



## Tax Depreciation Report

308/63 Coolum Terrace,  
Coolum Beach, QLD 4573

Kylie Watson  
PO Box 211  
YANDINA, QLD 4561

Issue Schedule	
Issue Date:	Issued by:
21 August 2020	Mark Kilroy Bsc (Hons) MRICS

Kylie Watson  
PO Box 211  
YANDINA, QLD 4561

August 2020  
Job No: RES4573025

**Tax Depreciation Report – 308/63 Coolum Terrace, Coolum Beach, QLD 4573**

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

21 August 2020

### Purchaser

Kylie Watson

### Property Address

308/63 Coolum Terrace, Coolum Beach, QLD 4573

### Real Property Description

Lot 308 on SP 301298

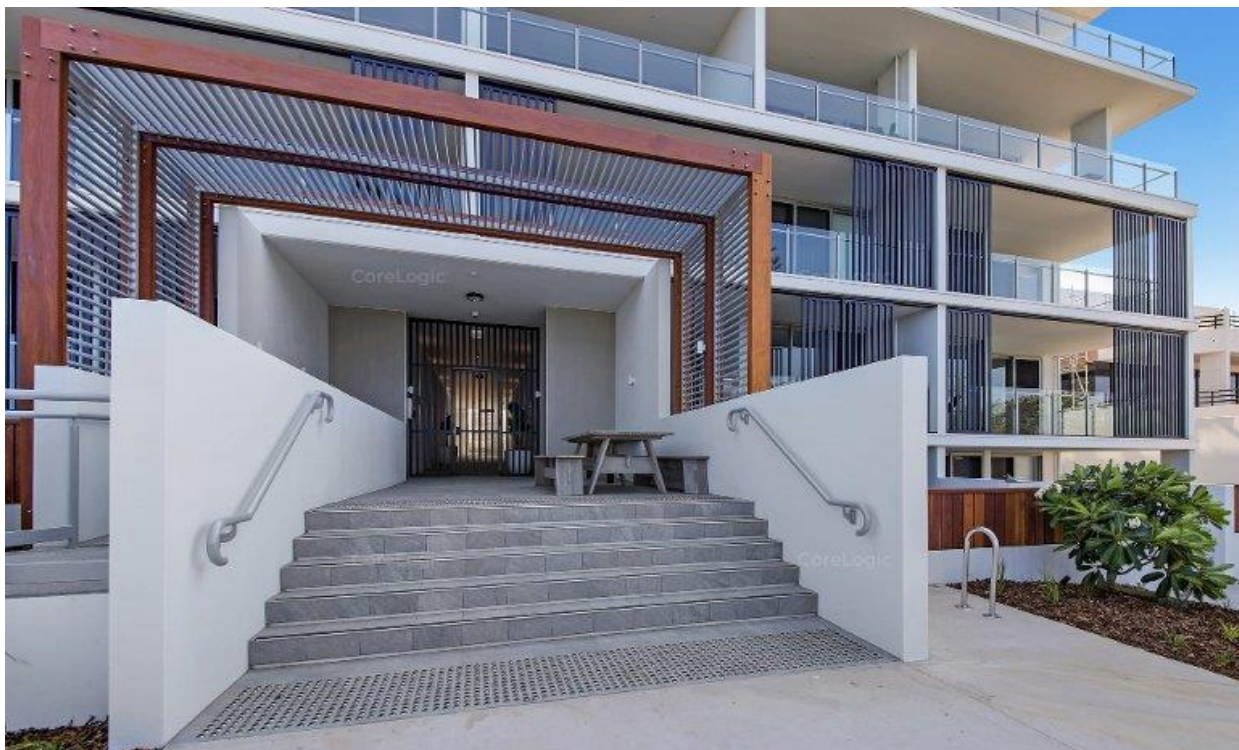
### Property Type

Residential Unit

### Date of Construction

1 November 2019

### Property Photo



## 2. Report Details

### 2.1 Introduction

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

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

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

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

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

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

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

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

### **3. Capital Allowances**

#### **3.1 Entitlement**

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

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

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

#### **3.3 Effective Life**

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

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

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

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

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

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

### 3.6 Method of Depreciation

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

Diminishing Value Method	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	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	16 December 19 to 30 June 20	5,271	3,404	8,675	4,412	13,087
2	1 July 20 to 30 June 21	6,637	6,245	12,881	8,196	21,077
3	1 July 21 to 30 June 22	5,000	4,565	9,564	8,196	17,760
