

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

#### **3.3 Effective Life**

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

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

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

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

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

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

### 3.6 Method of Depreciation

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

Diminishing Value Method				
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"> <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>				
Calculation Example				
Under Diminishing Value method, the effective life is dividing by 200.				
<b>200 / 10 Years = 20% (Adjusted Value)</b>				
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"> <li>• Write off assets when they are demolished or disposed.</li> </ul>				
Calculation Example				
Under Prime Cost method, the effective life is dividing by 100.				
<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.				
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	19 December 19 to 30 June 20	3,510	4,254	7,764	3,675	11,439
2	1 July 20 to 30 June 21	5,275	7,257	12,532	6,933	19,465
3	1 July 21 to 30 June 22	4,075	4,836	8,912	6,933	15,845
4	1 July 22 to 30 June 23	3,216	3,328	6,544	6,933	13,477
5	1 July 23 to 30 June 24	2,534	2,411	4,944	6,933	11,877
6	1 July 24 to 30 June 25	1,792	2,181	3,973	6,933	10,906
7	1 July 25 to 30 June 26	1,193	2,046	3,240	6,933	10,173
8	1 July 26 to 30 June 27	1,023	1,279	2,302	6,933	9,235
9	1 July 27 to 30 June 28	882	799	1,682	6,933	8,615
10	1 July 28 to 30 June 29	766	500	1,265	6,933	8,198
11	1 July 29 to 30 June 30	668	312	980	6,933	7,913
12	1 July 30 to 30 June 31	586	195	782	6,933	7,715
13	1 July 31 to 30 June 32	339	456	796	6,933	7,729
14	1 July 32 to 30 June 33	317	285	602	6,933	7,535
15	1 July 33 to 30 June 34	296	178	474	6,933	7,407
16	1 July 34 to 30 June 35	276	111	387	6,933	7,320
17	1 July 35 to 30 June 36	258	70	327	6,933	7,260
18	1 July 36 to 30 June 37	240	44	284	6,933	7,217
19	1 July 37 to 30 June 38	224	27	252	6,933	7,185
20	1 July 38 to 30 June 39	209	17	226	6,933	7,159
21	1 July 39 to 30 June 40	195	11	206	6,933	7,139
22	1 July 40 to 30 June 41	182	7	189	6,933	7,122
23	1 July 41 to 30 June 42	170	4	174	6,933	7,107
24	1 July 42 to 30 June 43	159	3	161	6,933	7,094
25	1 July 43 to 30 June 44	148	2	150	6,933	7,083
26	1 July 44 to 30 June 45	138	1	139	6,933	7,072
27	1 July 45 to 30 June 46	129	1	130	6,933	7,063
28	1 July 46 to 30 June 47	121	0	121	6,933	7,054
29	1 July 47 to 30 June 48	113	0	113	6,933	7,046
30	1 July 48 to 30 June 49	105	0	105	6,933	7,038
31	1 July 49 to 30 June 50	98	0	98	6,933	7,031
32	1 July 50 to 30 June 51	91	0	92	6,933	7,025
33	1 July 51 to 30 June 52	85	0	85	6,933	7,018
34	1 July 52 to 30 June 53	80	0	80	6,933	7,013
35	1 July 53 to 30 June 54	74	0	74	6,933	7,007
36	1 July 54 to 30 June 55	69	0	69	6,933	7,002
37	1 July 55 to 30 June 56	0	364	364	6,933	7,297
38	1 July 56 to 30 June 57	0	228	228	6,933	7,161
39	1 July 57 to 30 June 58	0	142	142	6,933	7,075
40	2058+	0	237	237	9,816	10,053
<b>Totals</b>		<b>29,640</b>	<b>31,587</b>	<b>61,226</b>	<b>276,945</b>	<b>338,171</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	19 December 19 to 30 June 20	1,917	4,254	6,171	3,675	9,846
2	1 July 20 to 30 June 21	3,005	6,913	9,918	6,933	16,851
3	1 July 21 to 30 June 22	3,005	4,321	7,326	6,933	14,259
4	1 July 22 to 30 June 23	3,005	2,700	5,705	6,933	12,638
5	1 July 23 to 30 June 24	3,005	1,688	4,693	6,933	11,626
6	1 July 24 to 30 June 25	3,005	1,055	4,060	6,933	10,993
7	1 July 25 to 30 June 26	3,005	659	3,664	6,933	10,597
8	1 July 26 to 30 June 27	2,832	412	3,244	6,933	10,177
9	1 July 27 to 30 June 28	2,801	258	3,059	6,933	9,992
10	1 July 28 to 30 June 29	2,801	161	2,962	6,933	9,895
11	1 July 29 to 30 June 30	1,814	101	1,914	6,933	8,847
12	1 July 30 to 30 June 31	933	63	996	6,933	7,929
13	1 July 31 to 30 June 32	721	39	760	6,933	7,693
14	1 July 32 to 30 June 33	506	25	531	6,933	7,464
15	1 July 33 to 30 June 34	376	15	391	6,933	7,324
16	1 July 34 to 30 June 35	376	10	386	6,933	7,319
17	1 July 35 to 30 June 36	376	6	382	6,933	7,315
18	1 July 36 to 30 June 37	376	4	380	6,933	7,313
19	1 July 37 to 30 June 38	376	2	378	6,933	7,311
20	1 July 38 to 30 June 39	376	1	377	6,933	7,310
21	1 July 39 to 30 June 40	376	1	377	6,933	7,310
22	1 July 40 to 30 June 41	376	1	377	6,933	7,310
23	1 July 41 to 30 June 42	376	0	376	6,933	7,309
24	1 July 42 to 30 June 43	376	0	376	6,933	7,309
25	1 July 43 to 30 June 44	376	0	376	6,933	7,309
26	1 July 44 to 30 June 45	376	0	376	6,933	7,309
27	1 July 45 to 30 June 46	376	0	376	6,933	7,309
28	1 July 46 to 30 June 47	376	0	376	6,933	7,309
29	1 July 47 to 30 June 48	376	0	376	6,933	7,309
30	1 July 48 to 30 June 49	376	0	376	6,933	7,309
31	1 July 49 to 30 June 50	168	0	168	6,933	7,101
32	1 July 50 to 30 June 51	0	0	0	6,933	6,933
33	1 July 51 to 30 June 52	0	0	0	6,933	6,933
34	1 July 52 to 30 June 53	0	0	0	6,933	6,933
35	1 July 53 to 30 June 54	0	0	0	6,933	6,933
36	1 July 54 to 30 June 55	0	0	0	6,933	6,933
37	1 July 55 to 30 June 56	0	0	0	6,933	6,933
38	1 July 56 to 30 June 57	0	0	0	6,933	6,933
39	1 July 57 to 30 June 58	0	0	0	6,933	6,933
40	2058+	0	0	0	9,816	9,816
<b>Totals</b>		<b>38,538</b>	<b>22,688</b>	<b>61,226</b>	<b>276,945</b>	<b>338,171</b>

