



Tax Depreciation Report

17 Thorndon Drive,
St Albans Melbourne, VIC 3021 Australia

Thanh Hai Nguyen and Ngoc Chi Vu
58 Wingate Avenue
ASCOT VALE, VIC 3032

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

Thanh Hai Nguyen and Ngoc Chi Vu
58 Wingate Avenue
ASCOT VALE, VIC 3032

June 2020
Job No: RES3021010

Tax Depreciation Report – 17 Thorndon Drive, St Albans Melbourne, VIC 3021 Australia

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

10 June 2020

Purchaser

Thanh Hai Nguyen and Ngoc Chi Vu

Property Address

17 Thorndon Drive, St Albans Melbourne, VIC 3021 Australia

Real Property Description

LOT 443 LP58189

Property Type

Residential House

Date of Construction

Pre 1985

Date Available To Generate Income

10 February 2016

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	Division 40 - Capital Allowance (Eligible)			Division 43	Eligible
		Effective Life	Pooled Plant	Total Div 40	Capital Works	Total
1	10 February 16 to 30 June 16	2,733	0	2,733	896	3,629
2	1 July 16 to 30 June 17	6,463	0	6,463	2,326	8,789
3	1 July 17 to 30 June 18	4,297	1,214	5,511	2,326	7,837
4	1 July 18 to 30 June 19	2,663	1,698	4,361	2,326	6,687
5	1 July 19 to 30 June 20	1,895	1,691	3,586	2,447	6,033
6	1 July 20 to 30 June 21	1,603	1,057	2,660	2,692	5,352
7	1 July 21 to 30 June 22	1,203	1,007	2,211	2,692	4,903
8	1 July 22 to 30 June 23	702	1,342	2,044	2,692	4,736
9	1 July 23 to 30 June 24	605	838	1,443	2,692	4,135
10	1 July 24 to 30 June 25	521	524	1,045	2,692	3,737
11	1 July 25 to 30 June 26	309	678	987	2,692	3,679
12	1 July 26 to 30 June 27	267	424	691	2,692	3,383
13	1 July 27 to 30 June 28	232	265	497	2,692	3,189
14	1 July 28 to 30 June 29	201	166	366	2,692	3,058
15	1 July 29 to 30 June 30	174	103	278	2,692	2,970
16	1 July 30 to 30 June 31	151	65	216	2,692	2,908
17	1 July 31 to 30 June 32	0	408	408	2,692	3,100
18	1 July 32 to 30 June 33	0	255	255	2,692	2,947
19	1 July 33 to 30 June 34	0	159	159	2,692	2,851
20	1 July 34 to 30 June 35	0	100	100	2,692	2,792
21	1 July 35 to 30 June 36	0	62	62	1,817	1,879
22	1 July 36 to 30 June 37	0	39	39	1,543	1,582
23	1 July 37 to 30 June 38	0	24	24	1,543	1,567
24	1 July 38 to 30 June 39	0	15	15	1,543	1,558
25	1 July 39 to 30 June 40	0	10	10	1,543	1,553
26	1 July 40 to 30 June 41	0	6	6	1,543	1,549
27	1 July 41 to 30 June 42	0	4	4	1,543	1,547
28	1 July 42 to 30 June 43	0	2	2	1,313	1,315
29	1 July 43 to 30 June 44	0	1	1	1,284	1,285
30	1 July 44 to 30 June 45	0	1	1	1,284	1,285
31	1 July 45 to 30 June 46	0	1	1	1,284	1,285
32	1 July 46 to 30 June 47	0	0	0	1,284	1,284
33	1 July 47 to 30 June 48	0	0	0	1,284	1,284
34	1 July 48 to 30 June 49	0	0	0	1,284	1,284
35	1 July 49 to 30 June 50	0	0	0	1,284	1,284
36	1 July 50 to 30 June 51	0	0	0	1,284	1,284
37	1 July 51 to 30 June 52	0	0	0	1,284	1,284
38	1 July 52 to 30 June 53	0	0	0	454	454
39	1 July 53 to 30 June 54	0	0	0	366	366
40	2054+	0	0	0	2,081	2,081
Totals		24,019	12,160	36,179	77,546	113,725