4	1 July 22 to 30 June 23	4,123	2,853	6,976	8,196	15,172
5	1 July 23 to 30 June 24	3,408	1,783	5,192	8,196	13,388
6	1 July 24 to 30 June 25	2,485	1,811	4,296	8,196	12,492
7	1 July 25 to 30 June 26	1,544	2,181	3,725	8,196	11,921
8	1 July 26 to 30 June 27	1,157	1,695	2,853	8,196	11,049
9	1 July 27 to 30 June 28	985	1,060	2,044	8,196	10,240
10	1 July 28 to 30 June 29	707	1,000	1,707	8,196	9,903
11	1 July 29 to 30 June 30	609	625	1,234	8,196	9,430
12	1 July 30 to 30 June 31	527	391	918	8,196	9,114
13	1 July 31 to 30 June 32	263	612	875	8,196	9,071
14	1 July 32 to 30 June 33	246	382	628	8,196	8,824
15	1 July 33 to 30 June 34	229	239	468	8,196	8,664
16	1 July 34 to 30 June 35	214	149	363	8,196	8,559
17	1 July 35 to 30 June 36	200	93	293	8,196	8,489
18	1 July 36 to 30 June 37	186	58	245	8,196	8,441
19	1 July 37 to 30 June 38	174	36	210	8,196	8,406
20	1 July 38 to 30 June 39	162	23	185	8,196	8,381
21	1 July 39 to 30 June 40	152	14	166	8,196	8,362
22	1 July 40 to 30 June 41	141	9	150	8,196	8,346
23	1 July 41 to 30 June 42	132	6	138	8,196	8,334
24	1 July 42 to 30 June 43	123	3	127	8,196	8,323
25	1 July 43 to 30 June 44	115	2	117	8,196	8,313
26	1 July 44 to 30 June 45	107	1	109	8,196	8,305
27	1 July 45 to 30 June 46	100	1	101	8,196	8,297
28	1 July 46 to 30 June 47	94	1	94	8,196	8,290
29	1 July 47 to 30 June 48	87	0	88	8,196	8,284
30	1 July 48 to 30 June 49	81	0	82	8,196	8,278
31	1 July 49 to 30 June 50	76	0	76	8,196	8,272
32	1 July 50 to 30 June 51	71	0	71	8,196	8,267
33	1 July 51 to 30 June 52	0	373	373	8,196	8,569
34	1 July 52 to 30 June 53	0	233	233	8,196	8,429
35	1 July 53 to 30 June 54	0	146	146	8,196	8,342
36	1 July 54 to 30 June 55	0	91	91	8,196	8,287
37	1 July 55 to 30 June 56	0	57	57	8,196	8,253
38	1 July 56 to 30 June 57	0	36	36	8,196	8,232
39	1 July 57 to 30 June 58	0	22	22	8,196	8,218
40	2058+	0	37	37	10,969	11,006
<b>Totals</b>		<b>35,407</b>	<b>30,237</b>	<b>65,644</b>	<b>326,829</b>	<b>392,473</b>

The diminishing value method involves multiplying the remaining amount (or also known as the written down value) of the item by the depreciation rate each year. Hence the term diminishing value method as it diminishes in value each year never quite reaching zero.

