



## Tax Depreciation Report

13/20 Harrington Street,  
Arundel QLD 4214

Air BC Pty Ltd  
463 Woollooware Rd  
BURRANEER, NSW 2230

Issue Schedule	
Issue Date:	Issued by:
14 June 2018	Mark Kilroy Bsc (Hons) MRICS

Air BC Pty Ltd  
463 Woollooware Rd  
BURRANEER, NSW 2230

June 2018  
Job No: COM4214009

### **Tax Depreciation Report – 13/20 Harrington Street, Arundel QLD 4214**

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

14 June 2018

### Purchaser

Air BC Pty Ltd

### Property Address

13/20 Harrington Street, Arundel QLD 4214

### Real Property Description

L13 SP279647

### Property Type

Commercial

### Date of Construction

1 October 2015

### 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	30 November 17 to 30 June 18	1,853	446	2,299	2,691	4,990
2	1 July 18 to 30 June 19	1,081	1,423	2,504	4,634	7,138
3	1 July 19 to 30 June 20	908	889	1,798	4,634	6,432
4	1 July 20 to 30 June 21	766	556	1,322	4,634	5,956
5	1 July 21 to 30 June 22	648	347	995	4,634	5,629
6	1 July 22 to 30 June 23	550	217	767	4,634	5,401
7	1 July 23 to 30 June 24	469	136	604	4,634	5,238
8	1 July 24 to 30 June 25	232	402	633	4,634	5,267
9	1 July 25 to 30 June 26	208	251	460	4,634	5,094
10	1 July 26 to 30 June 27	188	157	345	4,634	4,979
11	1 July 27 to 30 June 28	169	98	267	4,634	4,901
12	1 July 28 to 30 June 29	152	61	213	4,634	4,847
13	1 July 29 to 30 June 30	137	38	175	4,634	4,809
14	1 July 30 to 30 June 31	123	24	147	4,634	4,781
15	1 July 31 to 30 June 32	111	15	126	4,634	4,760
16	1 July 32 to 30 June 33	0	383	383	4,634	5,017
17	1 July 33 to 30 June 34	0	240	240	4,634	4,874
18	1 July 34 to 30 June 35	0	150	150	4,634	4,784
19	1 July 35 to 30 June 36	0	94	94	4,634	4,728
20	1 July 36 to 30 June 37	0	58	58	4,634	4,692
21	1 July 37 to 30 June 38	0	37	37	4,634	4,671
22	1 July 38 to 30 June 39	0	23	23	4,634	4,657
23	1 July 39 to 30 June 40	0	14	14	4,634	4,648
24	1 July 40 to 30 June 41	0	9	9	4,634	4,643
25	1 July 41 to 30 June 42	0	6	6	4,634	4,640
26	1 July 42 to 30 June 43	0	3	3	4,634	4,637
27	1 July 43 to 30 June 44	0	2	2	4,634	4,636
28	1 July 44 to 30 June 45	0	1	1	4,634	4,635
29	1 July 45 to 30 June 46	0	1	1	4,634	4,635
30	1 July 46 to 30 June 47	0	1	1	4,634	4,635
31	1 July 47 to 30 June 48	0	0	0	4,634	4,634
32	1 July 48 to 30 June 49	0	0	0	4,634	4,634
33	1 July 49 to 30 June 50	0	0	0	4,634	4,634
34	1 July 50 to 30 June 51	0	0	0	4,634	4,634
35	1 July 51 to 30 June 52	0	0	0	4,634	4,634
36	1 July 52 to 30 June 53	0	0	0	4,634	4,634
37	1 July 53 to 30 June 54	0	0	0	4,634	4,634
38	1 July 54 to 30 June 55	0	0	0	4,634	4,634
39	1 July 55 to 30 June 56	0	0	0	1,174	1,174
40	2056+	3,500	0	3,500	43	3,543
<b>Totals</b>		<b>11,093</b>	<b>6,083</b>	<b>17,177</b>	<b>175,366</b>	<b>192,543</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	30 November 17 to 30 June 18	1,408	446	1,854	2,691	4,545
2	1 July 18 to 30 June 19	766	724	1,490	4,634	6,124
3	1 July 19 to 30 June 20	766	453	1,219	4,634	5,853
4	1 July 20 to 30 June 21	766	283	1,049	4,634	5,683
5	1 July 21 to 30 June 22	766	177	943	4,634	5,577
6	1 July 22 to 30 June 23	766	110	876	4,634	5,510
7	1 July 23 to 30 June 24	766	69	835	4,634	5,469
8	1 July 24 to 30 June 25	766	43	809	4,634	5,443
9	1 July 25 to 30 June 26	766	27	793	4,634	5,427
10	1 July 26 to 30 June 27	766	17	783	4,634	5,417
11	1 July 27 to 30 June 28	528	11	539	4,634	5,173
12	1 July 28 to 30 June 29	360	7	367	4,634	5,001
13	1 July 29 to 30 June 30	326	4	330	4,634	4,964
14	1 July 30 to 30 June 31	294	3	297	4,634	4,931
15	1 July 31 to 30 June 32	231	2	233	4,634	4,867
16	1 July 32 to 30 June 33	231	1	232	4,634	4,866
17	1 July 33 to 30 June 34	231	1	232	4,634	4,866
18	1 July 34 to 30 June 35	231	0	231	4,634	4,865
19	1 July 35 to 30 June 36	231	0	231	4,634	4,865
20	1 July 36 to 30 June 37	231	0	231	4,634	4,865
21	1 July 37 to 30 June 38	103	0	103	4,634	4,737
22	1 July 38 to 30 June 39	0	0	0	4,634	4,634
23	1 July 39 to 30 June 40	0	0	0	4,634	4,634
24	1 July 40 to 30 June 41	0	0	0	4,634	4,634
25	1 July 41 to 30 June 42	0	0	0	4,634	4,634
26	1 July 42 to 30 June 43	0	0	0	4,634	4,634
27	1 July 43 to 30 June 44	0	0	0	4,634	4,634
28	1 July 44 to 30 June 45	0	0	0	4,634	4,634
29	1 July 45 to 30 June 46	0	0	0	4,634	4,634
30	1 July 46 to 30 June 47	0	0	0	4,634	4,634
31	1 July 47 to 30 June 48	0	0	0	4,634	4,634
32	1 July 48 to 30 June 49	0	0	0	4,634	4,634
33	1 July 49 to 30 June 50	0	0	0	4,634	4,634
34	1 July 50 to 30 June 51	0	0	0	4,634	4,634
35	1 July 51 to 30 June 52	0	0	0	4,634	4,634
36	1 July 52 to 30 June 53	0	0	0	4,634	4,634
37	1 July 53 to 30 June 54	0	0	0	4,634	4,634
38	1 July 54 to 30 June 55	0	0	0	4,634	4,634
39	1 July 55 to 30 June 56	0	0	0	1,174	1,174
40	2056+	3,500	0	3,500	43	3,543
<b>Totals</b>		<b>14,800</b>	<b>2,377</b>	<b>17,177</b>	<b>175,366</b>	<b>192,543</b>

