Tax Depreciation Report

Granny Flat – 9 Kennedy St, Brighton QLD 4017

Margaret Ong
9 Kennedy St
BRIGHTON, QLD 4017

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

Margaret Ong
9 Kennedy St
BRIGHTON, QLD 4017

April 2020
Job No: RES4017020

Tax Depreciation Report – 9 Kennedy St, Brighton QLD 4017

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

Margaret Ong

Property Address

9 Kennedy St, Brighton QLD 4017

Real Property Description

L1 RP67687

Property Type

Residential House

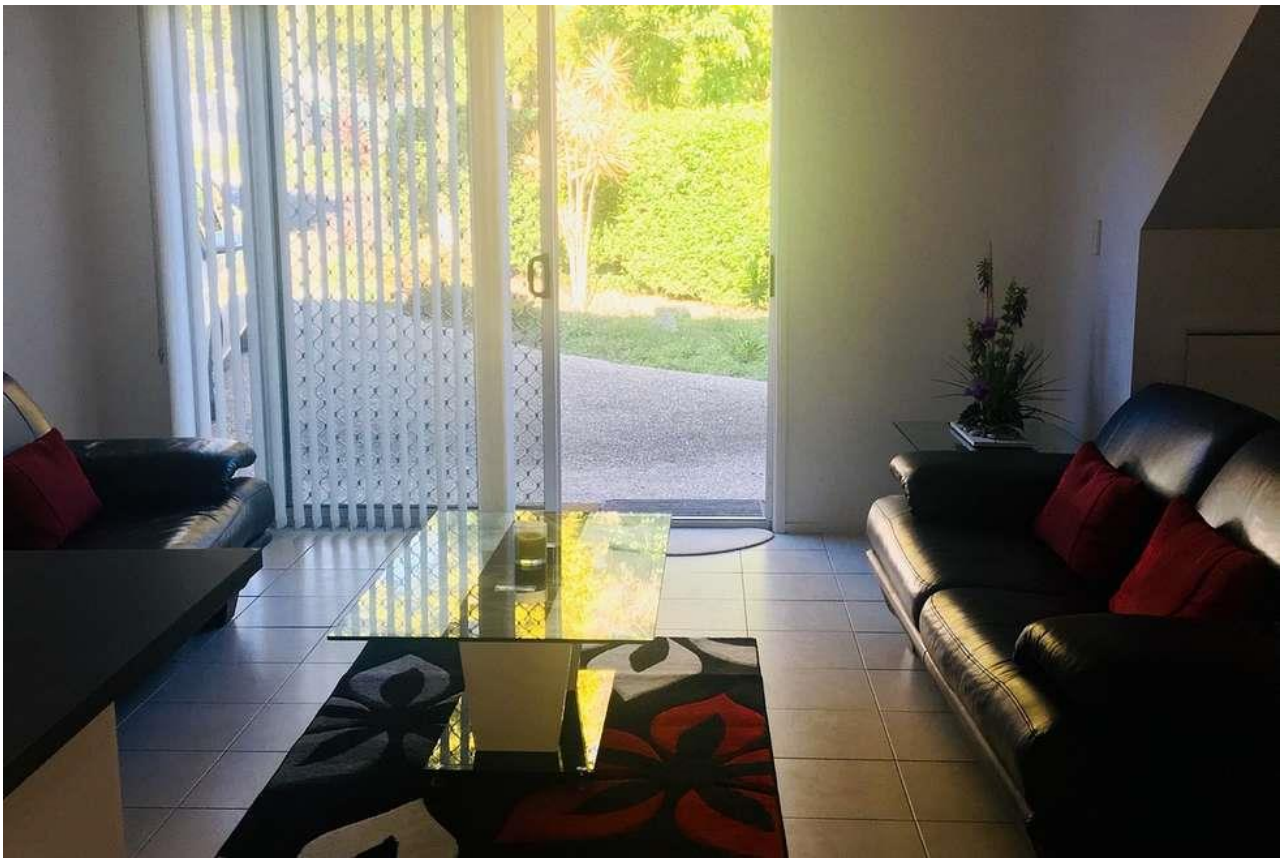
Date of Construction

1 July 1988

Date Available To Generate Income

25 June 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 deprecating 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