### Example

	DV Rate	Opening Value	Year 1	WDV	Year 2
Carpet	20%	\$1,000	\$200	\$800	\$160

## 6. Summary of Entitlements – Prime Cost Method

Year	Financial Year	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	16 December 19 to 30 June 20	3,172	3,404	6,576	4,412	<b>10,988</b>
2	1 July 20 to 30 June 21	3,900	5,531	9,431	8,196	<b>17,627</b>
3	1 July 21 to 30 June 22	3,900	3,457	7,357	8,196	<b>15,553</b>
4	1 July 22 to 30 June 23	3,900	2,161	6,061	8,196	<b>14,257</b>
5	1 July 23 to 30 June 24	3,900	1,350	5,250	8,196	<b>13,446</b>
6	1 July 24 to 30 June 25	3,900	844	4,744	8,196	<b>12,940</b>
7	1 July 25 to 30 June 26	3,900	527	4,427	8,196	<b>12,623</b>
8	1 July 26 to 30 June 27	3,697	330	4,027	8,196	<b>12,223</b>
9	1 July 27 to 30 June 28	3,668	206	3,874	8,196	<b>12,070</b>
10	1 July 28 to 30 June 29	3,668	129	3,797	8,196	<b>11,993</b>
11	1 July 29 to 30 June 30	2,387	80	2,467	8,196	<b>10,663</b>
12	1 July 30 to 30 June 31	1,294	50	1,344	8,196	<b>9,540</b>
13	1 July 31 to 30 June 32	903	31	935	8,196	<b>9,131</b>
14	1 July 32 to 30 June 33	508	20	528	8,196	<b>8,724</b>
15	1 July 33 to 30 June 34	292	12	304	8,196	<b>8,500</b>
16	1 July 34 to 30 June 35	292	8	300	8,196	<b>8,496</b>
17	1 July 35 to 30 June 36	292	5	297	8,196	<b>8,493</b>
18	1 July 36 to 30 June 37	292	3	295	8,196	<b>8,491</b>
19	1 July 37 to 30 June 38	292	2	294	8,196	<b>8,490</b>
20	1 July 38 to 30 June 39	292	1	293	8,196	<b>8,489</b>
21	1 July 39 to 30 June 40	292	1	293	8,196	<b>8,489</b>
22	1 July 40 to 30 June 41	292	0	292	8,196	<b>8,488</b>
23	1 July 41 to 30 June 42	292	0	292	8,196	<b>8,488</b>
24	1 July 42 to 30 June 43	292	0	292	8,196	<b>8,488</b>
25	1 July 43 to 30 June 44	292	0	292	8,196	<b>8,488</b>
26	1 July 44 to 30 June 45	292	0	292	8,196	<b>8,488</b>
27	1 July 45 to 30 June 46	292	0	292	8,196	<b>8,488</b>
28	1 July 46 to 30 June 47	292	0	292	8,196	<b>8,488</b>
29	1 July 47 to 30 June 48	292	0	292	8,196	<b>8,488</b>
30	1 July 48 to 30 June 49	292	0	292	8,196	<b>8,488</b>
31	1 July 49 to 30 June 50	122	0	122	8,196	<b>8,318</b>
32	1 July 50 to 30 June 51	0	0	0	8,196	<b>8,196</b>
33	1 July 51 to 30 June 52	0	0	0	8,196	<b>8,196</b>
34	1 July 52 to 30 June 53	0	0	0	8,196	<b>8,196</b>
35	1 July 53 to 30 June 54	0	0	0	8,196	<b>8,196</b>
36	1 July 54 to 30 June 55	0	0	0	8,196	<b>8,196</b>
37	1 July 55 to 30 June 56	0	0	0	8,196	<b>8,196</b>
38	1 July 56 to 30 June 57	0	0	0	8,196	<b>8,196</b>
39	1 July 57 to 30 June 58	0	0	0	8,196	<b>8,196</b>
40	2058+	0	0	0	10,969	<b>10,969</b>
<b>Totals</b>		<b>47,491</b>	<b>18,153</b>	<b>65,644</b>	<b>326,829</b>	<b>392,473</b>