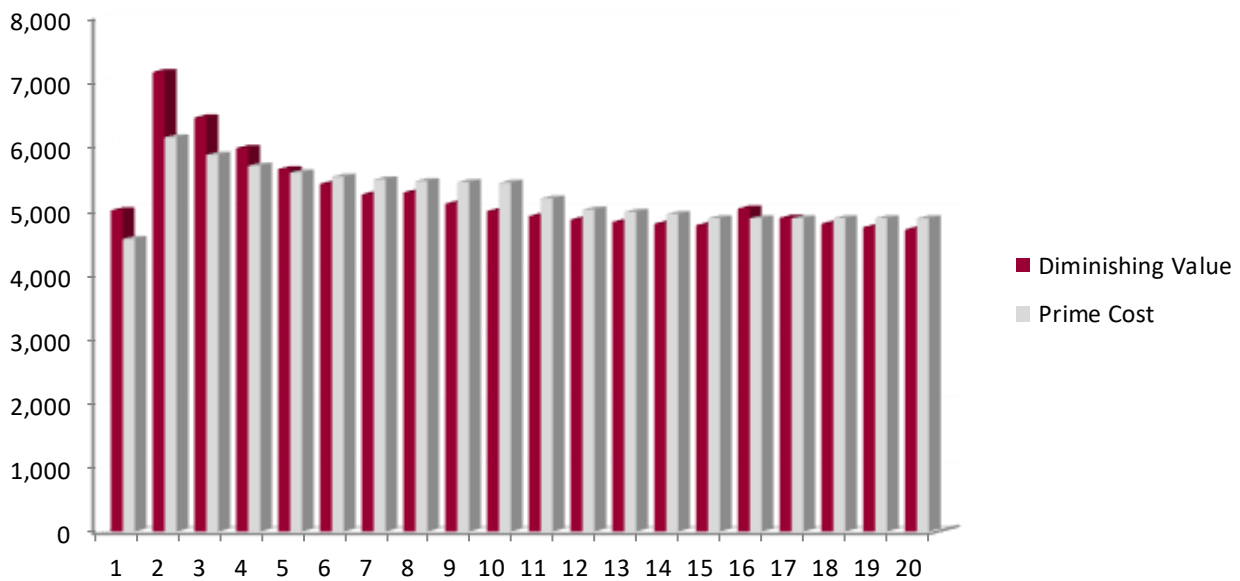
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

