



Tax Depreciation Report

10 Harbour Parade,
Buddina QLD 4575

DM and EA Kirby
2 Wegners Rd
NORTH ARM, QLD 4561

Issue Schedule	
Issue Date:	Issued by:
01 June 2020	Mark Kilroy Bsc (Hons) MRICS

DM and EA Kirby
2 Wegners Rd
NORTH ARM, QLD 4561

June 2020
Job No: RES4575011

Tax Depreciation Report – 10 Harbour Parade, Buddina QLD 4575

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

1 June 2020

Purchaser

DM and EA Kirby

Property Address

10 Harbour Parade, Buddina QLD 4575

Real Property Description

L63 B9292

Property Type

Residential House

Date of Construction

1 January 1999

Property Photo



2. Report Details

2.1 Introduction

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

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

Division 40 (Capital Allowances)

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

Division 40 (Capital Allowances) - Low Value Pool

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

Division 43 (Capital Works)

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

3. Capital Allowances

3.1 Entitlement

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

3.2 Qualifying Expenditure Calculation

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

3.3 Effective Life

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

3.4 Immediate Write-Off Assets

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

3.5 Low Value Pool

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

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

3.6 Method of Depreciation

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

Diminishing Value Method	Prime Cost Method								
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	26 August 16 to 30 June 17	14,208	0	14,208	4,299	18,507
2	1 July 17 to 30 June 18	14,522	0	14,522	5,095	19,617
3	1 July 18 to 30 June 19	8,045	3,144	11,190	5,095	16,285
4	1 July 19 to 30 June 20	7,765	2,307	10,072	5,095	15,167
5	1 July 20 to 30 June 21	4,833	2,051	6,884	5,095	11,979
6	1 July 21 to 30 June 22	3,805	1,651	5,456	5,095	10,551
7	1 July 22 to 30 June 23	2,849	1,728	4,577	5,095	9,672
8	1 July 23 to 30 June 24	2,246	1,420	3,666	5,095	8,761
9	1 July 24 to 30 June 25	1,670	1,249	2,919	5,095	8,014
10	1 July 25 to 30 June 26	1,220	1,104	2,324	5,095	7,419
11	1 July 26 to 30 June 27	1,024	690	1,714	5,095	6,809
12	1 July 27 to 30 June 28	692	746	1,438	5,095	6,533
13	1 July 28 to 30 June 29	588	466	1,054	5,095	6,149
14	1 July 29 to 30 June 30	352	662	1,013	5,095	6,108
15	1 July 30 to 30 June 31	299	414	712	5,095	5,807
16	1 July 31 to 30 June 32	254	259	513	5,095	5,608
17	1 July 32 to 30 June 33	216	162	377	5,095	5,472
18	1 July 33 to 30 June 34	183	101	284	5,095	5,379
19	1 July 34 to 30 June 35	156	63	219	5,095	5,314
20	1 July 35 to 30 June 36	0	371	371	5,095	5,466
21	1 July 36 to 30 June 37	0	232	232	5,095	5,327
22	1 July 37 to 30 June 38	0	145	145	5,095	5,240
23	1 July 38 to 30 June 39	0	91	91	3,169	3,260
24	1 July 39 to 30 June 40	0	57	57	1,304	1,361
25	1 July 40 to 30 June 41	0	35	35	1,216	1,251
26	1 July 41 to 30 June 42	0	22	22	810	832
27	1 July 42 to 30 June 43	0	14	14	810	824
28	1 July 43 to 30 June 44	0	9	9	810	819
29	1 July 44 to 30 June 45	0	5	5	810	815
30	1 July 45 to 30 June 46	0	3	3	810	813
31	1 July 46 to 30 June 47	0	2	2	810	812
32	1 July 47 to 30 June 48	0	1	1	810	811
33	1 July 48 to 30 June 49	0	1	1	810	811
34	1 July 49 to 30 June 50	0	1	1	810	811
35	1 July 50 to 30 June 51	0	0	0	810	810
36	1 July 51 to 30 June 52	0	0	0	667	667
37	1 July 52 to 30 June 53	0	0	0	0	0
38	1 July 53 to 30 June 54	0	0	0	0	0
39	1 July 54 to 30 June 55	0	0	0	0	0
40	2055+	0	0	0	0	0
Totals		64,927	19,205	84,132	125,750	209,882