- 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

- 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	Division 40 - Capital Allowance (Eligible)			Division 43	Eligible	Capital Loss - See Appendix A	
		Effective Life	Pooled Plant	Total Div 40	Capital Works	Total	Div 40 Yearly	Cumulative
1	11 November 15 to 30 June 16	0	0	0	1,128	**1,128**	0	0
2	1 July 16 to 30 June 17	0	0	0	1,780	**1,780**	0	0
3	1 July 17 to 30 June 18	219	2,409	2,628	1,961	**4,589**	0	0
4	1 July 18 to 30 June 19	529	1,506	2,035	2,883	**4,918**	1,285	1,285
5	1 July 19 to 30 June 20	432	941	1,373	2,883	**4,256**	21	1,306
6	1 July 20 to 30 June 21	0	1,308	1,308	2,883	**4,191**	14	1,320
7	1 July 21 to 30 June 22	0	818	818	2,883	**3,701**	8	1,328
8	1 July 22 to 30 June 23	0	511	511	2,883	**3,394**	5	1,333
9	1 July 23 to 30 June 24	0	319	319	2,883	**3,202**	4	1,337
10	1 July 24 to 30 June 25	0	200	200	2,883	**3,083**	2	1,338
11	1 July 25 to 30 June 26	0	125	125	2,883	**3,008**	1	1,339
12	1 July 26 to 30 June 27	0	78	78	2,883	**2,961**	1	1,340
13	1 July 27 to 30 June 28	0	49	49	2,876	**2,925**	0	1,340
14	1 July 28 to 30 June 29	0	30	30	1,968	**1,998**	1	1,341
15	1 July 29 to 30 June 30	0	19	19	1,968	**1,987**	0	1,341
16	1 July 30 to 30 June 31	0	12	12	1,968	**1,980**	0	1,342
17	1 July 31 to 30 June 32	0	7	7	1,968	**1,975**	1	1,342
18	1 July 32 to 30 June 33	0	5	5	1,968	**1,973**	0	1,342
19	1 July 33 to 30 June 34	0	3	3	1,968	**1,971**	0	1,342
20	1 July 34 to 30 June 35	0	2	2	1,968	**1,970**	0	1,341
21	1 July 35 to 30 June 36	0	1	1	1,968	**1,969**	0	1,342
22	1 July 36 to 30 June 37	0	1	1	1,968	**1,969**	0	1,341
23	1 July 37 to 30 June 38	0	0	0	1,968	**1,968**	0	1,342
24	1 July 38 to 30 June 39	0	0	0	1,968	**1,968**	0	1,342
25	1 July 39 to 30 June 40	0	0	0	1,968	**1,968**	0	1,342
26	1 July 40 to 30 June 41	0	0	0	1,968	**1,968**	0	1,342
27	1 July 41 to 30 June 42	0	0	0	1,968	**1,968**	0	1,342
28	1 July 42 to 30 June 43	0	0	0	1,181	**1,181**	0	1,342
29	1 July 43 to 30 June 44	0	0	0	1,103	**1,103**	0	1,342
30	1 July 44 to 30 June 45	0	0	0	1,103	**1,103**	0	1,343
31	1 July 45 to 30 June 46	0	0	0	1,103	**1,103**	0	1,343
32	1 July 46 to 30 June 47	0	0	0	1,103	**1,103**	0	1,343
33	1 July 47 to 30 June 48	0	0	0	1,103	**1,103**	0	1,343
34	1 July 48 to 30 June 49	0	0	0	1,103	**1,103**	0	1,343
35	1 July 49 to 30 June 50	0	0	0	1,103	**1,103**	0	1,343
36	1 July 50 to 30 June 51	0	0	0	1,103	**1,103**	0	1,343
37	1 July 51 to 30 June 52	0	0	0	1,103	**1,103**	0	1,343
38	1 July 52 to 30 June 53	0	0	0	1,103	**1,103**	0	1,343
39	1 July 53 to 30 June 54	0	0	0	1,103	**1,103**	0	1,343
40	2054+	0	0	0	4,247	**4,247**	0	1,343
	Totals	**1,180**	**8,344**	**9,524**	**78,805**	**88,329**	**1,343**	**1,343**