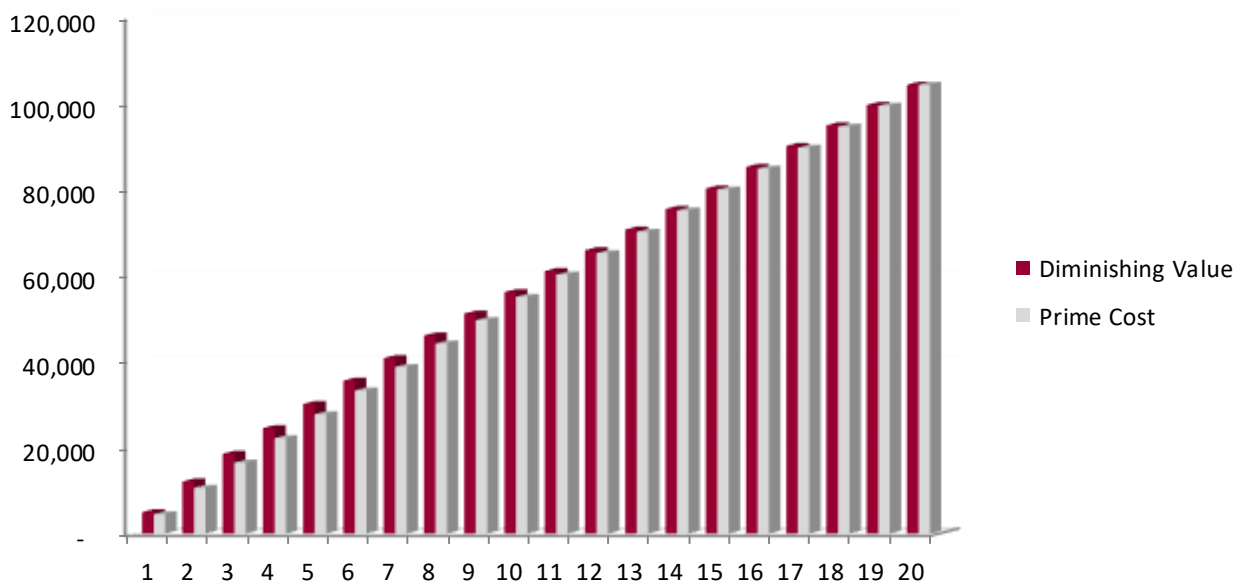
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	23 November 2017
Settlement Date	30 November 2017

### Expenditure Analysed

Purchase Price	\$270,000
Stamp Duty	\$7,875
Post Expenditure	\$4,700
<b>Total Expenditure Analysed</b>	<b>\$282,575</b>

### Historical Construction Details

Construction Start Date	1 February 2015
Construction Completion Date	1 October 2015
Historical Construction Cost (Estimated)*	\$198,120