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	26 August 16 to 30 June 17	7,104	0	7,104	4,299	11,403
2	1 July 17 to 30 June 18	8,432	0	8,432	5,095	13,527
3	1 July 18 to 30 June 19	8,432	0	8,432	5,095	13,527
4	1 July 19 to 30 June 20	10,069	0	10,069	5,095	15,164
5	1 July 20 to 30 June 21	8,466	0	8,466	5,095	13,561
6	1 July 21 to 30 June 22	6,625	0	6,625	5,095	11,720
7	1 July 22 to 30 June 23	6,113	0	6,113	5,095	11,208
8	1 July 23 to 30 June 24	6,059	0	6,059	5,095	11,154
9	1 July 24 to 30 June 25	6,059	0	6,059	5,095	11,154
10	1 July 25 to 30 June 26	6,059	0	6,059	5,095	11,154
11	1 July 26 to 30 June 27	3,387	0	3,387	5,095	8,482
12	1 July 27 to 30 June 28	2,903	0	2,903	5,095	7,998
13	1 July 28 to 30 June 29	2,504	0	2,504	5,095	7,599
14	1 July 29 to 30 June 30	1,339	0	1,339	5,095	6,434
15	1 July 30 to 30 June 31	326	0	326	5,095	5,421
16	1 July 31 to 30 June 32	87	0	87	5,095	5,182
17	1 July 32 to 30 June 33	41	0	41	5,095	5,136
18	1 July 33 to 30 June 34	41	0	41	5,095	5,136
19	1 July 34 to 30 June 35	41	0	41	5,095	5,136
20	1 July 35 to 30 June 36	36	0	36	5,095	5,131
21	1 July 36 to 30 June 37	11	0	11	5,095	5,106
22	1 July 37 to 30 June 38	0	0	0	5,095	5,095
23	1 July 38 to 30 June 39	0	0	0	3,169	3,169
24	1 July 39 to 30 June 40	0	0	0	1,304	1,304
25	1 July 40 to 30 June 41	0	0	0	1,216	1,216
26	1 July 41 to 30 June 42	0	0	0	810	810
27	1 July 42 to 30 June 43	0	0	0	810	810
28	1 July 43 to 30 June 44	0	0	0	810	810
29	1 July 44 to 30 June 45	0	0	0	810	810
30	1 July 45 to 30 June 46	0	0	0	810	810
31	1 July 46 to 30 June 47	0	0	0	810	810
32	1 July 47 to 30 June 48	0	0	0	810	810
33	1 July 48 to 30 June 49	0	0	0	810	810
34	1 July 49 to 30 June 50	0	0	0	810	810
35	1 July 50 to 30 June 51	0	0	0	810	810
36	1 July 51 to 30 June 52	0	0	0	667	667
37	1 July 52 to 30 June 53	0	0	0	0	0
38	1 July 53 to 30 June 54	0	0	0	0	0
39	1 July 54 to 30 June 55	0	0	0	0	0
40	2055+	0	0	0	0	0
Totals		84,132	0	84,132	125,750	209,882