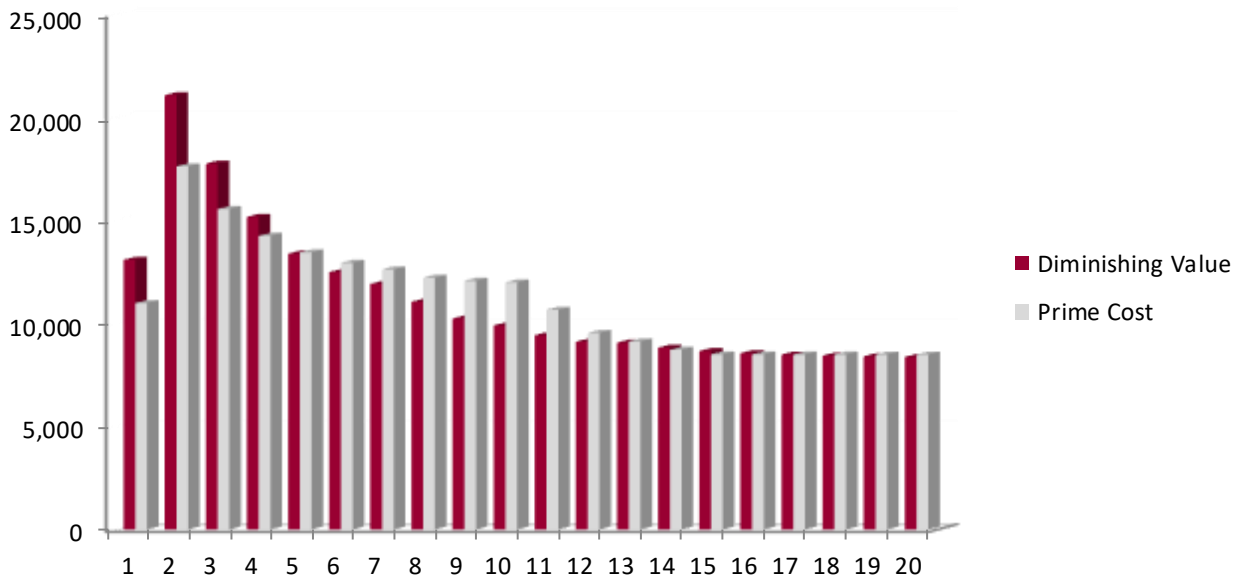
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

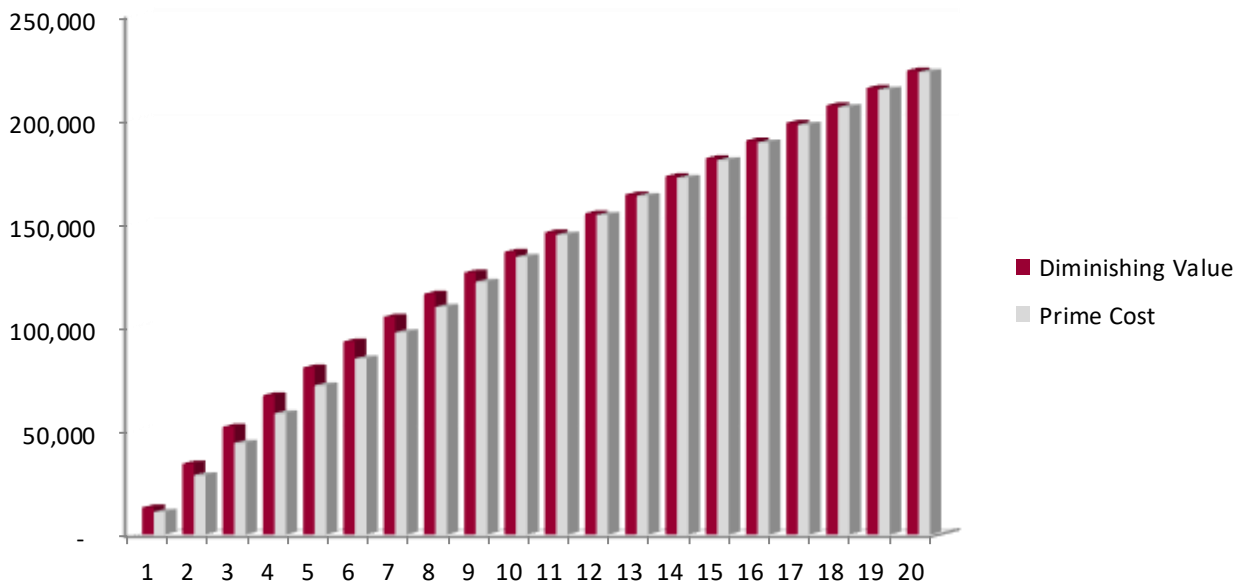
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	9 February 2018
Settlement Date	16 December 2019

### Expenditure Analysed

Purchase Price	\$585,000
Stamp Duty	\$19,113
<b>Total Expenditure Analysed</b>	<b>\$604,113</b>