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
		Effective Life	Pooled Plant	Total Div 40	Capital Works	Total
1	10 February 16 to 30 June 16	1,366	0	1,366	896	2,262
2	1 July 16 to 30 June 17	3,544	0	3,544	2,326	5,870
3	1 July 17 to 30 June 18	3,544	0	3,544	2,326	5,870
4	1 July 18 to 30 June 19	3,544	0	3,544	2,326	5,870
5	1 July 19 to 30 June 20	3,544	0	3,544	2,447	5,991
6	1 July 20 to 30 June 21	3,298	0	3,298	2,692	5,990
7	1 July 21 to 30 June 22	2,736	0	2,736	2,692	5,428
8	1 July 22 to 30 June 23	2,447	0	2,447	2,692	5,139
9	1 July 23 to 30 June 24	2,432	0	2,432	2,692	5,124
10	1 July 24 to 30 June 25	2,432	0	2,432	2,692	5,124
11	1 July 25 to 30 June 26	2,062	0	2,062	2,692	4,754
12	1 July 26 to 30 June 27	1,443	0	1,443	2,692	4,135
13	1 July 27 to 30 June 28	1,313	0	1,313	2,692	4,005
14	1 July 28 to 30 June 29	1,079	0	1,079	2,692	3,771
15	1 July 29 to 30 June 30	770	0	770	2,692	3,462
16	1 July 30 to 30 June 31	485	0	485	2,692	3,177
17	1 July 31 to 30 June 32	30	0	30	2,692	2,722
18	1 July 32 to 30 June 33	30	0	30	2,692	2,722
19	1 July 33 to 30 June 34	30	0	30	2,692	2,722
20	1 July 34 to 30 June 35	30	0	30	2,692	2,722
21	1 July 35 to 30 June 36	20	0	20	1,817	1,837
22	1 July 36 to 30 June 37	0	0	0	1,543	1,543
23	1 July 37 to 30 June 38	0	0	0	1,543	1,543
24	1 July 38 to 30 June 39	0	0	0	1,543	1,543
25	1 July 39 to 30 June 40	0	0	0	1,543	1,543
26	1 July 40 to 30 June 41	0	0	0	1,543	1,543
27	1 July 41 to 30 June 42	0	0	0	1,543	1,543
28	1 July 42 to 30 June 43	0	0	0	1,313	1,313
29	1 July 43 to 30 June 44	0	0	0	1,284	1,284
30	1 July 44 to 30 June 45	0	0	0	1,284	1,284
31	1 July 45 to 30 June 46	0	0	0	1,284	1,284
32	1 July 46 to 30 June 47	0	0	0	1,284	1,284
33	1 July 47 to 30 June 48	0	0	0	1,284	1,284
34	1 July 48 to 30 June 49	0	0	0	1,284	1,284
35	1 July 49 to 30 June 50	0	0	0	1,284	1,284
36	1 July 50 to 30 June 51	0	0	0	1,284	1,284
37	1 July 51 to 30 June 52	0	0	0	1,284	1,284
38	1 July 52 to 30 June 53	0	0	0	454	454
39	1 July 53 to 30 June 54	0	0	0	366	366
40	2054+	0	0	0	2,081	2,081
Totals		36,179	0	36,179	77,546	113,725

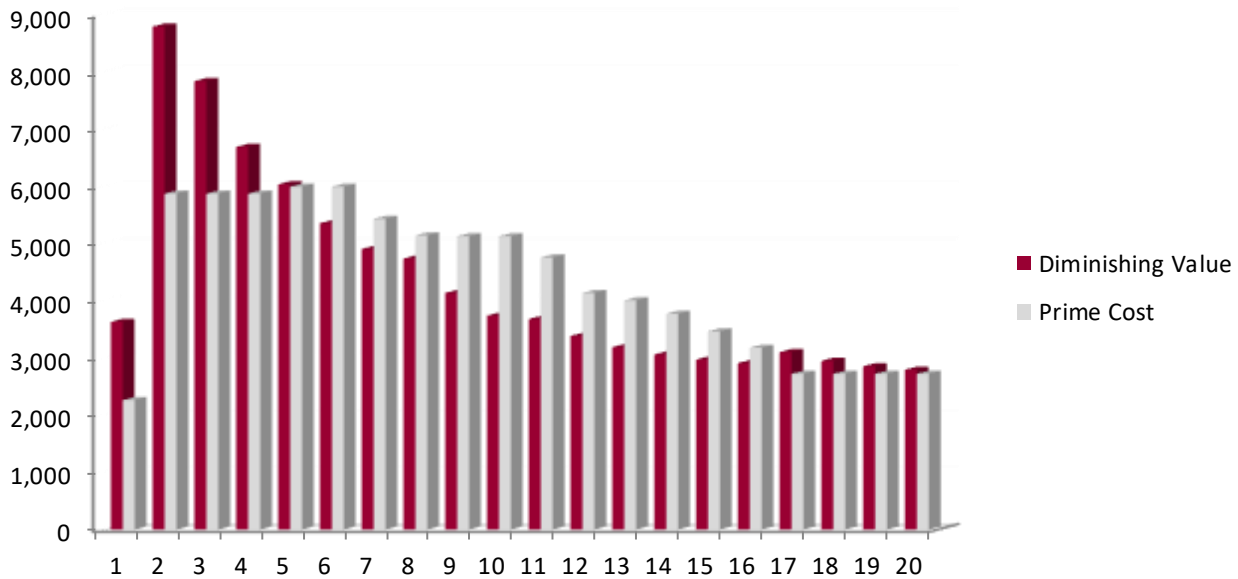
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