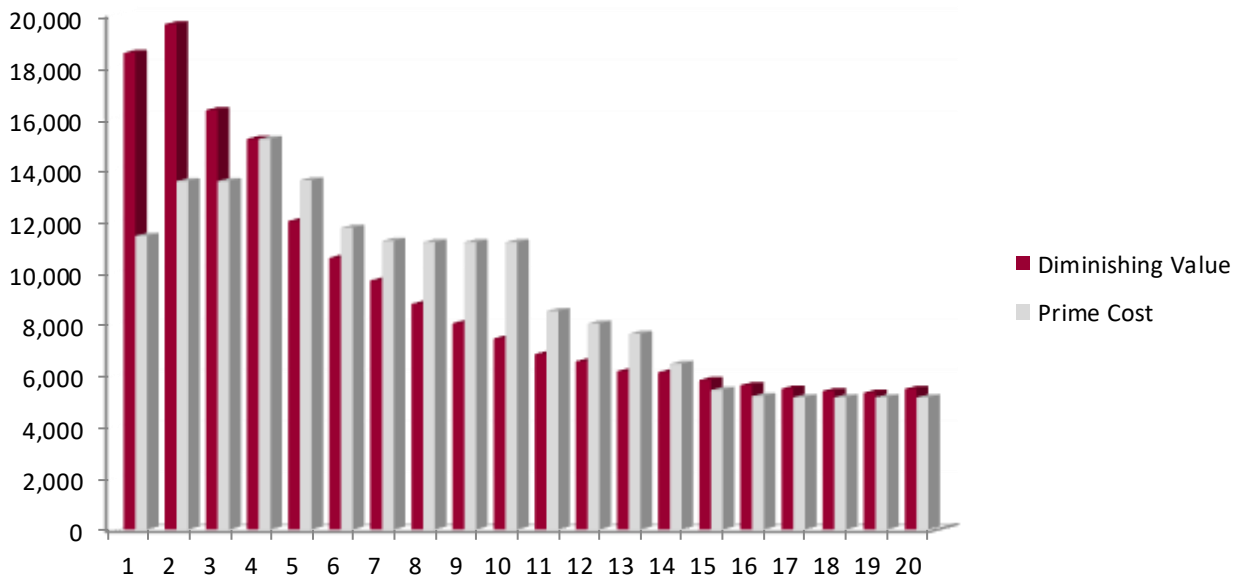
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

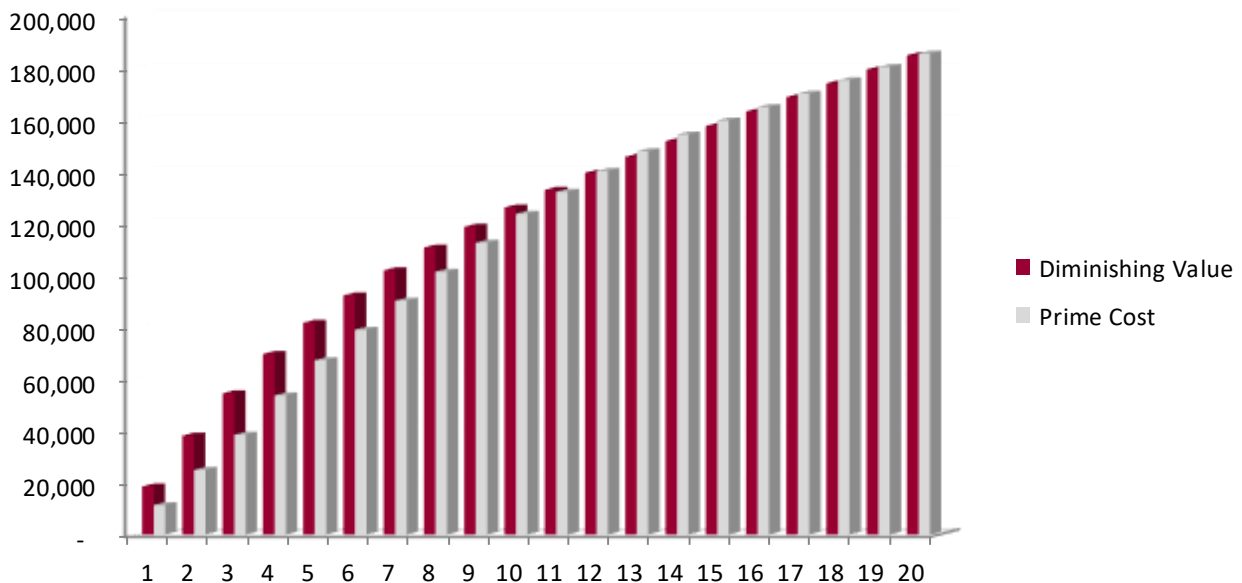
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	12 July 2016
Settlement Date	26 August 2016

Expenditure Analysed

Purchase Price	\$1,320,000
Stamp Duty	\$56,425
Legals	\$2,038
Post Expenditure	\$14,247
Total Expenditure Analysed	\$1,392,709

Historical Construction Details

Construction Start Date	5 July 1998
Construction Completion Date	1 January 1999
Historical Construction Cost (Estimated)*	\$200,570