### Historical Construction Details

Construction Start Date	8 August 2018
Construction Completion Date	1 November 2019
Historical Construction Cost (Estimated)*	\$370,356
Lot Entitlement	110
Overall Lot Entitlement	9,995

## 9. Reconciliation of Capital Expenditure

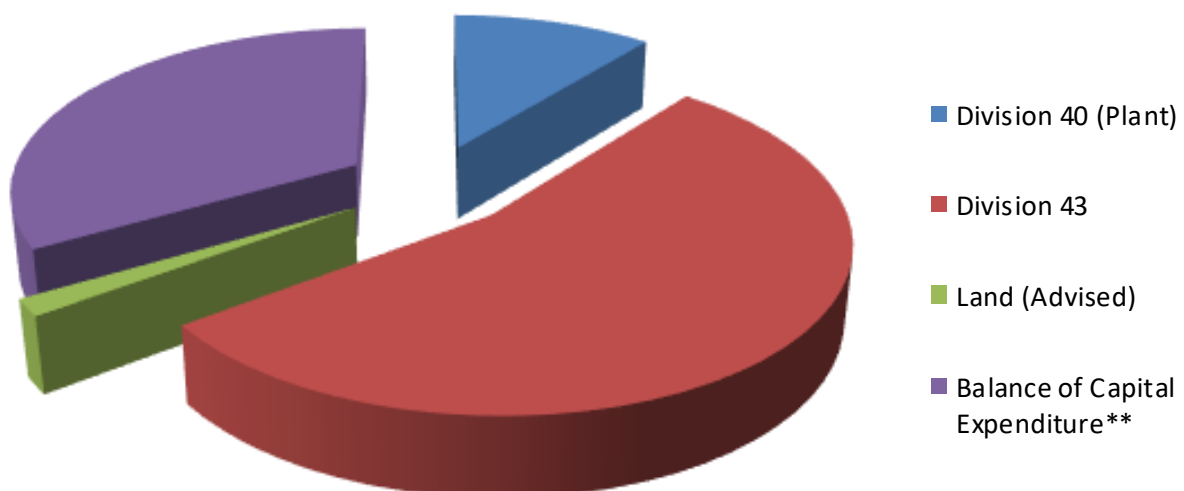
### Apportionment of cost relating to:

Division 40 (Plant)	\$65,644
Division 43	\$326,829
Land (Advised)	\$9,995
Balance of Capital Expenditure**	\$201,644
<b>Total Expenditure Analysed</b>	<b>\$604,112</b>

### Notes

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

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



## 10. Diminishing Value Depreciation Schedule

Assets Generally Division 40 - Plant and Equipment	Diminishing Value Rate	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>													
Mini split system upto 20KW	20.00%	16-Dec-19	12,794	1,377	2,283	1,827	1,461	1,169	935	748	599	479	383
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	16-Dec-19	1,459	274	445	278	174	109	68	42	27	17	10
<b>Blinds Residential</b>	20.00%	16-Dec-19	3,082	332	550	440	352	282	225	338	211	132	83
<b>Blinds Residential</b>	18.75%	16-Dec-19	1,938	363	591	369	231	144	90	56	35	22	14
<b>Computer systems</b>													
General	18.75%	16-Dec-19	678	127	207	129	81	50	32	20	12	8	5
Building management system	18.75%	16-Dec-19	427	80	130	81	51	32	20	12	8	5	3
<b>Door closers</b>	18.75%	16-Dec-19	473	89	144	90	56	35	22	14	9	5	3
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	16-Dec-19	1,570	294	478	299	187	117	73	46	29	18	11
Detection & alarm systems, fire indicator panel	18.75%	16-Dec-19	533	100	163	102	63	40	25	15	10	6	4
Emergency warning & intercommunication system	18.75%	16-Dec-19	1,208	227	368	230	144	90	56	35	22	14	9
<b>Floor coverings ( removable without damage)</b>													
Carpets	20.00%	16-Dec-19	3,208	345	573	458	366	293	235	352	220	137	86
<b>Furniture</b>	15.00%	16-Dec-19	3,601	291	497	422	359	305	259	220	187	159	338
<b>Furniture</b>	18.75%	16-Dec-19	3,499	656	1,066	666	416	260	163	102	64	40	25
<b>Garage doors, automatic</b>													
Controls	18.75%	16-Dec-19	330	62	100	63	39	25	15	10	6	4	2
<b>Garbage disposal</b>													
Garbage chutes	18.75%	16-Dec-19	400	75	122	76	48	30	19	12	7	5	3
<b>Hot water systems (excluding piping)</b>													
Gas or electric	16.67%	16-Dec-19	2,617	235	397	331	276	230	191	359	224	140	88
<b>Kitchen assets</b>													
Cooktops	16.67%	16-Dec-19	2,132	191	324	270	225	187	351	219	137	86	54
Dishwashers	20.00%	16-Dec-19	2,520	271	450	360	288	230	345	216	135	84	53
Microwave ovens	20.00%	16-Dec-19	1,066	115	357	223	139	87	54	34	21	13	8
Ovens	16.67%	16-Dec-19	2,908	261	441	368	306	255	213	177	332	208	130
Rangehoods	16.67%	16-Dec-19	1,130	101	171	321	201	126	78	49	31	19	12
<b>Laundry assets</b>													
Clothes dryers	20.00%	16-Dec-19	1,066	115	357	223	139	87	54	34	21	13	8
<b>Lifts (including hydraulic &amp; tractions lifts)</b>	6.67%	16-Dec-19	8,747	314	562	525	490	457	427	398	372	347	324
Carried forward			57,389	6,295	10,775	8,151	6,092	4,639	3,951	3,509	2,718	1,960	1,655

