



## Tax Depreciation Report

216/100 Plenty Road,  
Preston VIC 3072

Shih-Tso Ho  
8/11 Crimea Street  
ST KILDA, VIC 3182

Issue Schedule	
Issue Date:	Issued by:
06 September 2018	Mark Kilroy Bsc (Hons) MRICS

Shih-Tso Ho  
8/11 Crimea Street  
ST KILDA, VIC 3182

September 2018  
Job No: RES3072002

**Tax Depreciation Report – 216/100 Plenty Road, Preston VIC 3072**

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

6 September 2018

### Purchaser

Shih-Tso Ho

### Property Address

216/100 Plenty Road, Preston VIC 3072

### Real Property Description

LOT 216 PS617002

### Property Type

Residential Unit

### Date of Construction

5 September 2001

### 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	23 April 18 to 30 June 18	1,325	1,453	2,778	433	433
2	1 July 18 to 30 June 19	4,160	3,028	7,188	2,324	2,324
3	1 July 19 to 30 June 20	3,141	2,190	5,331	2,324	2,324
4	1 July 20 to 30 June 21	2,589	1,369	3,958	2,324	2,324
5	1 July 21 to 30 June 22	1,992	1,191	3,183	2,324	2,324
6	1 July 22 to 30 June 23	1,131	1,783	2,914	2,324	2,324
7	1 July 23 to 30 June 24	954	1,115	2,068	2,324	2,324
8	1 July 24 to 30 June 25	809	697	1,505	2,324	2,324
9	1 July 25 to 30 June 26	527	741	1,268	2,324	2,324
10	1 July 26 to 30 June 27	279	805	1,084	2,324	2,324
11	1 July 27 to 30 June 28	260	503	763	2,324	2,324
12	1 July 28 to 30 June 29	243	314	557	2,324	2,324
13	1 July 29 to 30 June 30	227	197	423	2,324	2,324
14	1 July 30 to 30 June 31	212	123	334	2,324	2,324
15	1 July 31 to 30 June 32	198	77	274	2,324	2,324
16	1 July 32 to 30 June 33	184	48	232	2,324	2,324
17	1 July 33 to 30 June 34	172	30	202	2,324	2,324
18	1 July 34 to 30 June 35	161	19	179	2,324	2,324
19	1 July 35 to 30 June 36	150	12	162	2,324	2,324
20	1 July 36 to 30 June 37	140	7	147	2,324	2,324
21	1 July 37 to 30 June 38	131	5	135	2,324	2,324
22	1 July 38 to 30 June 39	122	3	125	2,324	2,324
23	1 July 39 to 30 June 40	114	2	116	2,324	2,324
24	1 July 40 to 30 June 41	106	1	107	2,324	2,324
25	1 July 41 to 30 June 42	99	1	100	501	501
26	1 July 42 to 30 June 43	92	0	93	105	105
27	1 July 43 to 30 June 44	86	0	87	105	105
28	1 July 44 to 30 June 45	81	0	81	105	105
29	1 July 45 to 30 June 46	75	0	75	105	105
30	1 July 46 to 30 June 47	70	0	70	105	105
31	1 July 47 to 30 June 48	0	368	368	105	105
32	1 July 48 to 30 June 49	0	230	230	105	105
33	1 July 49 to 30 June 50	0	144	144	63	63
34	1 July 50 to 30 June 51	0	90	90	0	0
35	1 July 51 to 30 June 52	0	56	56	0	0
36	1 July 52 to 30 June 53	0	35	35	0	0