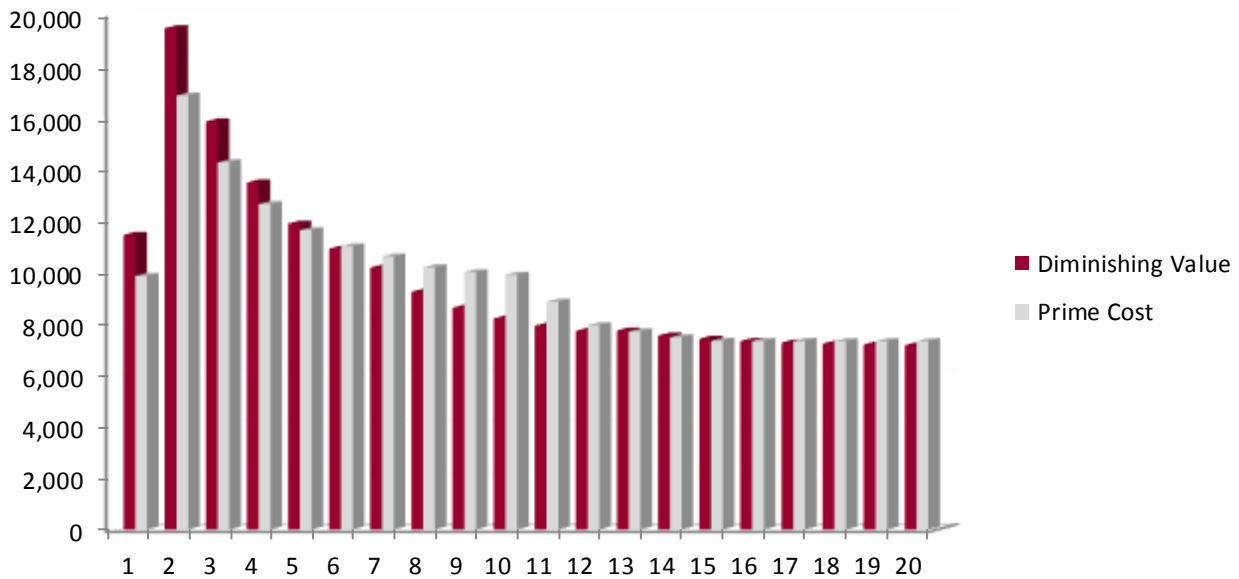
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

