



## Tax Depreciation Report

49 Mark Street,  
New Farm, QLD 4005

Ishma Properties Pty Ltd  
24 Bailey Street  
NEW FARM, QLD 4005

Issue Schedule	
Issue Date:	Issued by:
28 July 2020	Mark Kilroy Bsc (Hons) MRICS

Ishma Properties Pty Ltd  
24 Bailey Street  
NEW FARM, QLD 4005

July 2020  
Job No: RES4005012

### **Tax Depreciation Report – 49 Mark Street, New Farm, QLD 4005**

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



## TABLE OF CONTENTS

1. Property Information .....	2
2. Report Details .....	3
3. Capital Allowances .....	4
4. Capital Works .....	6
5. Summary of Entitlements – Diminishing Value Method .....	7
6. Summary of Entitlements – Prime Cost Method .....	8
7. Comparison Graphs .....	9
8. Capital Expenditure Analysed .....	10
9. Reconciliation of Capital Expenditure .....	10
10. Diminishing Value Depreciation Schedule .....	11
11. Prime Cost Depreciation Schedule .....	13
12. Division 43 Capital Works Schedule .....	15
13. Definition of Terms .....	16
14. Contact Details .....	17
15. Disclaimer .....	18

## 1. Property Information

### Date of Report

28 July 2020

### Purchaser

Ishma Properties Pty Ltd

### Property Address

49 Mark Street, New Farm, QLD 4005

### Real Property Description

L2 RP43024

### Property Type

Residential House

### Date of Construction

1 October 1993

### Date Available To Generate Income

3 July 2020

### 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"> <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>	<ul style="list-style-type: none"> <li>• Write off assets when they are demolished or disposed.</li> </ul>								
Calculation Example	Calculation Example								
<p>Under Diminishing Value method, the effective life is dividing by 200.</p> <p><b>200 / 10 Years = 20% (Adjusted Value)</b></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><b>100 / 10 Years = 10% (Straight Line)</b></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 Capital Works	Eligible Total
		Effective Life	Pooled Plant	Total Div 40		
1	3 July 20 to 30 June 21	22,416	3,616	26,032	14,765	40,797
2	1 July 21 to 30 June 22	15,633	5,997	21,630	14,888	36,518
3	1 July 22 to 30 June 23	11,506	3,748	15,255	14,888	30,143
4	1 July 23 to 30 June 24	8,246	3,041	11,287	14,888	26,175
5	1 July 24 to 30 June 25	6,127	2,271	8,398	14,888	23,286
6	1 July 25 to 30 June 26	4,482	1,744	6,226	14,888	21,114
7	1 July 26 to 30 June 27	3,149	1,457	4,606	14,888	19,494
8	1 July 27 to 30 June 28	2,279	1,562	3,841	14,888	18,729
9	1 July 28 to 30 June 29	1,886	976	2,862	14,888	17,750
10	1 July 29 to 30 June 30	1,247	1,244	2,491	14,888	17,379
11	1 July 30 to 30 June 31	1,048	778	1,826	14,888	16,714
12	1 July 31 to 30 June 32	882	486	1,368	14,888	16,256
13	1 July 32 to 30 June 33	574	621	1,195	14,888	16,083
14	1 July 33 to 30 June 34	491	388	879	12,950	13,829
15	1 July 34 to 30 June 35	420	243	663	12,352	13,015
16	1 July 35 to 30 June 36	232	511	743	12,352	13,095
17	1 July 36 to 30 June 37	197	319	516	12,352	12,868
18	1 July 37 to 30 June 38	168	200	367	12,352	12,719
19	1 July 38 to 30 June 39	0	481	481	12,352	12,833
20	1 July 39 to 30 June 40	0	300	300	12,352	12,652
21	1 July 40 to 30 June 41	0	188	188	11,883	12,071