37	1 July 53 to 30 June 54	0	22	22	0	0
38	1 July 54 to 30 June 55	0	14	14	0	0
39	1 July 55 to 30 June 56	0	9	9	0	0
40	2056+	0	14	14	0	0
<b>Totals</b>		<b>19,828</b>	<b>16,695</b>	<b>36,522</b>	<b>55,184</b>	<b>55,184</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	23 April 18 to 30 June 18	886	1,453	2,339	433	<b>433</b>
2	1 July 18 to 30 June 19	2,354	2,361	4,715	2,324	<b>2,324</b>
3	1 July 19 to 30 June 20	2,354	1,476	3,830	2,324	<b>2,324</b>
4	1 July 20 to 30 June 21	2,354	922	3,276	2,324	<b>2,324</b>
5	1 July 21 to 30 June 22	2,354	576	2,930	2,324	<b>2,324</b>
6	1 July 22 to 30 June 23	2,344	360	2,704	2,324	<b>2,324</b>
7	1 July 23 to 30 June 24	2,289	225	2,514	2,324	<b>2,324</b>
8	1 July 24 to 30 June 25	2,195	141	2,336	2,324	<b>2,324</b>
9	1 July 25 to 30 June 26	2,109	88	2,197	2,324	<b>2,324</b>
10	1 July 26 to 30 June 27	2,109	55	2,164	2,324	<b>2,324</b>
11	1 July 27 to 30 June 28	1,829	34	1,863	2,324	<b>2,324</b>
12	1 July 28 to 30 June 29	645	21	666	2,324	<b>2,324</b>
13	1 July 29 to 30 June 30	581	13	594	2,324	<b>2,324</b>
14	1 July 30 to 30 June 31	245	8	253	2,324	<b>2,324</b>
15	1 July 31 to 30 June 32	245	5	250	2,324	<b>2,324</b>
16	1 July 32 to 30 June 33	245	3	248	2,324	<b>2,324</b>
17	1 July 33 to 30 June 34	245	2	247	2,324	<b>2,324</b>
18	1 July 34 to 30 June 35	245	1	246	2,324	<b>2,324</b>
19	1 July 35 to 30 June 36	245	1	246	2,324	<b>2,324</b>
20	1 July 36 to 30 June 37	245	1	246	2,324	<b>2,324</b>
21	1 July 37 to 30 June 38	245	0	245	2,324	<b>2,324</b>
22	1 July 38 to 30 June 39	245	0	245	2,324	<b>2,324</b>
23	1 July 39 to 30 June 40	245	0	245	2,324	<b>2,324</b>
24	1 July 40 to 30 June 41	245	0	245	2,324	<b>2,324</b>
25	1 July 41 to 30 June 42	245	0	245	501	<b>501</b>
26	1 July 42 to 30 June 43	245	0	245	105	<b>105</b>
27	1 July 43 to 30 June 44	245	0	245	105	<b>105</b>
28	1 July 44 to 30 June 45	245	0	245	105	<b>105</b>
29	1 July 45 to 30 June 46	245	0	245	105	<b>105</b>
30	1 July 46 to 30 June 47	245	0	245	105	<b>105</b>
31	1 July 47 to 30 June 48	205	0	205	105	<b>105</b>
32	1 July 48 to 30 June 49	0	0	0	105	<b>105</b>
33	1 July 49 to 30 June 50	0	0	0	63	<b>63</b>
34	1 July 50 to 30 June 51	0	0	0	0	<b>0</b>
35	1 July 51 to 30 June 52	0	0	0	0	<b>0</b>
36	1 July 52 to 30 June 53	0	0	0	0	<b>0</b>
37	1 July 53 to 30 June 54	0	0	0	0	<b>0</b>
38	1 July 54 to 30 June 55	0	0	0	0	<b>0</b>
39	1 July 55 to 30 June 56	0	0	0	0	<b>0</b>
40	2056+	0	0	0	0	<b>0</b>
<b>Totals</b>		<b>28,773</b>	<b>7,750</b>	<b>36,522</b>	<b>55,184</b>	<b>55,184</b>