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	Division 40 - Capital Allowance (Eligible)			Division 43	Eligible	Capital Loss - See Appendix A	
		Effective Life	Pooled Plant	Total Div 40	Capital Works	Total	Div 40 Yearly	Cumulative
1	11 November 15 to 30 June 16	0	0	0	1,128	**1,128**	0	0
2	1 July 16 to 30 June 17	0	0	0	1,780	**1,780**	0	0
3	1 July 17 to 30 June 18	126	2,315	2,441	1,961	**4,402**	0	0
4	1 July 18 to 30 June 19	335	1,447	1,782	2,883	**4,665**	1,515	1,515
5	1 July 19 to 30 June 20	335	904	1,239	2,883	**4,122**	27	1,542
6	1 July 20 to 30 June 21	335	565	900	2,883	**3,783**	27	1,569
7	1 July 21 to 30 June 22	335	353	688	2,883	**3,571**	27	1,596
8	1 July 22 to 30 June 23	320	221	541	2,883	**3,424**	27	1,623
9	1 July 23 to 30 June 24	285	138	423	2,883	**3,306**	27	1,650
10	1 July 24 to 30 June 25	285	86	371	2,883	**3,254**	27	1,677
11	1 July 25 to 30 June 26	285	54	339	2,883	**3,222**	5	1,682
12	1 July 26 to 30 June 27	285	34	319	2,883	**3,202**	0	1,682
13	1 July 27 to 30 June 28	224	21	245	2,876	**3,121**	0	1,682
14	1 July 28 to 30 June 29	125	13	138	1,968	**2,106**	0	1,682
15	1 July 29 to 30 June 30	77	8	85	1,968	**2,053**	0	1,682
16	1 July 30 to 30 June 31	0	5	5	1,968	**1,973**	0	1,682
17	1 July 31 to 30 June 32	0	3	3	1,968	**1,971**	0	1,682
18	1 July 32 to 30 June 33	0	2	2	1,968	**1,970**	0	1,682
19	1 July 33 to 30 June 34	0	1	1	1,968	**1,969**	0	1,682
20	1 July 34 to 30 June 35	0	1	1	1,968	**1,969**	0	1,682
21	1 July 35 to 30 June 36	0	0	0	1,968	**1,968**	0	1,682
22	1 July 36 to 30 June 37	0	0	0	1,968	**1,968**	0	1,682
23	1 July 37 to 30 June 38	0	0	0	1,968	**1,968**	0	1,682
24	1 July 38 to 30 June 39	0	0	0	1,968	**1,968**	0	1,682
25	1 July 39 to 30 June 40	0	0	0	1,968	**1,968**	0	1,682
26	1 July 40 to 30 June 41	0	0	0	1,968	**1,968**	0	1,682
27	1 July 41 to 30 June 42	0	0	0	1,968	**1,968**	0	1,682
28	1 July 42 to 30 June 43	0	0	0	1,181	**1,181**	0	1,682
29	1 July 43 to 30 June 44	0	0	0	1,103	**1,103**	0	1,682
30	1 July 44 to 30 June 45	0	0	0	1,103	**1,103**	0	1,682
31	1 July 45 to 30 June 46	0	0	0	1,103	**1,103**	0	1,682
32	1 July 46 to 30 June 47	0	0	0	1,103	**1,103**	0	1,682
33	1 July 47 to 30 June 48	0	0	0	1,103	**1,103**	0	1,682
34	1 July 48 to 30 June 49	0	0	0	1,103	**1,103**	0	1,682
35	1 July 49 to 30 June 50	0	0	0	1,103	**1,103**	0	1,682
36	1 July 50 to 30 June 51	0	0	0	1,103	**1,103**	0	1,682
37	1 July 51 to 30 June 52	0	0	0	1,103	**1,103**	0	1,682
38	1 July 52 to 30 June 53	0	0	0	1,103	**1,103**	0	1,682
39	1 July 53 to 30 June 54	0	0	0	1,103	**1,103**	0	1,682
40	2054+	0	0	0	4,247	**4,247**	0	1,682
	Totals	**3,354**	**6,171**	**9,525**	**78,805**	**88,330**	**1,682**	**1,682**