22	1 July 41 to 30 June 42	0	117	117	10,544	10,661
23	1 July 42 to 30 June 43	0	73	73	10,544	10,617
24	1 July 43 to 30 June 44	0	46	46	10,544	10,590
25	1 July 44 to 30 June 45	0	29	29	10,544	10,573
26	1 July 45 to 30 June 46	0	18	18	10,544	10,562
27	1 July 46 to 30 June 47	0	11	11	10,544	10,555
28	1 July 47 to 30 June 48	0	7	7	10,544	10,551
29	1 July 48 to 30 June 49	0	4	4	10,544	10,548
30	1 July 49 to 30 June 50	0	3	3	10,544	10,547
31	1 July 50 to 30 June 51	0	2	2	4,303	4,305
32	1 July 51 to 30 June 52	0	1	1	2,959	2,960
33	1 July 52 to 30 June 53	0	1	1	2,959	2,960
34	1 July 53 to 30 June 54	0	0	0	2,959	2,959
35	1 July 54 to 30 June 55	0	0	0	2,959	2,959
36	1 July 55 to 30 June 56	0	0	0	2,959	2,959
37	1 July 56 to 30 June 57	0	0	0	2,959	2,959
38	1 July 57 to 30 June 58	0	0	0	2,959	2,959
39	1 July 58 to 30 June 59	0	0	0	1,754	1,754
40	2059+	0	0	0	0	0
<b>Totals</b>		<b>80,983</b>	<b>30,484</b>	<b>111,467</b>	<b>414,032</b>	<b>525,499</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	Division 40 - Capital Allowance (Eligible)			Division 43 Capital Works	Eligible Total
		Effective Life	Pooled Plant	Total Div 40		
1	3 July 20 to 30 June 21	11,673	3,616	15,289	14,765	30,054
2	1 July 21 to 30 June 22	10,831	5,876	16,707	14,888	31,595
3	1 July 22 to 30 June 23	10,831	3,673	14,504	14,888	29,392
4	1 July 23 to 30 June 24	10,831	2,295	13,126	14,888	28,014
5	1 July 24 to 30 June 25	10,831	1,435	12,266	14,888	27,154
6	1 July 25 to 30 June 26	6,697	897	7,593	14,888	22,481
7	1 July 26 to 30 June 27	6,410	560	6,970	14,888	21,858
8	1 July 27 to 30 June 28	5,892	350	6,242	14,888	21,130
9	1 July 28 to 30 June 29	4,323	219	4,542	14,888	19,430
10	1 July 29 to 30 June 30	4,306	137	4,443	14,888	19,331
11	1 July 30 to 30 June 31	2,717	86	2,802	14,888	17,690
12	1 July 31 to 30 June 32	2,693	53	2,746	14,888	17,634
13	1 July 32 to 30 June 33	2,119	33	2,152	14,888	17,040
14	1 July 33 to 30 June 34	1,241	21	1,261	12,950	14,211
15	1 July 34 to 30 June 35	784	13	797	12,352	13,149
16	1 July 35 to 30 June 36	3	8	11	12,352	12,363
17	1 July 36 to 30 June 37	0	5	5	12,352	12,357
18	1 July 37 to 30 June 38	0	3	3	12,352	12,355
19	1 July 38 to 30 June 39	0	2	2	12,352	12,354
20	1 July 39 to 30 June 40	0	1	1	12,352	12,353
21	1 July 40 to 30 June 41	0	1	1	11,883	11,884
22	1 July 41 to 30 June 42	0	0	0	10,544	10,544
23	1 July 42 to 30 June 43	0	0	0	10,544	10,544
24	1 July 43 to 30 June 44	0	0	0	10,544	10,544
25	1 July 44 to 30 June 45	0	0	0	10,544	10,544
26	1 July 45 to 30 June 46	0	0	0	10,544	10,544
27	1 July 46 to 30 June 47	0	0	0	10,544	10,544
28	1 July 47 to 30 June 48	0	0	0	10,544	10,544
29	1 July 48 to 30 June 49	0	0	0	10,544	10,544
30	1 July 49 to 30 June 50	0	0	0	10,544	10,544
31	1 July 50 to 30 June 51	0	0	0	4,303	4,303
32	1 July 51 to 30 June 52	0	0	0	2,959	2,959
33	1 July 52 to 30 June 53	0	0	0	2,959	2,959
34	1 July 53 to 30 June 54	0	0	0	2,959	2,959
35	1 July 54 to 30 June 55	0	0	0	2,959	2,959
36	1 July 55 to 30 June 56	0	0	0	2,959	2,959
37	1 July 56 to 30 June 57	0	0	0	2,959	2,959
38	1 July 57 to 30 June 58	0	0	0	2,959	2,959
39	1 July 58 to 30 June 59	0	0	0	1,754	1,754
40	2059+	0	0	0	0	0
<b>Totals</b>		<b>92,181</b>	<b>19,286</b>	<b>111,467</b>	<b>414,032</b>	<b>525,499</b>