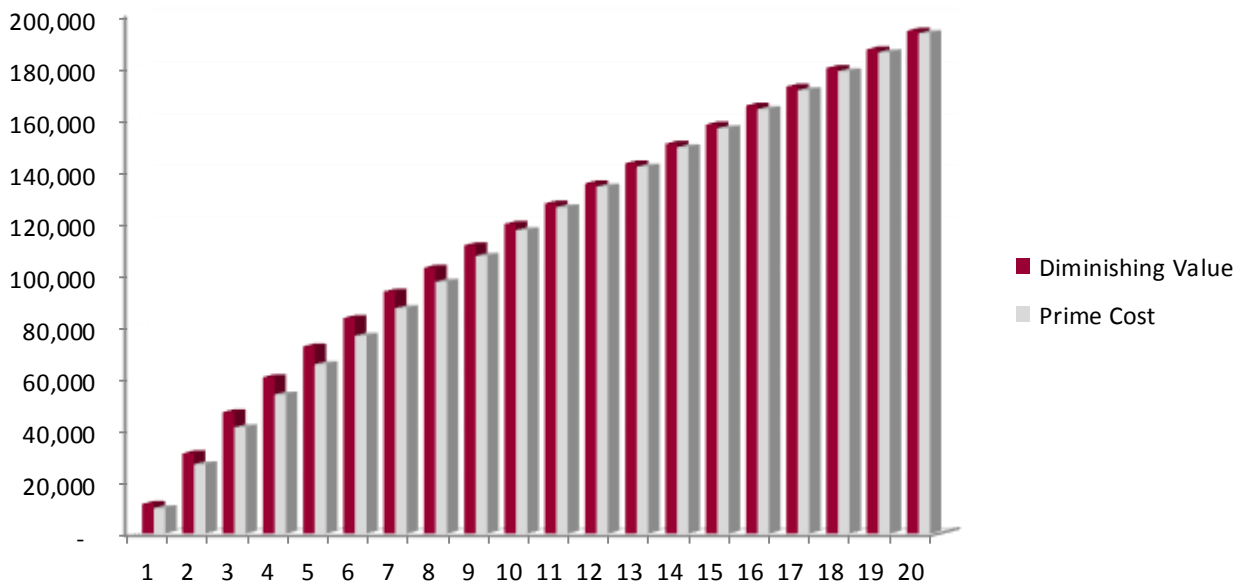
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	Not Provided
Settlement Date	19 December 2019

### Expenditure Analysed

Purchase Price	\$495,500
Stamp Duty	\$15,768
<b>Total Expenditure Analysed</b>	<b>\$511,268</b>

### Historical Construction Details

Construction Start Date	7 October 2018
Construction Completion Date	1 December 2019
Historical Construction Cost (Estimated)*	\$322,128
Lot Entitlement	228
Overall Lot Entitlement	9,960

## 9. Reconciliation of Capital Expenditure

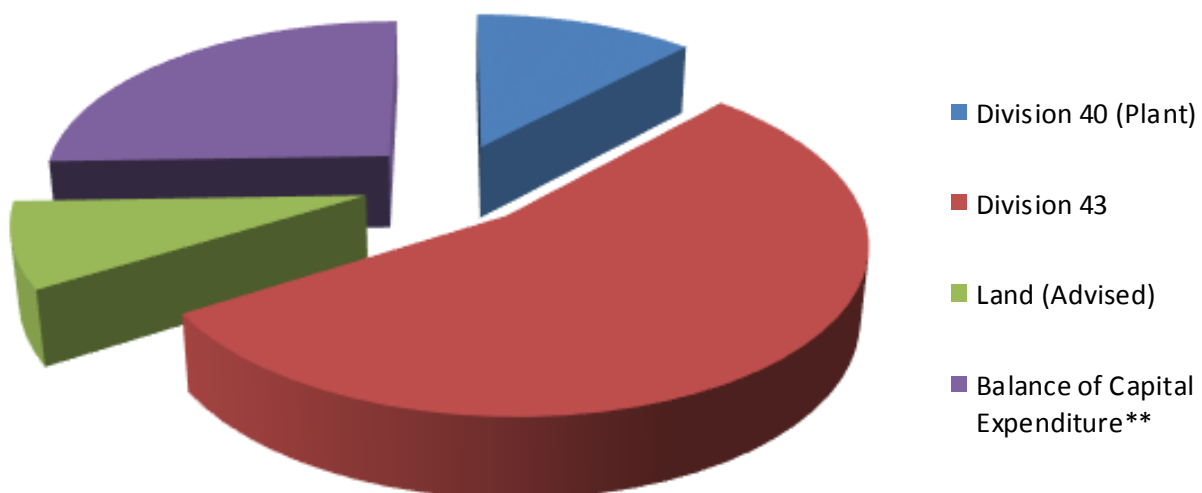
### Apportionment of cost relating to:

Division 40 (Plant)	\$61,226
Division 43	\$276,945
Land (Advised)	\$42,516
Balance of Capital Expenditure**	\$130,580
<b>Total Expenditure Analysed</b>	<b>\$511,267</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%	19-Dec-19	11,606	1,230	2,075	1,660	1,328	1,062	850	680	544	435	348
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	19-Dec-19	879	165	268	167	105	65	41	26	16	10	6
<b>Blinds Residential</b>													
Blinds Residential	20.00%	19-Dec-19	1,424	151	255	204	306	191	119	75	47	29	18
Blinds Residential	18.75%	19-Dec-19	2,989	560	911	569	356	222	139	87	54	34	21
<b>Ceiling Fans</b>													
Ceiling Fans	18.75%	19-Dec-19	1,846	346	563	352	220	137	86	54	34	21	13
<b>Computer systems</b>													
General	18.75%	19-Dec-19	615	115	188	117	73	46	29	18	11	7	4
<b>Door closers</b>													
Door closers	18.75%	19-Dec-19	449	84	137	85	53	33	21	13	8	5	3
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	19-Dec-19	1,999	375	609	381	238	149	93	58	36	23	14
Detection & alarm systems, fire indicator panel	16.67%	19-Dec-19	1,006	89	344	215	134	84	52	33	21	13	8
Emergency warning & intercommunication system	18.75%	19-Dec-19	513	96	156	98	61	38	24	15	9	6	4
Pumps, diesel & electric	18.75%	19-Dec-19	342	64	104	65	41	25	16	10	6	4	2
<b>Floor coverings ( removable without damage)</b>													
Carpets	20.00%	19-Dec-19	3,279	348	586	469	375	300	240	360	225	141	88
<b>Furniture</b>													
Furniture	15.00%	19-Dec-19	2,110	168	291	248	211	179	152	323	202	126	79
Furniture	18.75%	19-Dec-19	5,280	990	1,609	1,006	628	393	245	153	96	60	37
<b>Hot water systems (excluding piping)</b>													
Gas or electric	18.75%	19-Dec-19	725	136	221	138	86	54	34	21	13	8	5
<b>Kitchen assets</b>													
Cooktops	16.67%	19-Dec-19	1,671	148	254	212	176	330	207	129	81	50	32
Dishwashers	20.00%	19-Dec-19	2,374	252	424	340	272	217	326	204	127	80	50
Microwave ovens	18.75%	19-Dec-19	967	181	295	184	115	72	45	28	18	11	7
Ovens	16.67%	19-Dec-19	2,110	186	321	267	223	186	348	217	136	85	53
Rangehoods	18.75%	19-Dec-19	967	181	295	184	115	72	45	28	18	11	7
<b>Laundry assets</b>													
Clothes dryers	18.75%	19-Dec-19	791	148	241	151	94	59	37	23	14	9	6
<b>Lifts (including hydraulic &amp; tractions lifts)</b>													
Lifts (including hydraulic & tractions lifts)	6.67%	19-Dec-19	11,271	398	725	677	631	589	550	513	479	447	417
<b>Lights</b>													
Shades, removable	18.75%	19-Dec-19	3,314	621	1,010	631	394	247	154	96	60	38	24
<b>MATV - amplifiers &amp; modulators</b>													
MATV - amplifiers & modulators	18.75%	19-Dec-19	704	132	215	134	84	52	33	20	13	8	5
Carried forward			59,233	7,166	12,095	8,553	6,320	4,804	3,885	3,185	2,268	1,660	1,252