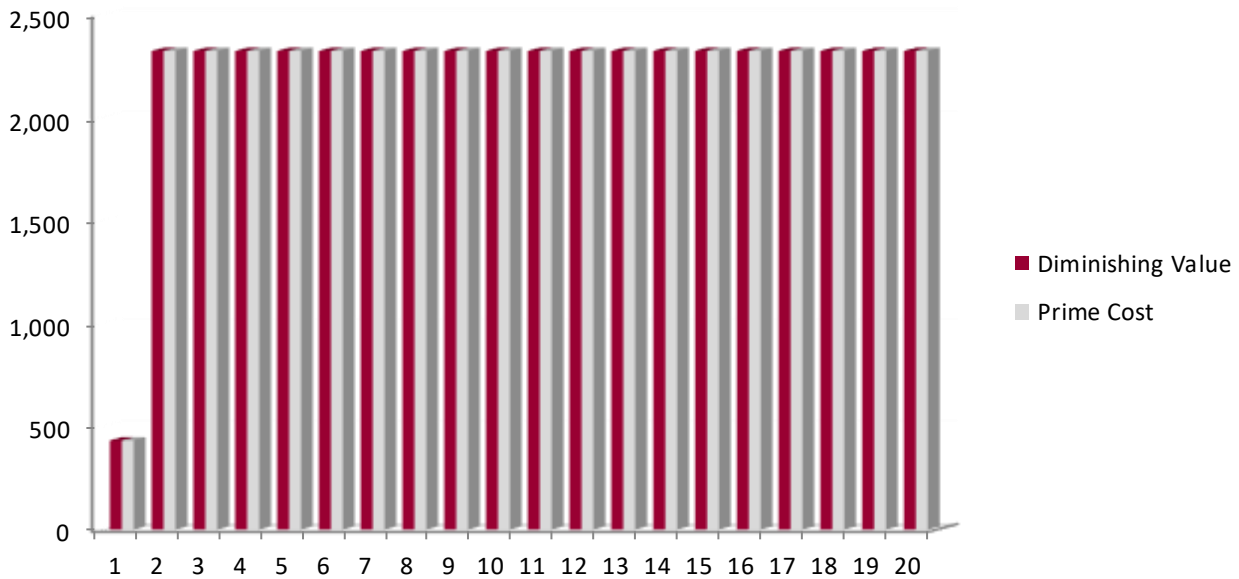
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

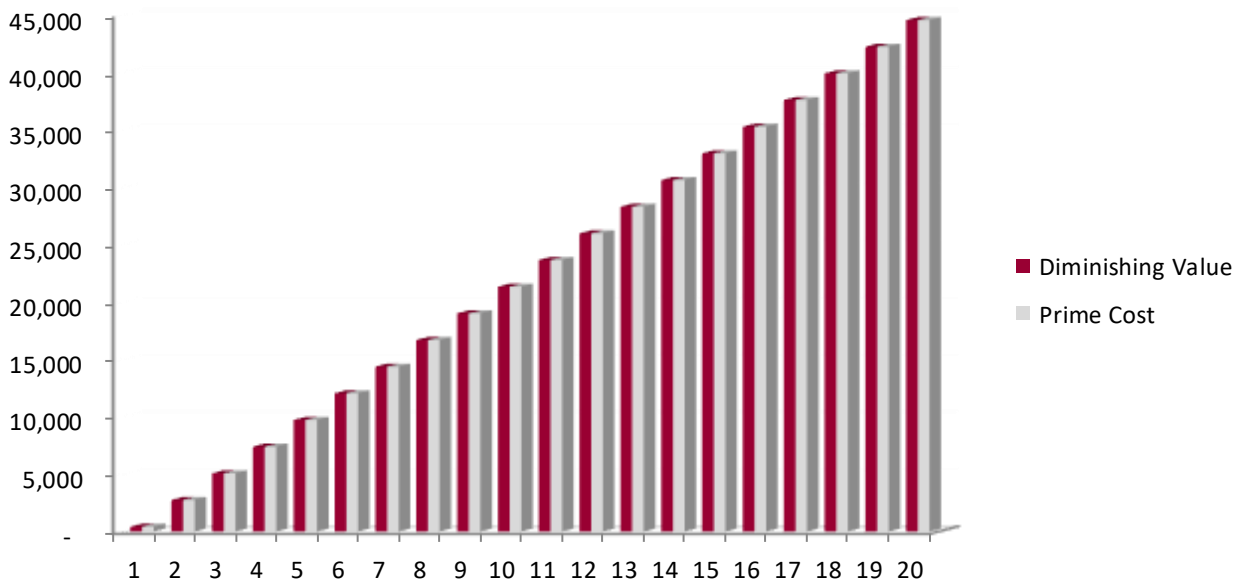
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	5 February 2018
Settlement Date	23 April 2018