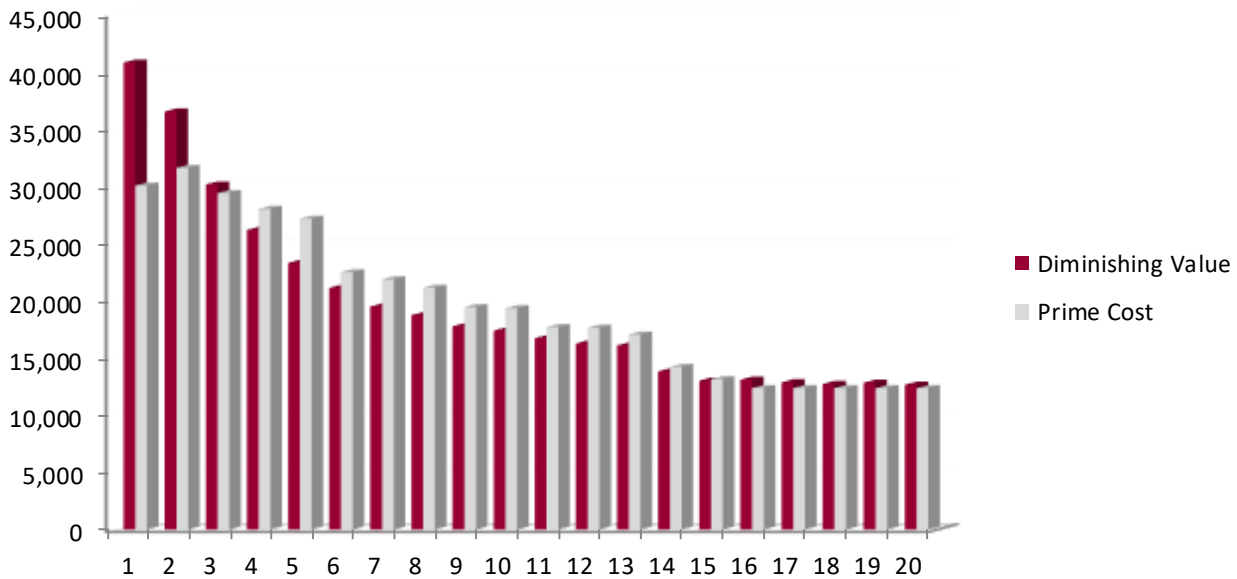
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