## 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>													
			<b>59,233</b>	<b>7,166</b>	<b>12,095</b>	<b>8,553</b>	<b>6,320</b>	<b>4,804</b>	<b>3,885</b>	<b>3,185</b>	<b>2,268</b>	<b>1,660</b>	<b>1,252</b>
<b>Brought forward</b>													
<b>Security systems &amp; equipment</b>													
Electronic	30.00%	19-Dec-19	1,363	217	344	301	188	118	73	46	29	18	11
<b>Ventilating plant</b>													
Ventilation plant - fans only	18.75%	19-Dec-19	306	57	93	58	36	23	14	9	6	3	2
<b>\$300 items</b>	<b>100.00%</b>	<b>19-Dec-19</b>	<b>324</b>	<b>324</b>									
<b>Pooled Plant Total</b>				<b>4,254</b>	<b>7,257</b>	<b>4,836</b>	<b>3,328</b>	<b>2,411</b>	<b>2,181</b>	<b>2,046</b>	<b>1,279</b>	<b>799</b>	<b>500</b>
<b>Effective Life Plant Total</b>				<b>3,510</b>	<b>5,275</b>	<b>4,075</b>	<b>3,216</b>	<b>2,534</b>	<b>1,792</b>	<b>1,193</b>	<b>1,023</b>	<b>882</b>	<b>766</b>
<b>Total Division 40</b>			<b>61,226</b>	<b>7,764</b>	<b>12,532</b>	<b>8,912</b>	<b>6,544</b>	<b>4,944</b>	<b>3,973</b>	<b>3,240</b>	<b>2,302</b>	<b>1,682</b>	<b>1,265</b>
<b>Division 43 - Capital Works Allowance</b>													
	<b>Rate</b>		<b>Opening Value</b>	<b>Year 1</b>	<b>Year2</b>	<b>Year 3</b>	<b>Year4</b>	<b>Year5</b>	<b>Year6</b>	<b>Year7</b>	<b>Year8</b>	<b>Year9</b>	<b>Year10</b>
<b>Building Works - Completed 2019</b>	2.50%	19-Dec-19	272,171	3,611	6,813	6,813	6,813	6,813	6,813	6,813	6,813	6,813	6,813
<b>Structural Improvements - Completed 2019</b>	2.50%	19-Dec-19	4,774	64	120	120	120	120	120	120	120	120	120
<b>Total Division 43</b>			<b>276,945</b>	<b>3,675</b>	<b>6,933</b>	<b>6,933</b>	<b>6,933</b>	<b>6,933</b>	<b>6,933</b>	<b>6,933</b>	<b>6,933</b>	<b>6,933</b>	<b>6,933</b>
<b>Total Depreciation</b>			<b>338,171</b>	<b>11,439</b>	<b>19,465</b>	<b>15,845</b>	<b>13,477</b>	<b>11,877</b>	<b>10,906</b>	<b>10,173</b>	<b>9,235</b>	<b>8,615</b>	<b>8,198</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%	19-Dec-19	11,606	615	1,161	1,161	1,161	1,161	1,161	1,161	1,161	1,161	1,161
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	19-Dec-19	879	165	268	167	105	65	41	26	16	10	6
<b>Blinds Residential</b>													
Blinds Residential	10.00%	19-Dec-19	1,424	75	142	142	142	142	142	142	142	142	142
Blinds Residential	18.75%	19-Dec-19	2,989	560	911	569	356	222	139	87	54	34	21
<b>Ceiling Fans</b>													
Ceiling Fans	18.75%	19-Dec-19	1,846	346	563	352	220	137	86	54	34	21	13
<b>Computer systems</b>													
General	18.75%	19-Dec-19	615	115	188	117	73	46	29	18	11	7	4
<b>Door closers</b>													
Door closers	18.75%	19-Dec-19	449	84	137	85	53	33	21	13	8	5	3
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	19-Dec-19	1,999	375	609	381	238	149	93	58	36	23	14
Detection & alarm systems, fire indicator panel	8.33%	19-Dec-19	1,006	44	84	84	84	84	84	84	84	84	84
Emergency warning & intercommunication system	18.75%	19-Dec-19	513	96	156	98	61	38	24	15	9	6	4
Pumps, diesel & electric	18.75%	19-Dec-19	342	64	104	65	41	25	16	10	6	4	2
<b>Floor coverings ( removable without damage)</b>													
Carpets	10.00%	19-Dec-19	3,279	174	328	328	328	328	328	328	328	328	328
<b>Furniture</b>													
Furniture	7.50%	19-Dec-19	2,110	84	158	158	158	158	158	158	158	158	158
Furniture	18.75%	19-Dec-19	5,280	990	1,609	1,006	628	393	245	153	96	60	37
<b>Hot water systems (excluding piping)</b>													
Gas or electric	18.75%	19-Dec-19	725	136	221	138	86	54	34	21	13	8	5
<b>Kitchen assets</b>													
Cooktops	8.33%	19-Dec-19	1,671	74	139	139	139	139	139	139	139	139	139
Dishwashers	10.00%	19-Dec-19	2,374	126	237	237	237	237	237	237	237	237	237
Microwave ovens	18.75%	19-Dec-19	967	181	295	184	115	72	45	28	18	11	7
Ovens	8.33%	19-Dec-19	2,110	93	176	176	176	176	176	176	176	176	176
Rangehoods	18.75%	19-Dec-19	967	181	295	184	115	72	45	28	18	11	7
<b>Laundry assets</b>													
Clothes dryers	18.75%	19-Dec-19	791	148	241	151	94	59	37	23	14	9	6
<b>Lifts (including hydraulic &amp; tractions lifts)</b>													
Lifts (including hydraulic & tractions lifts)	3.33%	19-Dec-19	11,271	199	376	376	376	376	376	376	376	376	376
<b>Lights</b>													
Shades, removable	18.75%	19-Dec-19	3,314	621	1,010	631	394	247	154	96	60	38	24
<b>MATV - amplifiers &amp; modulators</b>													
MATV - amplifiers & modulators	18.75%	19-Dec-19	704	132	215	134	84	52	33	20	13	8	5
Carried forward			59,233	5,681	9,621	7,063	5,465	4,466	3,842	3,451	3,207	3,055	2,960