## Diminishing Value Depreciation Schedule (cont.)

Assets Generally	Diminishing Value Rate	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Division 40 - Plant and Equipment</b>													
Brought forward			57,389	6,295	10,775	8,151	6,092	4,639	3,951	3,509	2,718	1,960	1,655
<b>Lights</b>													
Shades, removable	18.75%	16-Dec-19	5,316	997	1,620	1,012	633	395	247	154	97	60	38
MATV - amplifiers & modulators	18.75%	16-Dec-19	320	60	98	61	38	24	15	9	6	4	2
<b>Security systems &amp; equipment</b>													
Electronic	30.00%	16-Dec-19	1,546	250	389	340	213	133	83	52	32	20	13
\$300 items	100.00%	16-Dec-19	1,073	1,073									
<b>Pooled Plant Total</b>				<b>3,404</b>	<b>6,245</b>	<b>4,565</b>	<b>2,853</b>	<b>1,783</b>	<b>1,811</b>	<b>2,181</b>	<b>1,695</b>	<b>1,060</b>	<b>1,000</b>
<b>Effective Life Plant Total</b>				<b>5,271</b>	<b>6,637</b>	<b>5,000</b>	<b>4,123</b>	<b>3,408</b>	<b>2,485</b>	<b>1,544</b>	<b>1,157</b>	<b>985</b>	<b>707</b>
<b>Total Division 40</b>			<b>65,644</b>	<b>8,675</b>	<b>12,881</b>	<b>9,564</b>	<b>6,976</b>	<b>5,192</b>	<b>4,296</b>	<b>3,725</b>	<b>2,853</b>	<b>2,044</b>	<b>1,707</b>
<b>Division 43 - Capital Works Allowance</b>													
	Rate		Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Building Works - Completed 2019</b>			2.50%	16-Dec-19	321,193	4,336	8,055	8,055	8,055	8,055	8,055	8,055	8,055
<b>Structural Improvements - Completed 2019</b>			2.50%	16-Dec-19	5,636	76	141	141	141	141	141	141	141
<b>Total Division 43</b>					<b>326,829</b>	<b>4,412</b>	<b>8,196</b>	<b>8,196</b>	<b>8,196</b>	<b>8,196</b>	<b>8,196</b>	<b>8,196</b>	<b>8,196</b>
<b>Total Depreciation</b>					<b>392,473</b>	<b>13,087</b>	<b>21,077</b>	<b>17,760</b>	<b>15,172</b>	<b>13,388</b>	<b>12,492</b>	<b>11,921</b>	<b>11,049</b>