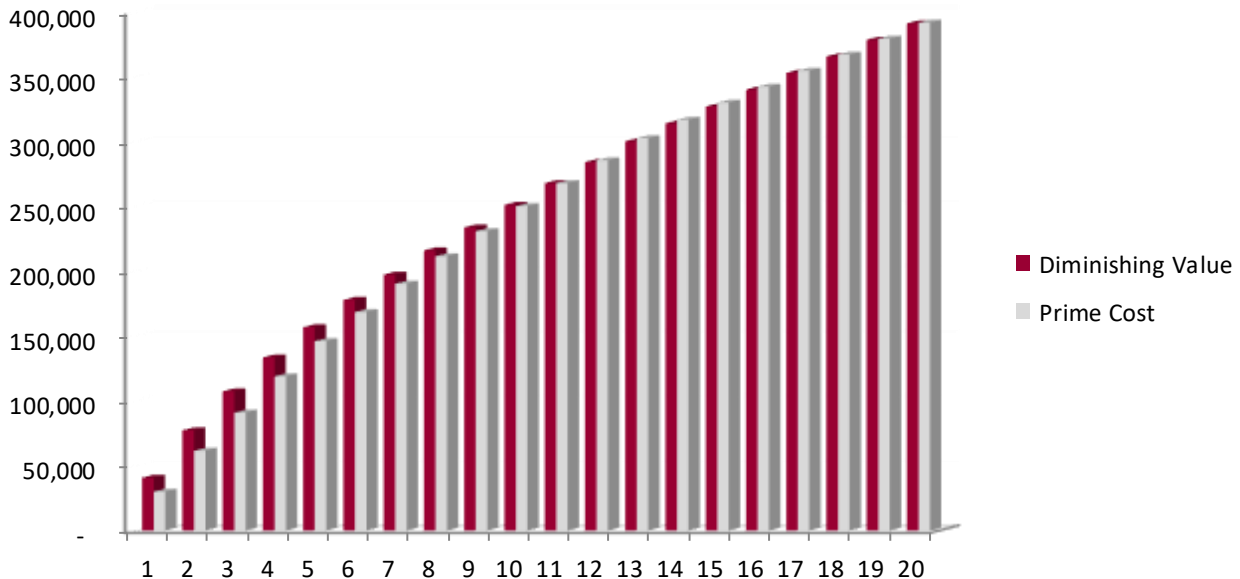
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	11 May 2020
Settlement Date	3 July 2020
Available To Generate Income	3 July 2020

### Expenditure Analysed

Purchase Price	\$2,620,000
Stamp Duty	\$95,425
<b>Total Expenditure Analysed</b>	<b>\$2,716,625</b>

### Historical Construction Details

Construction Start Date	1 July 1992
Construction Completion Date	1 October 1993
Historical Construction Cost (Estimated)*	\$373,439

## 9. Reconciliation of Capital Expenditure

### Apportionment of cost relating to:

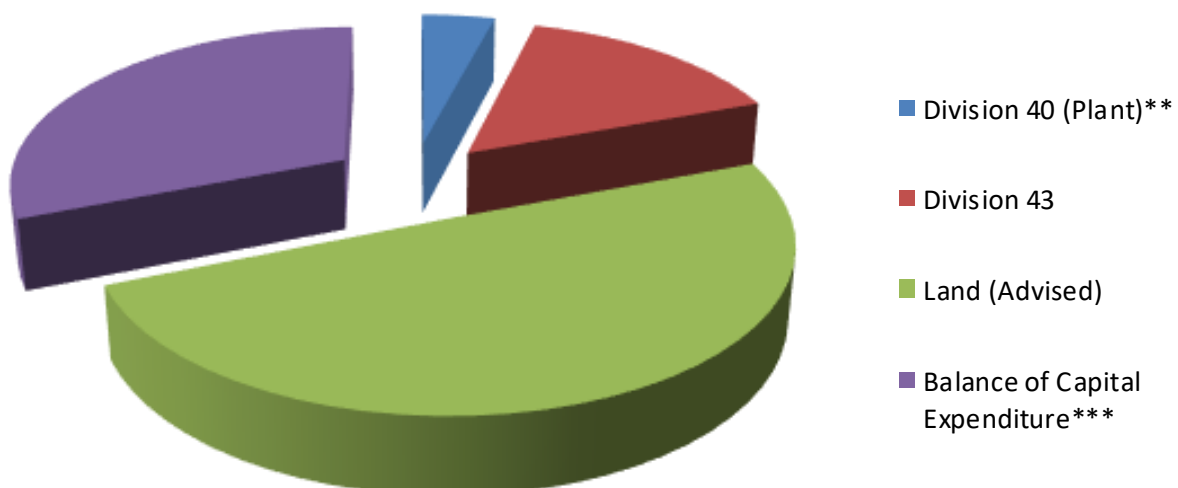
Division 40 (Plant)**	\$111,467
Division 43	\$414,032
Land (Advised)	\$1,347,348
Balance of Capital Expenditure***	\$843,778
<b>Total Expenditure Analysed</b>	<b>\$2,716,625</b>