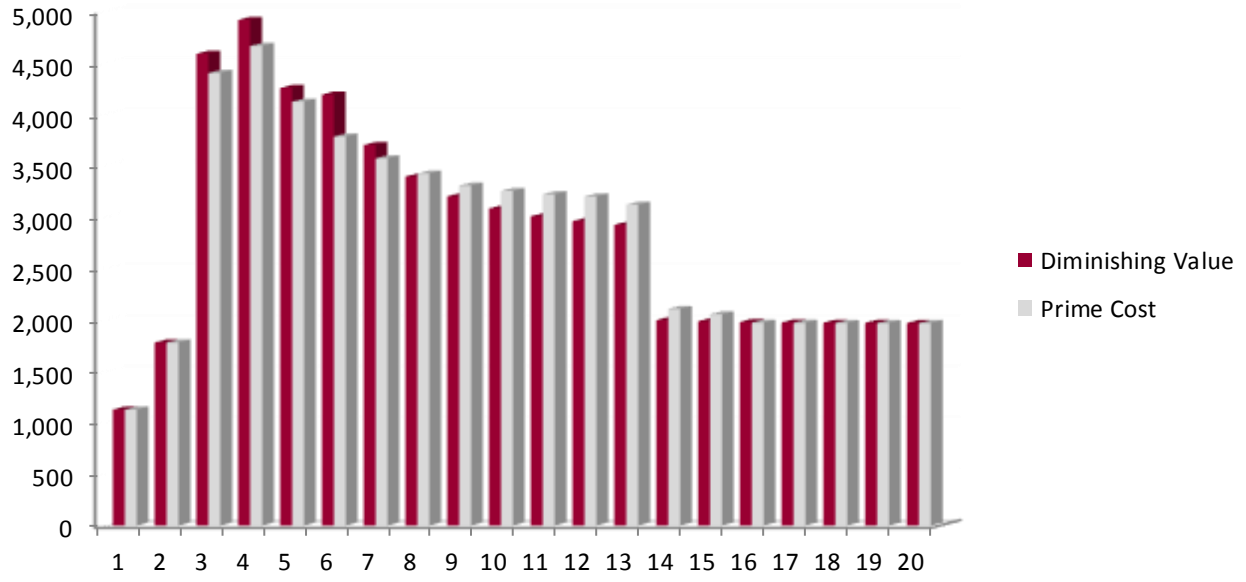
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

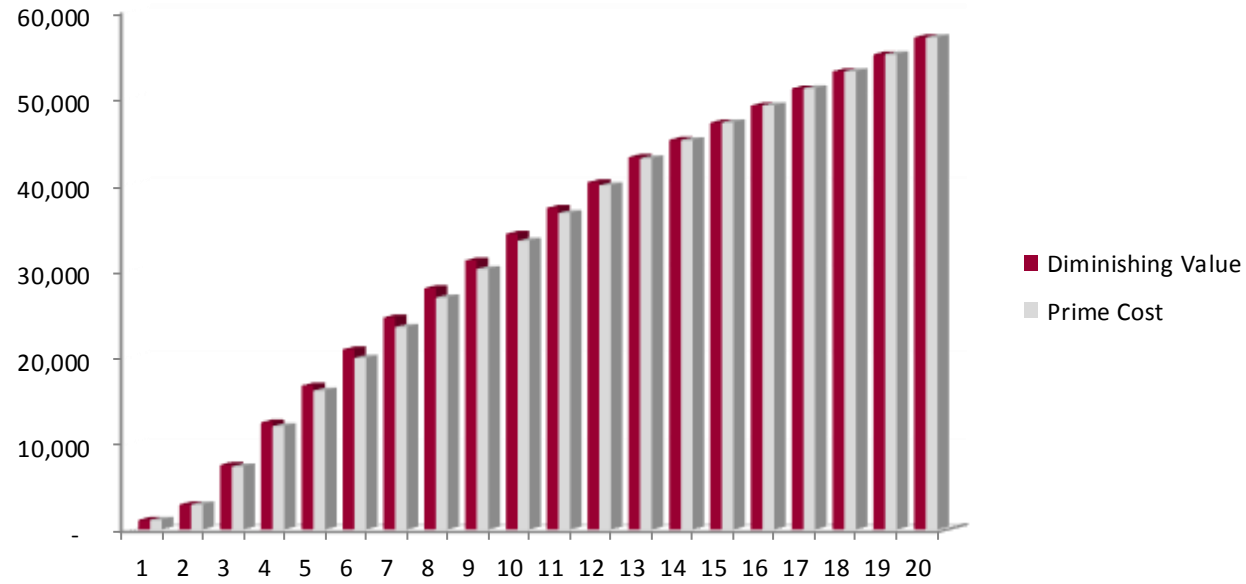
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	$1,000	$100	$900	$100

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	1 October 2015
Settlement Date	11 November 2015
Available To Generate Income	25 June 2019

Expenditure Analysed	
Purchase Price	$325,000
Stamp Duty	$3,753
Legals	$600
Post Expenditure	$53,661
Total Expenditure Analysed	**$383,014**

Historical Construction Details	
Construction Start Date	5 October 1987
Construction Completion Date	1 July 1988
Historical Construction Cost (Estimated)*	$56,014
Lot Entitlement	1
Overall Lot Entitlement	1

*Note we have allocated 50% of the purchase price and original construction cost to the Granny Flat located on the lower ground floor as advised.