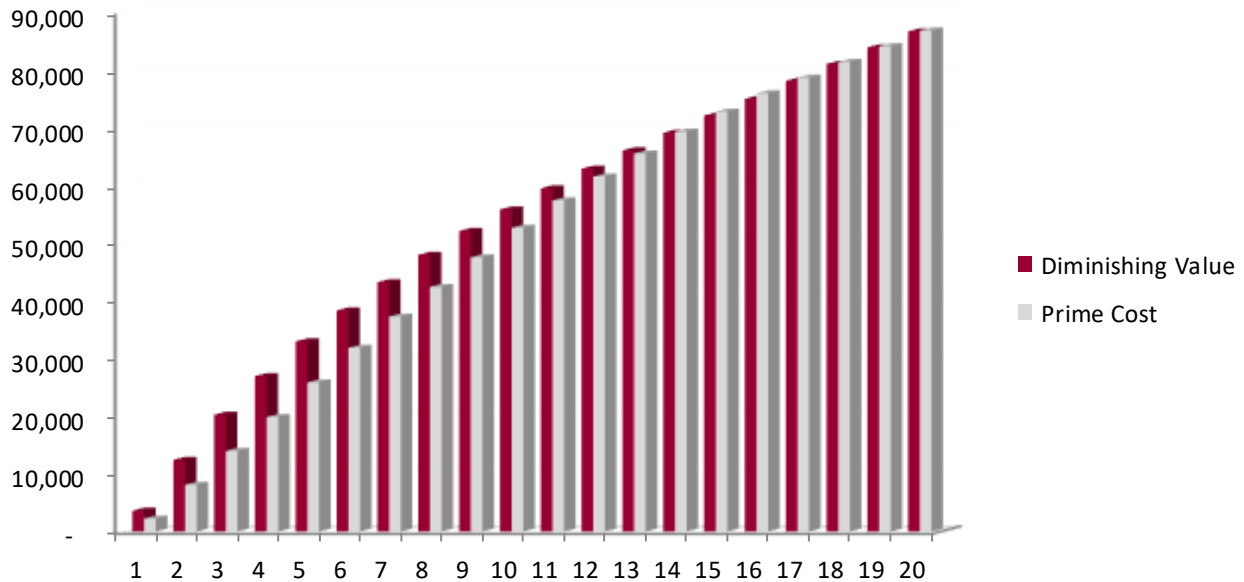
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	14 December 2015
Settlement Date	10 February 2016
Available To Generate Income	10 February 2016

Expenditure Analysed

Purchase Price	\$408,000
Stamp Duty	\$19,550
Legals	\$1,200
Post Expenditure	\$0
Total Expenditure Analysed	\$428,750

Historical Construction Details

Construction Start Date	Pre 1985
Construction Completion Date	Pre 1985
Historical Construction Cost (Estimated)*	N/A
Lot Entitlement	1
Overall Lot Entitlement	1