### Expenditure Analysed

Purchase Price	\$320,000
Stamp Duty	\$14,270
Legals	\$770
<b>Total Expenditure Analysed</b>	<b>\$335,040</b>

### Historical Construction Details

Construction Start Date	12 July 2000
Construction Completion Date	5 September 2001
Historical Construction Cost (Estimated)*	\$105,669

## 9. Reconciliation of Capital Expenditure

### Apportionment of cost relating to:

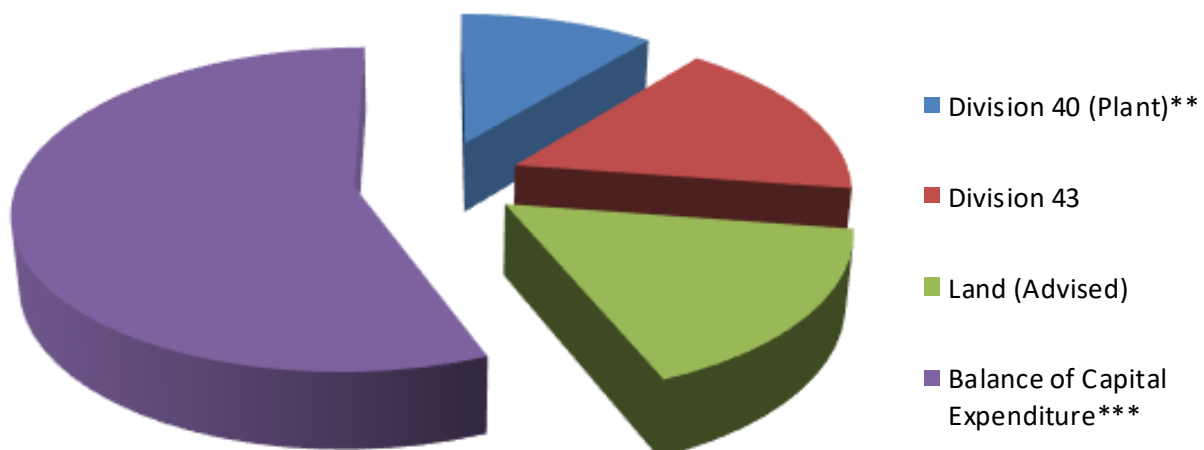
Division 40 (Plant)**	\$36,522
Division 43	\$55,184
Land (Advised)	\$55,363
Balance of Capital Expenditure***	\$187,971
<b>Total Expenditure Analysed</b>	<b>\$335,040</b>

### 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

\*\* Division 40 (Plant) has been excluded as property was purchased post 9 May 2017