## 11. Prime Cost Depreciation Schedule

Assets Generally	Prime Cost												
Division 40 - Plant and Equipment	Rate	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>													
Mini split system upto 20KW	10.00%	16-Dec-19	12,794	689	1,279	1,279	1,279	1,279	1,279	1,279	1,279	1,279	1,279
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	16-Dec-19	1,459	274	445	278	174	109	68	42	27	17	10
<b>Blinds Residential</b>	10.00%	16-Dec-19	3,082	166	308	308	308	308	308	308	308	308	308
<b>Blinds Residential</b>	18.75%	16-Dec-19	1,938	363	591	369	231	144	90	56	35	22	14
<b>Computer systems</b>													
General	18.75%	16-Dec-19	678	127	207	129	81	50	32	20	12	8	5
Building management system	18.75%	16-Dec-19	427	80	130	81	51	32	20	12	8	5	3
<b>Door closers</b>	18.75%	16-Dec-19	473	89	144	90	56	35	22	14	9	5	3
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	16-Dec-19	1,570	294	478	299	187	117	73	46	29	18	11
Detection & alarm systems, fire indicator panel	18.75%	16-Dec-19	533	100	163	102	63	40	25	15	10	6	4
Emergency warning & intercommunication system	18.75%	16-Dec-19	1,208	227	368	230	144	90	56	35	22	14	9
<b>Floor coverings ( removable without damage)</b>													
Carpets	10.00%	16-Dec-19	3,208	173	321	321	321	321	321	321	321	321	321
<b>Furniture</b>	7.50%	16-Dec-19	3,601	145	270	270	270	270	270	270	270	270	270
<b>Furniture</b>	18.75%	16-Dec-19	3,499	656	1,066	666	416	260	163	102	64	40	25
<b>Garage doors, automatic</b>													
Controls	18.75%	16-Dec-19	330	62	100	63	39	25	15	10	6	4	2
<b>Garbage disposal</b>													
Garbage chutes	18.75%	16-Dec-19	400	75	122	76	48	30	19	12	7	5	3
<b>Hot water systems (excluding piping)</b>													
Gas or electric	8.33%	16-Dec-19	2,617	117	218	218	218	218	218	218	218	218	218
<b>Kitchen assets</b>													
Cooktops	8.33%	16-Dec-19	2,132	96	178	178	178	178	178	178	178	178	178
Dishwashers	10.00%	16-Dec-19	2,520	136	252	252	252	252	252	252	252	252	252
Microwave ovens	10.00%	16-Dec-19	1,066	57	107	107	107	107	107	107	107	107	107
Ovens	8.33%	16-Dec-19	2,908	130	242	242	242	242	242	242	242	242	242
Rangehoods	8.33%	16-Dec-19	1,130	51	94	94	94	94	94	94	94	94	94
<b>Laundry assets</b>													
Clothes dryers	10.00%	16-Dec-19	1,066	57	107	107	107	107	107	107	107	107	107
<b>Lifts (including hydraulic &amp; tractions lifts)</b>	3.33%	16-Dec-19	8,747	157	292	292	292	292	292	292	292	292	292
Carried forward			57,389	4,321	7,482	6,052	5,158	4,599	4,250	4,032	3,895	3,810	3,757

## 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				57,389	4,321	7,482	6,052	5,158	4,599	4,250	4,032	3,895	3,810	3,757
<b>Lights</b>														
Shades, removable		18.75%	16-Dec-19	5,316	997	1,620	1,012	633	395	247	154	97	60	38
MATV - amplifiers & modulators		18.75%	16-Dec-19	320	60	98	61	38	24	15	9	6	4	2
<b>Security systems &amp; equipment</b>														
Electronic		15.00%	16-Dec-19	1,546	125	232	232	232	232	232	232	29		
\$300 items		100.00%	16-Dec-19	1,073	1,073									
<b>Pooled Plant Total</b>					3,404	5,531	3,457	2,161	1,350	844	527	330	206	129
<b>Effective Life Plant Total</b>					3,172	3,900	3,900	3,900	3,900	3,900	3,900	3,697	3,668	3,668
<b>Total Division 40</b>				65,644	6,576	9,431	7,357	6,061	5,250	4,744	4,427	4,027	3,874	3,797
<b>Division 43 - Capital Works Allowance</b>														
		Rate	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Building Works - Completed 2019</b>		2.50%	16-Dec-19	321,193	4,336	8,055	8,055	8,055	8,055	8,055	8,055	8,055	8,055	8,055
<b>Structural Improvements - Completed 2019</b>		2.50%	16-Dec-19	5,636	76	141	141	141	141	141	141	141	141	141
<b>Total Division 43</b>				326,829	4,412	8,196	8,196	8,196	8,196	8,196	8,196	8,196	8,196	8,196
<b>Total Depreciation</b>				392,473	10,988	17,627	15,553	14,257	13,446	12,940	12,623	12,223	12,070	11,993