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

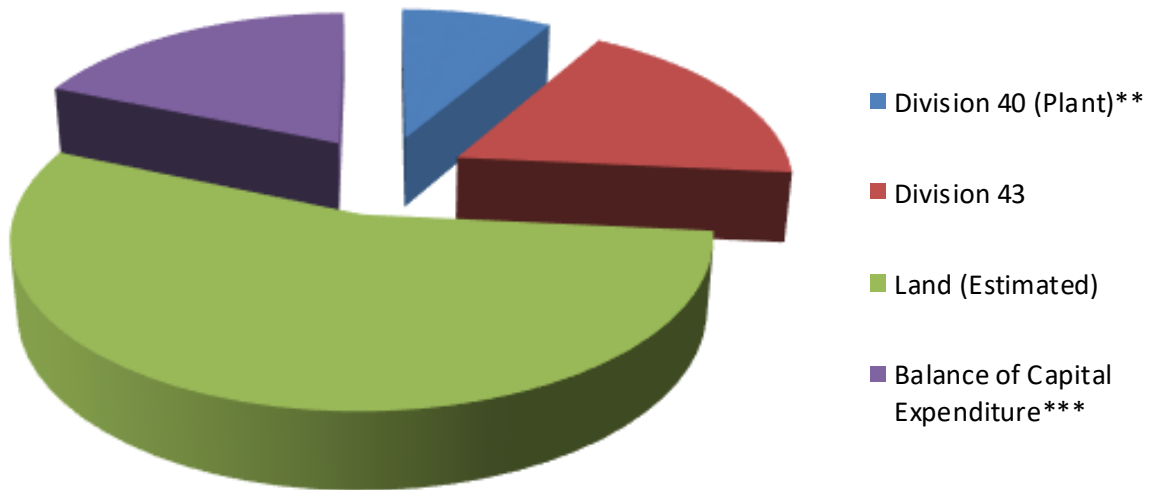
Division 40 (Plant)**	\$36,179
Division 43	\$77,546
Land (Estimated)	\$235,153
Balance of Capital Expenditure***	\$79,872
Total Expenditure Analysed	\$428,750

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	
Air-conditioning assets (excl. ducting, pipes & vents)															
Mini split system upto 20KW	YES	20.00%	10-Feb-16	4,100	316	757	605	484	387	310	248	372	232	145	
Room units	YES	20.00%	10-Feb-16	1,025	79	189	284	177	111	69	43	27	17	11	
Bathroom assets															
Exhaust fans (including light/heating)	YES	20.00%	10-Feb-16	1,845	142	341	272	218	327	204	128	80	50	31	
Blinds Residential															
	YES	20.00%	10-Feb-16	1,708	132	315	252	202	303	189	118	74	46	29	
Ceiling Fans															
	YES	40.00%	10-Feb-16	957	147	324	182	114	71	44	28	17	11	7	
Curtains and drapes															
	YES	33.33%	10-Feb-16	2,496	320	725	483	363	227	142	89	55	35	22	
Door closers															
	YES	20.00%	10-Feb-16	335	26	62	93	58	36	23	14	9	6	3	
Fire control assets															
Detection & alarm systems, detectors	YES	10.00%	10-Feb-16	601	23	58	195	122	76	48	30	19	12	7	
Floor coverings (removable without damage)															
Floating timber	YES	13.33%	10-Feb-16	8,845	454	1,119	970	840	728	631	547	474	411	356	
Furniture															
	YES	15.00%	10-Feb-16	4,284	248	606	515	438	372	316	269	228	194	165	
Garbage disposal															
Garbage bins	YES	30.00%	10-Feb-16	328	38	87	76	48	30	19	12	7	5	3	
Garden sheds, freestanding															
	YES	20.00%	10-Feb-16	888	68	164	246	154	96	60	38	23	15	9	
Heating units															
Electronic	YES	13.33%	10-Feb-16	2,255	116	285	247	214	186	161	139	340	212	133	
Hot water systems (excluding piping)															
Gas or electric	YES	16.67%	10-Feb-16	2,460	158	384	320	266	222	185	347	217	136	85	
Kitchen assets															
Cooktops	YES	16.67%	10-Feb-16	1,298	83	202	169	316	198	124	77	48	30	19	
Rangehoods	YES	16.67%	10-Feb-16	471	30	74	138	86	54	34	21	13	8	5	
Lights															
Fittings (excluding hardwired)	YES	40.00%	10-Feb-16	2,282	352	772	463	261	163	102	64	40	25	16	
Pooled Plant Total							1,214	1,698	1,691	1,057	1,007	1,342	838	524	
Effective Life Plant Total						2,733	6,463	4,297	2,663	1,895	1,603	1,203	702	605	521
Total Division 40				36,179	2,733	6,463	5,511	4,361	3,586	2,660	2,211	2,044	1,443	1,045	

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 1995	2.50%	10-Feb-16	17,600	346	897	897	897	897	897	897	897	897	897
Building Works - Completed 2002	2.50%	10-Feb-16	6,863	100	259	259	259	259	259	259	259	259	259
Building Works - Completed 2012	2.50%	10-Feb-16	21,700	229	595	595	595	595	595	595	595	595	595
Building Works - Completed 2020	2.50%	01-Mar-20	14,646					121	366	366	366	366	366
Structural Improvements - Completed 1995	2.50%	10-Feb-16	4,948	97	252	252	252	252	252	252	252	252	252
Structural Improvements - Completed 2012	2.50%	10-Feb-16	11,789	124	323	323	323	323	323	323	323	323	323
Total Division 43			77,546	896	2,326	2,326	2,326	2,447	2,692	2,692	2,692	2,692	2,692