\*\*\* 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%	23-Apr-18	5,641	210	1,086	869	695	556	445	356	285	228	342
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	23-Apr-18	658	123	201	125	78	49	31	19	12	7	5
<b>Blinds Residential</b>													
	20.00%	23-Apr-18	2,316	86	446	357	285	228	343	214	134	84	52
<b>Computer systems</b>													
Building management system	40.00%	23-Apr-18	327	24	113	71	44	28	17	11	7	4	3
<b>Door closers</b>													
	18.75%	23-Apr-18	412	77	126	78	49	31	19	12	7	5	3
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	23-Apr-18	522	98	159	99	62	39	24	15	9	6	4
Detection & alarm systems, fire indicator panel	16.67%	23-Apr-18	409	13	148	93	58	36	23	14	9	6	3
Hoses and nozzles	20.00%	23-Apr-18	380	14	137	86	54	33	21	13	8	5	3
<b>Floor coverings ( removable without damage)</b>													
Carpets	20.00%	23-Apr-18	4,039	150	778	622	498	398	319	255	204	306	191
<b>Furniture</b>													
	18.75%	23-Apr-18	1,363	256	415	260	162	101	63	40	25	15	10
<b>Hot water systems (excluding piping)</b>													
Gas or electric	16.67%	23-Apr-18	736	23	267	167	104	65	41	25	16	10	6
<b>Kitchen assets</b>													
Cooktops	16.67%	23-Apr-18	1,598	50	258	215	179	336	210	131	82	51	32
Dishwashers	20.00%	23-Apr-18	2,256	84	434	348	278	222	334	209	130	81	51
Ovens	16.67%	23-Apr-18	2,068	64	334	278	232	193	362	227	142	88	55
Rangehoods	18.75%	23-Apr-18	846	159	258	161	101	63	39	25	15	10	6
<b>Laundry assets</b>													
Clothes dryers	18.75%	23-Apr-18	846	159	258	161	101	63	39	25	15	10	6
<b>Lifts (including hydraulic &amp; tractions lifts)</b>													
	6.67%	23-Apr-18	7,356	91	484	452	422	394	367	343	320	299	279
<b>Lights</b>													
Shades, removable	18.75%	23-Apr-18	3,103	582	945	591	369	231	144	90	56	35	22
<b>Security systems &amp; equipment</b>													
Electronic	30.00%	23-Apr-18	1,200	67	340	297	186	116	73	45	28	18	11
<b>\$300 items</b>													
	100.00%	23-Apr-18	447	447									
<b>Pooled Plant Total</b>				<b>1,453</b>	<b>3,028</b>	<b>2,190</b>	<b>1,369</b>	<b>1,191</b>	<b>1,783</b>	<b>1,115</b>	<b>697</b>	<b>741</b>	<b>805</b>
<b>Effective Life Plant Total</b>				<b>1,325</b>	<b>4,160</b>	<b>3,141</b>	<b>2,589</b>	<b>1,992</b>	<b>1,131</b>	<b>954</b>	<b>809</b>	<b>527</b>	<b>279</b>
<b>Total Division 40</b>			<b>36,522</b>	<b>2,778</b>	<b>7,188</b>	<b>5,331</b>	<b>3,958</b>	<b>3,183</b>	<b>2,914</b>	<b>2,068</b>	<b>1,505</b>	<b>1,268</b>	<b>1,084</b>