9. Reconciliation of Capital Expenditure

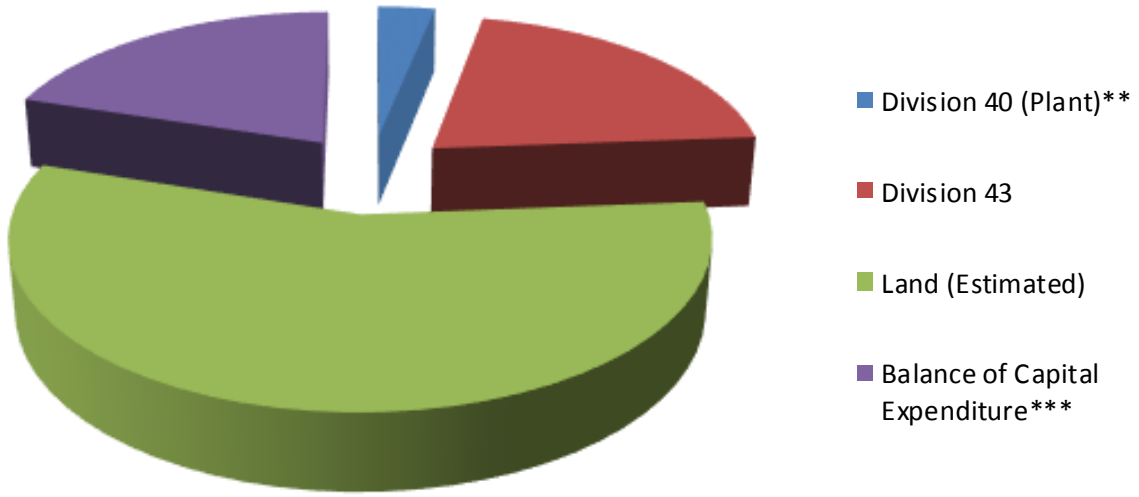
Apportionment of cost relating to:	
Division 40 (Plant)**	$12,311
Division 43	$78,805
Land (Estimated)	$214,954
Balance of Capital Expenditure***	$76,944
Total Expenditure Analysed	**$383,014**

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

** Some assets in Division 40 (Plant) may not be eligible for yearly depreciation claim but for capital gain deduction only. Please go to Summary of Entitlements and detailed schedules for more information

*** 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	Eligibility For Depreciation	Diminishing Value Rate	Start Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Ceiling Fans	NO	18.75%	11-Nov-15	133	25	40	25	42						
Furniture	NO	18.75%	11-Nov-15	531	99	162	101	168						
Garden sheds, freestanding	NO	20.00%	11-Nov-15	265	34	87	54	34	21	13	8	5	3	2
Hot water systems (excluding piping)														
Gas or electric	NO	16.67%	11-Nov-15	1,486	157	221	185	923						
Lights														
Shades, removable	NO	18.75%	11-Nov-15	371	70	113	71	118						
Additional Items (Post Expenditure)	**Eligibility**				**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	YES	20.00%	10-Feb-18	1,600			123	295	236	355	222	138	87	54
Bathroom assets														
Exhaust fans (including light/heating)	YES	18.75%	10-Feb-18	150			56	35	22	14	9	5	3	2
Blinds Residential	YES	18.75%	10-Feb-18	1,049			393	246	154	96	60	38	23	15
Fire control assets														
Detection & alarm systems, detectors	YES	18.75%	10-Feb-18	220			83	52	32	20	13	8	5	3
Furniture	YES	18.75%	10-Feb-18	2,700			1,013	633	396	247	154	97	60	38
Garbage disposal														
Garbage bins	YES	18.75%	10-Feb-18	240			90	56	35	22	14	9	5	3
Hot water systems (excluding piping)														
Gas or electric	YES	16.67%	10-Feb-18	1,500			96	234	195	366	229	143	89	56
Kitchen assets														
Cooktops	YES	18.75%	6-Apr-18	825			309	193	121	76	47	30	18	12
Lights														
Fittings (excluding hardwired)	YES	40.00%	3-Mar-18	251			94	59	37	23	14	9	6	4
Shades, removable	YES	18.75%	10-Feb-18	990			371	232	145	91	57	35	22	14
Pooled Plant Total					**194**	**402**	**2,661**	**2,791**	**962**	**1,322**	**826**	**516**	**323**	**202**
Effective Life Plant Total					**191**	**221**	**403**	**529**	**431**					
Total Division 40				**12,311**	**385**	**624**	**3,064**	**3,320**	**1,394**	**1,322**	**826**	**516**	**323**	**202**