## 12. Division 43 Capital Works Schedule

The table below outlines the amount of Division 43 building write-off available for this property. The building write-off is claimed over forty years from the construction date of the works completed and is the remaining value after plant and equipment has been taken out.

### Qualifying Building Allowance

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Building Works - Completed 2019	8 Aug 18 to 1 Nov 19	322,186	2.50%	8,055	321,193
<b>Sub-total</b>		<b>322,186</b>		<b>8,055</b>	<b>321,193</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2019	8 Aug 18 to 1 Nov 19	5,653	2.50%	141	5,636
<b>Sub-total</b>		<b>5,653</b>		<b>141</b>	<b>5,636</b>
<b>Totals</b>		<b>327,840</b>		<b>8,196</b>	<b>326,829</b>

The table below demonstrates the various property types and the depreciation rates for Capital expenditure deductions. Eligibility is based on the date of construction commencement.

	Today - 27 Feb 92	26 Feb 92 - 16 Sept 87	15 Sept 87 - 18 Jul 85	17 Jul 85 - 22 Aug 84	21 Aug 84 - 20 Jul 82	19 Jul 82 - 21 Aug 79
Traveller Accommodation	4%	2.5%	4%	4%	2.5%	2.5%
Non Residential	2.5%	2.5%	4%	4%	2.5%	N/A
Manufacturing	4%	2.5%	4%	4%	2.5%	N/A
Residential	2.5%	2.5%	4%	N/A	N/A	N/A
Structural Improvement	2.5%	N/A	N/A	N/A	N/A	N/A

### 13. Definition of Terms

<b>Adjusted Value</b>	This is the value of an asset after a period of decline often referred to as the written down value or WDV.
<b>Balancing Adjustment</b>	The balancing adjustment amount is the difference between the termination value and the adjustable value of a depreciating asset at the time of a balancing adjustment event.
<b>Decline in Value</b>	Deductions for the cost of a depreciating asset are based on the decline in value between any two dates. This report includes both methods of the decline in value of a depreciating asset; the prime cost method and diminishing value method.
<b>Depreciating Assets</b>	Assets with limited effective life that are reasonably expected to decline in value.
<b>Diminishing Value Method</b>	This is the method of calculating the decline in value which uses the opening adjusted value as the basis for the calculation.
<b>Effective Life</b>	The effective life of a depreciating asset is how long it can be used by any entity for a taxable income producing purpose.
<b>Immediate WriteOff</b>	A depreciating asset which costs less than \$300 can be immediately written off at 100% of the total cost. This is only available where the asset is not part of a set e.g. table and chairs.
<b>Installed Costs</b>	This is the total cost of installing the asset inclusive of fees and labour etc.
<b>Low Value Pool</b>	Low cost assets which have a value between \$300 and \$1000. These assets are depreciated at 18.75% in the first year and 37.5% in each subsequent years.
<b>Low Cost Asset</b>	A depreciable asset with an installed cost of less than \$1000.
<b>Low Value Asset</b>	A depreciable asset that has an adjusted value of less than \$1000.
<b>Non Eligible</b>	This may include a proportion of the purchase price that is not claimable due to the age of the building or asset type.
<b>Prime Cost Method</b>	This is a method of calculating depreciation using a constant opening cost base often referred to as the "Straight Line" method.

## 14. Contact Details

COMPANY DETAILS	
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<b>Office Email</b>	info@koste.com.au

LEAD SURVEYOR DETAILS	
<b>Surveyors Name</b>	Mark Kilroy
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<b>Email</b>	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.