## 9. Reconciliation of Capital Expenditure

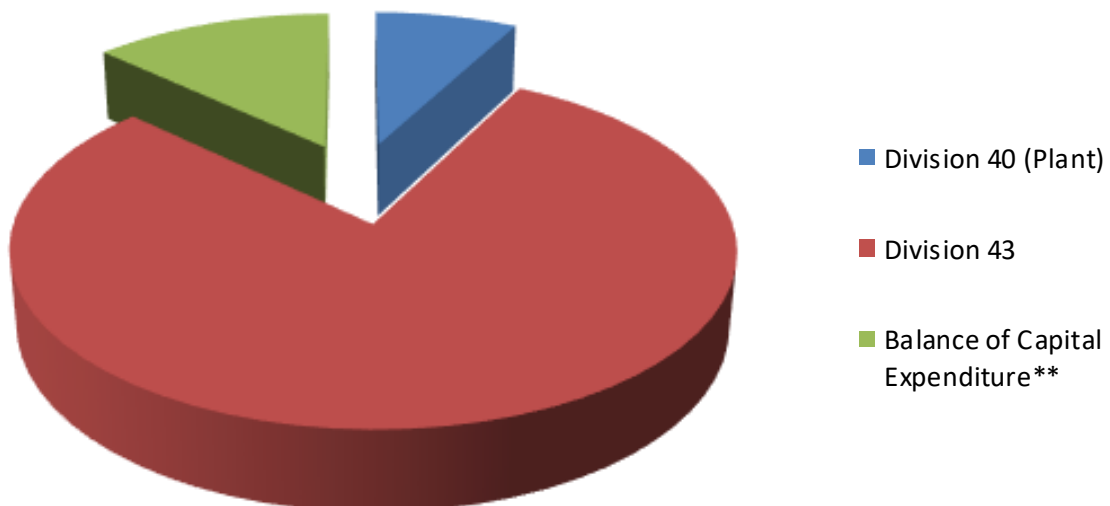
### Apportionment of cost relating to:

Division 40 (Plant)	\$17,177
Division 43	\$175,366
Balance of Capital Expenditure**	\$28,890
<b>Total Expenditure Analysed</b>	<b>\$282,575</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	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>													
Door closers	18.75%	30-Nov-17	605	113	184	115	72	45	28	18	11	7	4
<b>Electrical Machinery &amp; Equipment :</b>													
Switchboards	10.00%	30-Nov-17	4,627	269	436	392	353	318	286	257	232	208	188
Motors	20.00%	30-Nov-17	3,649	424	645	516	413	330	264	211	317	198	124
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	30-Nov-17	582	109	177	111	69	43	27	17	11	7	4
Emergency warning & intercommunication system	16.67%	30-Nov-17	595	58	201	126	79	49	31	19	12	8	5
Furniture	15.00%	30-Nov-17	1,058	92	362	226	141	88	55	35	22	13	8
Garden sheds, freestanding	20.00%	30-Nov-17	409	47	135	85	53	33	21	13	8	5	3
<b>Lights</b>													
Shades, removable	18.75%	30-Nov-17	1,190	223	362	227	142	89	55	35	22	14	8
\$300 items	100.00%	30-Nov-17	963	963									
<b>Additional Items (Post Expenditure)</b>				<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>													
Mini split system upto 20KW			3,500										
<b>Pooled Plant Total</b>				<b>446</b>	<b>1,423</b>	<b>889</b>	<b>556</b>	<b>347</b>	<b>217</b>	<b>136</b>	<b>402</b>	<b>251</b>	<b>157</b>
<b>Effective Life Plant Total</b>				<b>1,853</b>	<b>1,081</b>	<b>908</b>	<b>766</b>	<b>648</b>	<b>550</b>	<b>469</b>	<b>232</b>	<b>208</b>	<b>188</b>
<b>Total Division 40</b>			<b>17,177</b>	<b>2,299</b>	<b>2,504</b>	<b>1,798</b>	<b>1,322</b>	<b>995</b>	<b>767</b>	<b>604</b>	<b>633</b>	<b>460</b>	<b>345</b>
<b>Division 43 - Capital Works Allowance</b>													
	<b>Rate</b>		<b>Opening Value</b>	<b>Year 1</b>	<b>Year2</b>	<b>Year 3</b>	<b>Year4</b>	<b>Year5</b>	<b>Year6</b>	<b>Year7</b>	<b>Year8</b>	<b>Year9</b>	<b>Year10</b>
<b>Building Works - Completed 2015</b>	2.50%	30-Nov-17	145,187	2,229	3,838	3,838	3,838	3,838	3,838	3,838	3,838	3,838	3,838
<b>Building Works - Completed 2017</b>	2.50%	06-Dec-17	1,200	17	30	30	30	30	30	30	30	30	30
<b>Structural Improvements - Completed 2015</b>	2.50%	30-Nov-17	28,979	445	766	766	766	766	766	766	766	766	766
<b>Total Division 43</b>			<b>175,366</b>	<b>2,691</b>	<b>4,634</b>	<b>4,634</b>	<b>4,634</b>	<b>4,634</b>	<b>4,634</b>	<b>4,634</b>	<b>4,634</b>	<b>4,634</b>	<b>4,634</b>
<b>Total Depreciation</b>			<b>192,543</b>	<b>4,990</b>	<b>7,138</b>	<b>6,432</b>	<b>5,956</b>	<b>5,629</b>	<b>5,401</b>	<b>5,238</b>	<b>5,267</b>	<b>5,094</b>	<b>4,979</b>