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	
Air-conditioning assets (excl. ducting, pipes & vents)															
Mini split system upto 20KW	YES	10.00%	10-Feb-16	4,100	158	410	410	410	410	410	410	410	410	410	
Room units	YES	10.00%	10-Feb-16	1,025	39	102	102	102	102	102	102	102	102	102	
Bathroom assets															
Exhaust fans (including light/heating)	YES	10.00%	10-Feb-16	1,845	71	184	184	184	184	184	184	184	184	184	
Blinds Residential															
	YES	10.00%	10-Feb-16	1,708	66	171	171	171	171	171	171	171	171	171	
Ceiling Fans															
	YES	20.00%	10-Feb-16	957	74	191	191	191	191	119					
Curtains and drapes															
	YES	16.67%	10-Feb-16	2,496	160	416	416	416	416	416	255				
Door closers															
	YES	10.00%	10-Feb-16	335	13	33	33	33	33	33	33	33	33	33	
Fire control assets															
Detection & alarm systems, detectors	YES	5.00%	10-Feb-16	601	12	30	30	30	30	30	30	30	30	30	
Floor coverings (removable without damage)															
Floating timber	YES	6.67%	10-Feb-16	8,845	227	590	590	590	590	590	590	590	590	590	
Furniture															
	YES	7.50%	10-Feb-16	4,284	124	321	321	321	321	321	321	321	321	321	
Garbage disposal															
Garbage bins	YES	15.00%	10-Feb-16	328	19	49	49	49	49	49	49	15			
Garden sheds, freestanding															
	YES	10.00%	10-Feb-16	888	34	89	89	89	89	89	89	89	89	89	
Heating units															
Electronic	YES	6.67%	10-Feb-16	2,255	58	150	150	150	150	150	150	150	150	150	
Hot water systems (excluding piping)															
Gas or electric	YES	8.33%	10-Feb-16	2,460	79	205	205	205	205	205	205	205	205	205	
Kitchen assets															
Cooktops	YES	8.33%	10-Feb-16	1,298	42	108	108	108	108	108	108	108	108	108	
Rangehoods	YES	8.33%	10-Feb-16	471	15	39	39	39	39	39	39	39	39	39	
Lights															
Fittings (excluding hardwired)	YES	20.00%	10-Feb-16	2,282	176	456	456	456	456	282					
Pooled Plant Total															
Effective Life Plant Total						1,366	3,544	3,544	3,544	3,544	3,298	2,736	2,447	2,432	2,432
Total Division 40					36,179	1,366	3,544	3,544	3,544	3,544	3,298	2,736	2,447	2,432	2,432

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 1995	2.50%	10-Feb-16	17,600	346	897	897	897	897	897	897	897	897
Building Works - Completed 2002	2.50%	10-Feb-16	6,863	100	259	259	259	259	259	259	259	259
Building Works - Completed 2012	2.50%	10-Feb-16	21,700	229	595	595	595	595	595	595	595	595
Building Works - Completed 2020	2.50%	01-Mar-20	14,646				121	366	366	366	366	366
Structural Improvements - Completed 1995	2.50%	10-Feb-16	4,948	97	252	252	252	252	252	252	252	252
Structural Improvements - Completed 2012	2.50%	10-Feb-16	11,789	124	323	323	323	323	323	323	323	323
Total Division 43			77,546	896	2,326	2,326	2,326	2,447	2,692	2,692	2,692	2,692

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 1995	1 Jul 92 to 1 Oct 95	35,873	2.50%	897	17,600
Building Works - Completed 2002	1 Jul 02 to 1 Aug 02	10,374	2.50%	259	6,863
Building Works - Completed 2012	1 Jul 12 to 1 Aug 12	23,799	2.50%	595	21,700
Building Works - Completed 2020	1 Feb 20 to 1 Mar 20	14,646	2.50%	366	14,646

Sub-total 84,693 2,117 60,809

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 1995	1 Jul 92 to 1 Oct 95	10,086	2.50%	252	4,948
Structural Improvements - Completed 2012	1 Jul 12 to 1 Aug 12	12,930	2.50%	323	11,789

Sub-total 23,016 575 16,737

Totals 107,709 2,692 77,546

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
Postal Address	Suite 1, L12/133 Mary Street, Brisbane, Qld 4000
Office Number	1300 669 400
Office Email	info@koste.com.au

LEAD SURVEYOR DETAILS	
Surveyors Name	Mark Kilroy
Tax Agent Number	24370523
Contact Number	0468 849 299
Email	mark@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.