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 1988	2.50%	11-Nov-15	11,553	580	915	915	915	915	915	915	915	915	915
Building Works - Completed 2002	2.50%	11-Nov-15	19,686	467	737	737	737	737	737	737	737	737	737
Building Works - Completed 2018	2.50%	01-May-18	44,136			181	1,103	1,103	1,103	1,103	1,103	1,103	1,103
Structural Improvements - Completed 2002	2.50%	11-Nov-15	3,430	81	128	128	128	128	128	128	128	128	128
Total Division 43			**78,805**	**1,128**	**1,780**	**1,961**	**2,883**	**2,883**	**2,883**	**2,883**	**2,883**	**2,883**	**2,883**

11. Prime Cost Depreciation Schedule

Assets Generally Division 40 - Plant and Equipment	Eligibility For Depreciation	Prime Cost Rate	Start Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Ceiling Fans	NO	18.75%	11-Nov-15	133	25	40	25	42						
Furniture	NO	18.75%	11-Nov-15	531	99	162	101	168						
Garden sheds, freestanding	NO	10.00%	11-Nov-15	265	17	27	27	27	27	27	27	27	27	27
Hot water systems (excluding piping)														
Gas or electric	NO	8.33%	11-Nov-15	1,486	78	124	124	1,159						
Lights														
Shades, removable	NO	18.75%	11-Nov-15	371	70	113	71	118						
Additional Items (Post Expenditure)	**Eligibility**				**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	YES	10.00%	10-Feb-18	1,600			61	160	160	160	160	160	160	160
Bathroom assets														
Exhaust fans (including light/heating)	YES	18.75%	10-Feb-18	150			56	35	22	14	9	5	3	2
Blinds Residential	YES	18.75%	10-Feb-18	1,049			393	246	154	96	60	38	23	15
Fire control assets														
Detection & alarm systems, detectors	YES	18.75%	10-Feb-18	220			83	52	32	20	13	8	5	3
Furniture	YES	18.75%	10-Feb-18	2,700			1,013	633	396	247	154	97	60	38
Garbage disposal														
Garbage bins	YES	18.75%	10-Feb-18	240			90	56	35	22	14	9	5	3
Hot water systems (excluding piping)														
Gas or electric	YES	8.33%	10-Feb-18	1,500			48	125	125	125	125	125	125	125
Kitchen assets														
Cooktops	YES	18.75%	06-Apr-18	825			309	193	121	76	47	30	18	12
Lights														
Fittings (excluding hardwired)	YES	20.00%	03-Mar-18	251			16	50	50	50	50	35		
Shades, removable	YES	18.75%	10-Feb-18	990			371	232	145	91	57	35	22	14
Pooled Plant Total					**194**	**315**	**2,512**	**1,775**	**904**	**565**	**353**	**221**	**138**	**86**
Effective Life Plant Total					**95**	**151**	**277**	**1,521**	**362**	**362**	**362**	**347**	**312**	**312**
Total Division 40				**12,311**	**289**	**466**	**2,789**	**3,297**	**1,266**	**927**	**715**	**568**	**450**	**398**

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 1988	2.50%	11-Nov-15	11,553	580	915	915	915	915	915	915	915	915	915
Building Works - Completed 2002	2.50%	11-Nov-15	19,686	467	737	737	737	737	737	737	737	737	737
Building Works - Completed 2018	2.50%	01-May-18	44,136			181	1,103	1,103	1,103	1,103	1,103	1,103	1,103
Structural Improvements - Completed 2002	2.50%	11-Nov-15	3,430	81	128	128	128	128	128	128	128	128	128
Total Division 43			78,805	1,128	1,780	1,961	2,883	2,883	2,883	2,883	2,883	2,883	2,883

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 1988	*5 Oct 87 to 1 Jul 88*	*36,620*	*2.50%*	*915*	*11,553*
Building Works - Completed 2002	*1 Jul 02 to 1 Aug 02*	*29,479*	*2.50%*	*737*	*19,686*
Building Works - Completed 2018	*1 Mar 18 to 1 May 18*	*44,136*	*2.50%*	*1,103*	*44,136*
Sub-total		*110,234*		*2,755*	*75,375*

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2002	*1 Jul 02 to 1 Aug 02*	*5,136*	*2.50%*	*128*	*3,430*
Sub-total		*5,136*		*128*	*3,430*
Totals		*115,370*		*2,883*	*78,805*

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.

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

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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.