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

Division 40 (Plant)	\$84,132
Division 43	\$125,750
Land (Advised)	\$928,044
Balance of Capital Expenditure**	\$254,783
Total Expenditure Analysed	\$1,392,709

Notes

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

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



10. Diminishing Value Depreciation Schedule

Assets Generally Division 40 - Plant and Equipment	Diminishing Value Rate	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Air-conditioning assets (excl. ducting, pipes & vents)													
Mini split system upto 20KW	20.00%	26-Aug-16	9,407	1,588	1,564	1,251	1,001	801	641	512	410	328	262
Bathroom assets													
Exhaust fans (including light/heating)	20.00%	26-Aug-16	905	153	282	176	110	69	43	27	17	11	7
Blinds Residential													
	20.00%	26-Aug-16	6,175	1,042	1,027	821	657	526	420	336	269	215	323
Ceiling Fans													
	40.00%	26-Aug-16	4,523	1,527	1,198	719	431	243	152	95	59	37	23
Cleaning equipment													
Vacuum cleaner, ducted system, hoses, motors & wands	20.00%	26-Aug-16	1,447	244	241	361	226	141	88	55	34	22	13
Curtains and drapes													
	33.33%	26-Aug-16	1,158	326	312	195	122	76	48	30	19	12	7
Fire control assets													
Detection & alarm systems, detectors	10.00%	26-Aug-16	531	45	182	114	71	44	28	17	11	7	4
Floor coverings (removable without damage)													
Carpets	20.00%	26-Aug-16	5,531	934	920	736	589	471	377	301	241	362	226
Floating timber	13.33%	26-Aug-16	2,413	271	286	247	214	186	161	140	340	213	133
Furniture													
	15.00%	26-Aug-16	18,870	2,389	2,473	2,102	1,786	1,518	1,291	1,097	932	792	674
Garage doors, automatic													
Controls	40.00%	26-Aug-16	410	138	102	64	40	25	16	10	6	4	2
Motors	20.00%	26-Aug-16	2,895	489	481	385	308	246	370	231	144	90	56
Garbage disposal													
Garbage bins	30.00%	26-Aug-16	193	49	54	34	21	13	8	5	3	2	1
Hot water systems (excluding piping)													
Gas or electric	16.67%	26-Aug-16	2,171	305	311	259	1,296						
Kitchen assets													
Cooktops	16.67%	26-Aug-16	1,025	144	330	206	129	81	50	32	20	12	8
Cutlery & crockery	40.00%	26-Aug-16	200	67	50	31	19	12	8	5	3	2	1
Dishwashers	20.00%	26-Aug-16	948	160	296	185	115	72	45	28	18	11	7
Microwave ovens	20.00%	26-Aug-16	579	98	180	113	70	44	28	17	11	7	4
Ovens	16.67%	26-Aug-16	1,327	187	190	356	223	139	87	54	34	21	13
Rangehoods	16.67%	26-Aug-16	543	76	175	109	68	43	27	17	10	7	4
Refrigerators	16.67%	26-Aug-16	2,795	393	400	334	278	232	193	362	226	141	88
Laundry assets													
Clothes dryers	20.00%	26-Aug-16	449	76	140	87	55	34	21	13	8	5	3
Washing machines	20.00%	26-Aug-16	649	109	202	126	79	49	31	19	12	8	5
Carried forward			65,142	10,809	11,395	9,012	7,909	5,065	4,130	3,404	2,828	2,307	1,866

Diminishing Value Depreciation Schedule (cont.)