## 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 2001	2.50%	23-Apr-18	50,790	405	2,174	2,174	2,174	2,174	2,174	2,174	2,174	2,174	2,174
Building Works - Completed 2010	2.50%	23-Apr-18	3,338	20	105	105	105	105	105	105	105	105	105
Structural Improvements - Completed 2001	2.50%	23-Apr-18	1,056	8	45	45	45	45	45	45	45	45	45
<b>Total Division 43</b>			<b>55,184</b>	<b>433</b>	<b>2,324</b>	<b>2,324</b>	<b>2,324</b>	<b>2,324</b>	<b>2,324</b>	<b>2,324</b>	<b>2,324</b>	<b>2,324</b>	<b>2,324</b>
<b>Total Depreciation</b>			<b>91,706</b>	<b>3,211</b>	<b>9,512</b>	<b>7,655</b>	<b>6,282</b>	<b>5,507</b>	<b>5,238</b>	<b>4,392</b>	<b>3,829</b>	<b>3,592</b>	<b>3,408</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%	23-Apr-18	5,641	105	564	564	564	564	564	564	564	564	564
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	23-Apr-18	658	123	201	125	78	49	31	19	12	7	5
<b>Blinds Residential</b>													
	10.00%	23-Apr-18	2,316	43	232	232	232	232	232	232	232	232	232
<b>Computer systems</b>													
Building management system	20.00%	23-Apr-18	327	12	65	65	65	65	55				
<b>Door closers</b>													
	18.75%	23-Apr-18	412	77	126	78	49	31	19	12	7	5	3
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	23-Apr-18	522	98	159	99	62	39	24	15	9	6	4
Detection & alarm systems, fire indicator panel	8.33%	23-Apr-18	409	6	34	34	34	34	34	34	34	34	34
Hoses and nozzles	10.00%	23-Apr-18	380	7	38	38	38	38	38	38	38	38	38
<b>Floor coverings ( removable without damage)</b>													
Carpets	10.00%	23-Apr-18	4,039	75	404	404	404	404	404	404	404	404	404
<b>Furniture</b>													
	18.75%	23-Apr-18	1,363	256	415	260	162	101	63	40	25	15	10
<b>Hot water systems (excluding piping)</b>													
Gas or electric	8.33%	23-Apr-18	736	11	61	61	61	61	61	61	61	61	61
<b>Kitchen assets</b>													
Cooktops	8.33%	23-Apr-18	1,598	25	133	133	133	133	133	133	133	133	133
Dishwashers	10.00%	23-Apr-18	2,256	42	226	226	226	226	226	226	226	226	226
Ovens	8.33%	23-Apr-18	2,068	32	172	172	172	172	172	172	172	172	172
Rangehoods	18.75%	23-Apr-18	846	159	258	161	101	63	39	25	15	10	6
<b>Laundry assets</b>													
Clothes dryers	18.75%	23-Apr-18	846	159	258	161	101	63	39	25	15	10	6
<b>Lifts (including hydraulic &amp; tractions lifts)</b>													
	3.33%	23-Apr-18	7,356	46	245	245	245	245	245	245	245	245	245
<b>Lights</b>													
Shades, removable	18.75%	23-Apr-18	3,103	582	945	591	369	231	144	90	56	35	22
<b>Security systems &amp; equipment</b>													
Electronic	15.00%	23-Apr-18	1,200	34	180	180	180	180	180	180	86		
<b>\$300 items</b>													
	100.00%	23-Apr-18	447	447									
<b>Pooled Plant Total</b>				<b>1,453</b>	<b>2,361</b>	<b>1,476</b>	<b>922</b>	<b>576</b>	<b>360</b>	<b>225</b>	<b>141</b>	<b>88</b>	<b>55</b>
<b>Effective Life Plant Total</b>				<b>886</b>	<b>2,354</b>	<b>2,354</b>	<b>2,354</b>	<b>2,354</b>	<b>2,344</b>	<b>2,289</b>	<b>2,195</b>	<b>2,109</b>	<b>2,109</b>
<b>Total Division 40</b>			<b>36,522</b>	<b>2,339</b>	<b>4,715</b>	<b>3,830</b>	<b>3,276</b>	<b>2,930</b>	<b>2,704</b>	<b>2,514</b>	<b>2,336</b>	<b>2,197</b>	<b>2,164</b>

## 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 2001	2.50%	23-Apr-18	50,790	405	2,174	2,174	2,174	2,174	2,174	2,174	2,174	2,174	2,174
Building Works - Completed 2010	2.50%	23-Apr-18	3,338	20	105	105	105	105	105	105	105	105	105
Structural Improvements - Completed 2001	2.50%	23-Apr-18	1,056	8	45	45	45	45	45	45	45	45	45
<b>Total Division 43</b>			55,184	433	2,324	2,324	2,324	2,324	2,324	2,324	2,324	2,324	2,324
<b>Total Depreciation</b>			91,706	2,772	7,039	6,154	5,600	5,254	5,028	4,838	4,660	4,521	4,488



## 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 2001	12 Jul 00 to 5 Sep 01	86,974	2.50%	2,174	50,790
Building Works - Completed 2010	1 Jan 10 to 31 Jan 10	4,202	2.50%	105	3,338
<b>Sub-total</b>		<b>91,176</b>		<b>2,279</b>	<b>54,128</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2001	12 Jul 00 to 5 Sep 01	1,808	2.50%	45	1,056
<b>Sub-total</b>		<b>1,808</b>		<b>45</b>	<b>1,056</b>
<b>Totals</b>		<b>92,984</b>		<b>2,324</b>	<b>55,184</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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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.