### 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

\*\* 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
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>														
Mini split system upto 20KW	YES	20.00%	3-Jul-20	12,282	2,436	1,969	1,575	1,260	1,008	807	645	516	413	330
<b>Bathroom assets</b>														
Exhaust fans (including light/heating)	YES	18.75%	3-Jul-20	1,182	222	360	225	141	88	55	34	21	13	8
<b>Blinds Residential</b>														
	YES	18.75%	3-Jul-20	4,765	894	1,452	907	567	354	222	138	87	54	34
<b>Ceiling Fans</b>														
	YES	18.75%	3-Jul-20	1,396	262	425	266	166	104	65	41	25	16	10
<b>Curtains and drapes</b>														
	YES	18.75%	3-Jul-20	2,620	491	798	499	312	195	122	76	48	30	19
<b>Fire control assets</b>														
Detection & alarm systems, detectors	YES	18.75%	3-Jul-20	409	77	125	78	49	30	19	12	7	5	3
<b>Floor coverings ( removable without damage)</b>														
Carpets	YES	25.00%	3-Jul-20	10,459	2,593	1,967	1,475	1,106	830	622	467	350	262	295
Floating timber	YES	13.33%	3-Jul-20	8,183	1,082	947	821	711	616	534	463	401	348	301
<b>Furniture</b>														
Furniture	YES	15.00%	3-Jul-20	17,679	2,631	2,258	1,919	1,631	1,386	1,178	1,002	851	724	615
Furniture	YES	18.75%	3-Jul-20	7,518	1,410	2,291	1,432	895	559	350	218	137	85	53
<b>Garage doors, automatic</b>														
Motors	YES	20.00%	3-Jul-20	3,815	757	612	489	391	313	251	200	301	188	117
<b>Heating units</b>														
Electronic	YES	13.33%	3-Jul-20	372	49	121	76	47	30	18	12	7	5	3
Freestanding	YES	13.33%	3-Jul-20	3,272	433	379	328	284	246	214	185	160	139	339
<b>Hot water systems (excluding piping)</b>														
Gas or electric	YES	16.67%	3-Jul-20	3,350	554	466	388	324	270	225	187	351	219	137
<b>Kitchen assets</b>														
Cooktops	YES	16.67%	3-Jul-20	1,582	261	220	183	344	215	134	84	52	33	20
Dishwashers	YES	25.00%	3-Jul-20	2,233	554	420	315	354	221	138	86	54	34	21
Ovens	YES	16.67%	3-Jul-20	2,047	338	285	237	198	371	232	145	91	57	35
Rangehoods	YES	18.75%	3-Jul-20	837	157	255	159	100	62	39	24	15	10	6
Refrigerators	YES	18.75%	3-Jul-20	558	105	170	106	66	42	26	16	10	6	4
<b>Lights</b>														
Fittings (excluding hardwired)	YES	40.00%	3-Jul-20	20,852	8,272	5,032	3,019	1,811	1,087	652	367	229	143	90
<b>Security systems &amp; equipment</b>														
Electronic	YES	30.00%	3-Jul-20	5,125	1,525	1,080	756	529	370	324	203	127	79	49
<b>\$300 items</b>														
	YES	100.00%	3-Jul-20	930	930									
<b>Pooled Plant Total</b>					3,616	5,997	3,748	3,041	2,271	1,744	1,457	1,562	976	1,244
<b>Effective Life Plant Total</b>					22,416	15,633	11,506	8,246	6,127	4,482	3,149	2,279	1,886	1,247
<b>Total Division 40</b>				111,467	26,032	21,630	15,255	11,287	8,398	6,226	4,606	3,841	2,862	2,491