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													
Brought forward				65,142	10,809	11,395	9,012	7,909	5,065	4,130	3,404	2,828	2,307	1,866	
Lights															
Shades, removable	40.00%	26-Aug-16	2,448	826	649	365	228	143	89	56	35	22	14		
Televisions	20.00%	26-Aug-16	2,296	387	382	305	244	366	229	143	89	56	35		
Additional Items (Post Expenditure)					Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Cleaning equipment															
Vacuum cleaner, ducted system, hoses, motors & wands	20.00%	30-Aug-16	269	45	84	53	33	21	13	8	5	3	2		
Furniture															
	15.00%	29-Aug-16	7,946	996	1,043	886	753	640	544	463	393	334	284		
Hot water systems (excluding piping)															
Gas or electric	16.67%	29-Aug-19	1,490				208	214	178	334	209	130	82		
Kitchen assets															
Cutlery & crockery	40.00%	27-Aug-16	1,092	367	272	170	106	66	41	26	16	10	6		
Dishwashers	25.00%	9-Nov-19	911				342	214	133	83	52	33	20		
Linen	40.00%	29-Aug-16	2,250	752	599	337	211	132	82	51	32	20	13		
Outdoor assets															
Barbecues	10.00%	30-Aug-16	289	24	99	62	39	24	15	9	6	4	2		
Pooled Plant Total						3,144	2,307	2,051	1,651	1,728	1,420	1,249	1,104		
Effective Life Plant Total					14,208	14,522	8,045	7,765	4,833	3,805	2,849	2,246	1,670	1,220	
Total Division 40				84,132	14,208	14,522	11,190	10,072	6,884	5,456	4,577	3,666	2,919	2,324	
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 1999	2.50%	26-Aug-16	82,012	3,099	3,672	3,672	3,672	3,672	3,672	3,672	3,672	3,672	3,672	3,672	
Building Works - Completed 2001	2.50%	26-Aug-16	8,831	302	358	358	358	358	358	358	358	358	358	358	
Building Works - Completed 2012	2.50%	26-Aug-16	22,968	543	644	644	644	644	644	644	644	644	644	644	
Structural Improvements - Completed 1999	2.50%	26-Aug-16	2,663	100	119	119	119	119	119	119	119	119	119	119	
Structural Improvements - Completed 2001	2.50%	26-Aug-16	3,354	115	136	136	136	136	136	136	136	136	136	136	
Structural Improvements - Completed 2012	2.50%	26-Aug-16	5,922	140	166	166	166	166	166	166	166	166	166	166	
Total Division 43			125,750	4,299	5,095	5,095	5,095	5,095	5,095	5,095	5,095	5,095	5,095	5,095	
Total Depreciation			209,882	18,507	19,617	16,285	15,167	11,979	10,551	9,672	8,761	8,014	7,419		

11. Prime Cost Depreciation Schedule

Assets Generally	Prime Cost												
Division 40 - Plant and Equipment	Rate	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Air-conditioning assets (excl. ducting, pipes & vents)													
Mini split system upto 20KW	10.00%	26-Aug-16	9,407	794	941	941	941	941	941	941	941	941	941
Bathroom assets													
Exhaust fans (including light/heating)	10.00%	26-Aug-16	905	76	90	90	90	90	90	90	90	90	90
Blinds Residential													
	10.00%	26-Aug-16	6,175	521	618	618	618	618	618	618	618	618	618
Ceiling Fans													
	20.00%	26-Aug-16	4,523	763	905	905	905	905	139				
Cleaning equipment													
Vacuum cleaner, ducted system, hoses, motors & wands	10.00%	26-Aug-16	1,447	122	145	145	145	145	145	145	145	145	145
Curtains and drapes													
	16.67%	26-Aug-16	1,158	163	193	193	193	193	193	30			
Fire control assets													
Detection & alarm systems, detectors	5.00%	26-Aug-16	531	22	27	27	27	27	27	27	27	27	27
Floor coverings (removable without damage)													
Carpets	10.00%	26-Aug-16	5,531	467	553	553	553	553	553	553	553	553	553
Floating timber	6.67%	26-Aug-16	2,413	136	161	161	161	161	161	161	161	161	161
Furniture													
	7.50%	26-Aug-16	18,870	1,195	1,416	1,416	1,416	1,416	1,416	1,416	1,416	1,416	1,416
Garage doors, automatic													
Controls	20.00%	26-Aug-16	410	69	82	82	82	82	13				
Motors	10.00%	26-Aug-16	2,895	244	289	289	289	289	289	289	289	289	289
Garbage disposal													
Garbage bins	15.00%	26-Aug-16	193	24	29	29	29	29	29	24			
Hot water systems (excluding piping)													
Gas or electric	8.33%	26-Aug-16	2,171	153	181	181	1,656						
Kitchen assets													
Cooktops	8.33%	26-Aug-16	1,025	72	85	85	85	85	85	85	85	85	85
Cutlery & crockery	20.00%	26-Aug-16	200	34	40	40	40	40	6				
Dishwashers	10.00%	26-Aug-16	948	80	95	95	95	95	95	95	95	95	95
Microwave ovens	10.00%	26-Aug-16	579	49	58	58	58	58	58	58	58	58	58
Ovens	8.33%	26-Aug-16	1,327	93	111	111	111	111	111	111	111	111	111
Rangehoods	8.33%	26-Aug-16	543	38	45	45	45	45	45	45	45	45	45
Refrigerators	8.33%	26-Aug-16	2,795	197	233	233	233	233	233	233	233	233	233
Laundry assets													
Clothes dryers	10.00%	26-Aug-16	449	38	45	45	45	45	45	45	45	45	45
Washing machines	10.00%	26-Aug-16	649	55	65	65	65	65	65	65	65	65	65
Carried forward			65,142	5,405	6,407	6,407	7,882	6,226	5,357	5,031	4,977	4,977	4,977