## 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
<b>Division 40 - Plant and Equipment</b>													
Brought forward			59,233	5,681	9,621	7,063	5,465	4,466	3,842	3,451	3,207	3,055	2,960
<b>Security systems &amp; equipment</b>													
Electronic	15.00%	19-Dec-19	1,363	108	204	204	204	204	204	204	31		
<b>Ventilating plant</b>													
Ventilation plant - fans only	18.75%	19-Dec-19	306	57	93	58	36	23	14	9	6	3	2
<b>\$300 items</b>													
\$300 items	100.00%	19-Dec-19	324	324									
<b>Pooled Plant Total</b>				4,254	6,913	4,321	2,700	1,688	1,055	659	412	258	161
<b>Effective Life Plant Total</b>				1,917	3,005	3,005	3,005	3,005	3,005	3,005	2,832	2,801	2,801
<b>Total Division 40</b>			61,226	6,171	9,918	7,326	5,705	4,693	4,060	3,664	3,244	3,059	2,962
<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
<b>Building Works - Completed 2019</b>	2.50%	19-Dec-19	272,171	3,611	6,813	6,813	6,813	6,813	6,813	6,813	6,813	6,813	6,813
<b>Structural Improvements - Completed 2019</b>	2.50%	19-Dec-19	4,774	64	120	120	120	120	120	120	120	120	120
<b>Total Division 43</b>			276,945	3,675	6,933	6,933	6,933	6,933	6,933	6,933	6,933	6,933	6,933
<b>Total Depreciation</b>			338,171	9,846	16,851	14,259	12,638	11,626	10,993	10,597	10,177	9,992	9,895



## 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	7 Oct 18 to 1 Dec 19	272,507	2.50%	6,813	272,171
<b>Sub-total</b>		<b>272,507</b>		<b>6,813</b>	<b>272,171</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2019	7 Oct 18 to 1 Dec 19	4,780	2.50%	120	4,774
<b>Sub-total</b>		<b>4,780</b>		<b>120</b>	<b>4,774</b>
<b>Totals</b>		<b>277,287</b>		<b>6,933</b>	<b>276,945</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	
<b>Company Name</b>	Koste Pty Ltd
<b>Postal Address</b>	Suite 1, L12/133 Mary Street, Brisbane, Qld 4000
<b>Office Number</b>	1300 669 400
<b>Office Email</b>	info@koste.com.au

LEAD SURVEYOR DETAILS	
<b>Surveyors Name</b>	Mark Kilroy
<b>Tax Agent Number</b>	24370523
<b>Contact Number</b>	1300 669 400
<b>Email</b>	accounts@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.