## 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 1993	2.50%	03-Jul-20	30,558	2,291	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310
Building Works - Completed 2001	2.50%	03-Jul-20	34,634	1,657	1,671	1,671	1,671	1,671	1,671	1,671	1,671	1,671	1,671
Building Works - Completed 2010	2.50%	03-Jul-20	221,860	7,294	7,354	7,354	7,354	7,354	7,354	7,354	7,354	7,354	7,354
Building Works - Completed 2019	2.50%	03-Jul-20	96,687	2,485	2,506	2,506	2,506	2,506	2,506	2,506	2,506	2,506	2,506
Structural Improvements - Completed 1993	2.50%	03-Jul-20	2,987	224	226	226	226	226	226	226	226	226	226
Structural Improvements - Completed 2001	2.50%	03-Jul-20	2,850	136	137	137	137	137	137	137	137	137	137
Structural Improvements - Completed 2010	2.50%	03-Jul-20	6,972	229	231	231	231	231	231	231	231	231	231
Structural Improvements - Completed 2019	2.50%	03-Jul-20	17,484	449	453	453	453	453	453	453	453	453	453
<b>Total Division 43</b>			<b>414,032</b>	<b>14,765</b>	<b>14,888</b>	<b>14,888</b>	<b>14,888</b>	<b>14,888</b>	<b>14,888</b>	<b>14,888</b>	<b>14,888</b>	<b>14,888</b>	<b>14,888</b>

## 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
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>														
Mini split system upto 20KW	YES	10.00%	03-Jul-20	12,282	1,218	1,228	1,228	1,228	1,228	1,228	1,228	1,228	1,228	1,228
<b>Bathroom assets</b>														
Exhaust fans (including light/heating)	YES	18.75%	03-Jul-20	1,182	222	360	225	141	88	55	34	21	13	8
<b>Blinds Residential</b>														
	YES	18.75%	03-Jul-20	4,765	894	1,452	907	567	354	222	138	87	54	34
<b>Ceiling Fans</b>														
	YES	18.75%	03-Jul-20	1,396	262	425	266	166	104	65	41	25	16	10
<b>Curtains and drapes</b>														
	YES	18.75%	03-Jul-20	2,620	491	798	499	312	195	122	76	48	30	19
<b>Fire control assets</b>														
Detection & alarm systems, detectors	YES	18.75%	03-Jul-20	409	77	125	78	49	30	19	12	7	5	3
<b>Floor coverings ( removable without damage)</b>														
Carpets	YES	12.50%	03-Jul-20	10,459	1,297	1,307	1,307	1,307	1,307	1,307	1,307	1,307	14	
Floating timber	YES	6.67%	03-Jul-20	8,183	541	546	546	546	546	546	546	546	546	546
<b>Furniture</b>														
	YES	7.50%	03-Jul-20	17,679	1,315	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326
	YES	18.75%	03-Jul-20	7,518	1,410	2,291	1,432	895	559	350	218	137	85	53
<b>Garage doors, automatic</b>														
Motors	YES	10.00%	03-Jul-20	3,815	378	381	381	381	381	381	381	381	381	381
<b>Heating units</b>														
Electronic	YES	6.67%	03-Jul-20	372	25	25	25	25	25	25	25	25	25	25
Freestanding	YES	6.67%	03-Jul-20	3,272	216	218	218	218	218	218	218	218	218	218
<b>Hot water systems (excluding piping)</b>														
Gas or electric	YES	8.33%	03-Jul-20	3,350	277	279	279	279	279	279	279	279	279	279
<b>Kitchen assets</b>														
Cooktops	YES	8.33%	03-Jul-20	1,582	131	132	132	132	132	132	132	132	132	132
Dishwashers	YES	12.50%	03-Jul-20	2,233	277	279	279	279	279	279	279	279	3	
Ovens	YES	8.33%	03-Jul-20	2,047	169	171	171	171	171	171	171	171	171	171
Rangehoods	YES	18.75%	03-Jul-20	837	157	255	159	100	62	39	24	15	10	6
Refrigerators	YES	18.75%	03-Jul-20	558	105	170	106	66	42	26	16	10	6	4
<b>Lights</b>														
Fittings (excluding hardwired)	YES	20.00%	03-Jul-20	20,852	4,136	4,170	4,170	4,170	4,170	36				
<b>Security systems &amp; equipment</b>														
Electronic	YES	15.00%	03-Jul-20	5,125	762	769	769	769	769	769	518			
<b>\$300 items</b>														
	YES	100.00%	03-Jul-20	930	930									
<b>Pooled Plant Total</b>					3,616	5,876	3,673	2,295	1,435	897	560	350	219	137
<b>Effective Life Plant Total</b>					11,673	10,831	10,831	10,831	10,831	6,697	6,410	5,892	4,323	4,306
<b>Total Division 40</b>				111,467	15,289	16,707	14,504	13,126	12,266	7,593	6,970	6,242	4,542	4,443