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			65,142	5,405	6,407	6,407	7,882	6,226	5,357	5,031	4,977	4,977	4,977
Lights														
	Shades, removable	20.00%	26-Aug-16	2,448	413	490	490	490	490	75				
	Televisions	10.00%	26-Aug-16	2,296	194	230	230	230	230	230	230	230	230	230
Additional Items (Post Expenditure)					Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cleaning equipment														
	Vacuum cleaner, ducted system, hoses, motors & wands	10.00%	30-Aug-16	269	22	27	27	27	27	27	27	27	27	27
	Furniture	7.50%	29-Aug-16	7,946	498	596	596	596	596	596	596	596	596	596
Hot water systems (excluding piping)														
	Gas or electric	8.33%	29-Aug-19	1,490				104	124	124	124	124	124	124
Kitchen assets														
	Cutlery & crockery	20.00%	27-Aug-16	1,092	184	218	218	218	218	36				
	Dishwashers	10.00%	09-Nov-19	911				58	91	91	91	91	91	91
	Linen	20.00%	29-Aug-16	2,250	376	450	450	450	450	74				
Swimming pools														
	Above ground pools	5.00%	30-Aug-16	289	12	14	14	14	14	14	14	14	14	14
Pooled Plant Total														
Effective Life Plant Total					7,104	8,432	8,432	10,069	8,466	6,625	6,113	6,059	6,059	6,059
Total Division 40					84,132	7,104	8,432	8,432	10,069	8,466	6,625	6,113	6,059	6,059
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 1999	2.50%	26-Aug-16	82,012	3,099	3,672	3,672	3,672	3,672	3,672	3,672	3,672	3,672	3,672
	Building Works - Completed 2001	2.50%	26-Aug-16	8,831	302	358	358	358	358	358	358	358	358	358
	Building Works - Completed 2012	2.50%	26-Aug-16	22,968	543	644	644	644	644	644	644	644	644	644
	Structural Improvements - Completed 1999	2.50%	26-Aug-16	2,663	100	119	119	119	119	119	119	119	119	119
	Structural Improvements - Completed 2001	2.50%	26-Aug-16	3,354	115	136	136	136	136	136	136	136	136	136
	Structural Improvements - Completed 2012	2.50%	26-Aug-16	5,922	140	166	166	166	166	166	166	166	166	166
Total Division 43					125,750	4,299	5,095	5,095	5,095	5,095	5,095	5,095	5,095	5,095
Total Depreciation					209,882	11,403	13,527	13,527	15,164	13,561	11,720	11,208	11,154	11,154

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 1999	5 Jul 98 to 1 Jan 99	146,862	2.50%	3,672	82,012
Building Works - Completed 2001	1 Apr 01 to 1 May 01	14,320	2.50%	358	8,831
Building Works - Completed 2012	20 Mar 12 to 19 Apr 12	25,775	2.50%	644	22,968

Sub-total 186,957 4,674 113,811

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 1999	5 Jul 98 to 1 Jan 99	4,769	2.50%	119	2,663
Structural Improvements - Completed 2001	1 Apr 01 to 1 May 01	5,438	2.50%	136	3,354
Structural Improvements - Completed 2012	20 Mar 12 to 19 Apr 12	6,646	2.50%	166	5,922

Sub-total 16,853 421 11,939

Totals 203,810 5,095 125,750

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.