## 11. Prime Cost Depreciation Schedule

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												
Door closers		18.75%	30-Nov-17	605	113	184	115	72	45	28	18	11	7	4
<b>Electrical Machinery &amp; Equipment :</b>														
Switchboards		5.00%	30-Nov-17	4,627	134	231	231	231	231	231	231	231	231	231
Motors		10.00%	30-Nov-17	3,649	212	365	365	365	365	365	365	365	365	365
<b>Fire control assets</b>														
Detection & alarm systems, detectors		18.75%	30-Nov-17	582	109	177	111	69	43	27	17	11	7	4
Emergency warning & intercommunication system		8.33%	30-Nov-17	595	29	50	50	50	50	50	50	50	50	50
Furniture		7.50%	30-Nov-17	1,058	46	79	79	79	79	79	79	79	79	79
Garden sheds, freestanding		10.00%	30-Nov-17	409	24	41	41	41	41	41	41	41	41	41
<b>Lights</b>														
Shades, removable		18.75%	30-Nov-17	1,190	223	362	227	142	89	55	35	22	14	8
\$300 items		100.00%	30-Nov-17	963	963									
<b>Additional Items (Post Expenditure)</b>					<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>														
Mini split system upto 20KW		10.00%		3,500										
Pooled Plant Total					446	724	453	283	177	110	69	43	27	17
Effective Life Plant Total					1,408	766	766	766	766	766	766	766	766	766
<b>Total Division 40</b>				<b>17,177</b>	<b>1,854</b>	<b>1,490</b>	<b>1,219</b>	<b>1,049</b>	<b>943</b>	<b>876</b>	<b>835</b>	<b>809</b>	<b>793</b>	<b>783</b>
<b>Division 43 - Capital Works Allowance</b>														
		Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 2015		2.50%	30-Nov-17	145,187	2,229	3,838	3,838	3,838	3,838	3,838	3,838	3,838	3,838	3,838
Building Works - Completed 2017		2.50%	06-Dec-17	1,200	17	30	30	30	30	30	30	30	30	30
Structural Improvements - Completed 2015		2.50%	30-Nov-17	28,979	445	766	766	766	766	766	766	766	766	766
<b>Total Division 43</b>				<b>175,366</b>	<b>2,691</b>	<b>4,634</b>	<b>4,634</b>	<b>4,634</b>	<b>4,634</b>	<b>4,634</b>	<b>4,634</b>	<b>4,634</b>	<b>4,634</b>	<b>4,634</b>
<b>Total Depreciation</b>				<b>192,543</b>	<b>4,545</b>	<b>6,124</b>	<b>5,853</b>	<b>5,683</b>	<b>5,577</b>	<b>5,510</b>	<b>5,469</b>	<b>5,443</b>	<b>5,427</b>	<b>5,417</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 2015	1 Feb 15 to 1 Oct 15	153,504	2.50%	3,838	145,187
Building Works - Completed 2017	1 Dec 17 to 6 Dec 17	1,200	2.50%	30	1,200
<b>Sub-total</b>		<b>154,704</b>		<b>3,868</b>	<b>146,387</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2015	1 Feb 15 to 1 Oct 15	30,639	2.50%	766	28,979
<b>Sub-total</b>		<b>30,639</b>		<b>766</b>	<b>28,979</b>
<b>Totals</b>		<b>185,342</b>		<b>4,634</b>	<b>175,366</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	
<b>Company Name</b>	Koste Pty Ltd
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LEAD SURVEYOR 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.