## 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 1993	2.50%	03-Jul-20	30,558	2,291	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310
Building Works - Completed 2001	2.50%	03-Jul-20	34,634	1,657	1,671	1,671	1,671	1,671	1,671	1,671	1,671	1,671	1,671
Building Works - Completed 2010	2.50%	03-Jul-20	221,860	7,294	7,354	7,354	7,354	7,354	7,354	7,354	7,354	7,354	7,354
Building Works - Completed 2019	2.50%	03-Jul-20	96,687	2,485	2,506	2,506	2,506	2,506	2,506	2,506	2,506	2,506	2,506
Structural Improvements - Completed 1993	2.50%	03-Jul-20	2,987	224	226	226	226	226	226	226	226	226	226
Structural Improvements - Completed 2001	2.50%	03-Jul-20	2,850	136	137	137	137	137	137	137	137	137	137
Structural Improvements - Completed 2010	2.50%	03-Jul-20	6,972	229	231	231	231	231	231	231	231	231	231
Structural Improvements - Completed 2019	2.50%	03-Jul-20	17,484	449	453	453	453	453	453	453	453	453	453
<b>Total Division 43</b>			<b>414,032</b>	<b>14,765</b>	<b>14,888</b>	<b>14,888</b>	<b>14,888</b>	<b>14,888</b>	<b>14,888</b>	<b>14,888</b>	<b>14,888</b>	<b>14,888</b>	<b>14,888</b>

## 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 1993	1 Jul 92 to 1 Oct 93	92,409	2.50%	2,310	30,558
Building Works - Completed 2001	2 Mar 01 to 1 Apr 01	66,825	2.50%	1,671	34,634
Building Works - Completed 2010	7 Aug 10 to 6 Sep 10	294,147	2.50%	7,354	221,860
Building Works - Completed 2019	3 Jan 19 to 2 Feb 19	100,237	2.50%	2,506	96,687

**Sub-total** 553,618 13,841 383,739

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 1993	1 Jul 92 to 1 Oct 93	9,033	2.50%	226	2,987
Structural Improvements - Completed 2001	2 Mar 01 to 1 Apr 01	5,498	2.50%	137	2,850
Structural Improvements - Completed 2010	7 Aug 10 to 6 Sep 10	9,244	2.50%	231	6,972
Structural Improvements - Completed 2019	3 Jan 19 to 2 Feb 19	18,126	2.50%	453	17,484

**Sub-total** 41,901 1,047 30,293

**Totals** 595,519 14,888 414,032

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.