



## Tax Depreciation Report

B17/50 Boadle Road,  
Bundoora VIC 3083

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: RES3083002

**Tax Depreciation Report – B17/50 Boadle Road, Bundoora VIC 3083**

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

B17/50 Boadle Road, Bundoora VIC 3083

### Real Property Description

LOT B17 PS449737

### Property Type

Residential Unit

### Date of Construction

1 December 2003

### 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								
<p>Diminishing value method is often the most popular form of depreciation due to the cash-flow benefits in the early years of asset ownership.</p>	<p>Prime Cost Method of Depreciation, often referred to as straight line depreciation is depreciated at a constant rate each year.</p>								
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	24 November 16 to 30 June 17	3,621	1,598	5,219	1,774	6,993
2	1 July 17 to 30 June 18	3,669	3,285	6,954	2,970	9,924
3	1 July 18 to 30 June 19	2,725	2,331	5,056	2,970	8,026
4	1 July 19 to 30 June 20	2,114	1,784	3,898	2,970	6,868
5	1 July 20 to 30 June 21	1,424	1,801	3,225	2,970	6,195
6	1 July 21 to 30 June 22	1,196	1,125	2,322	2,970	5,292
7	1 July 22 to 30 June 23	1,010	703	1,714	2,970	4,684
8	1 July 23 to 30 June 24	858	440	1,298	2,970	4,268
9	1 July 24 to 30 June 25	551	616	1,167	2,970	4,137
10	1 July 25 to 30 June 26	303	724	1,027	2,970	3,997
11	1 July 26 to 30 June 27	283	452	735	2,970	3,705
12	1 July 27 to 30 June 28	264	283	547	2,970	3,517
13	1 July 28 to 30 June 29	246	177	423	2,970	3,393
14	1 July 29 to 30 June 30	230	110	341	2,970	3,311
15	1 July 30 to 30 June 31	215	69	284	2,970	3,254
16	1 July 31 to 30 June 32	200	43	244	2,970	3,214
17	1 July 32 to 30 June 33	187	27	214	2,970	3,184
18	1 July 33 to 30 June 34	175	17	191	2,970	3,161
19	1 July 34 to 30 June 35	163	11	173	2,970	3,143
20	1 July 35 to 30 June 36	152	7	159	2,970	3,129
21	1 July 36 to 30 June 37	142	4	146	2,970	3,116
22	1 July 37 to 30 June 38	132	3	135	2,970	3,105
23	1 July 38 to 30 June 39	124	2	125	2,970	3,095
24	1 July 39 to 30 June 40	115	1	116	2,970	3,086
25	1 July 40 to 30 June 41	108	1	108	2,970	3,078
26	1 July 41 to 30 June 42	101	0	101	2,970	3,071
27	1 July 42 to 30 June 43	94	0	94	2,970	3,064
28	1 July 43 to 30 June 44	88	0	88	1,279	1,367
29	1 July 44 to 30 June 45	82	0	82	72	154
30	1 July 45 to 30 June 46	76	0	76	72	148
31	1 July 46 to 30 June 47	71	0	71	72	143
32	1 July 47 to 30 June 48	0	374	374	72	446
33	1 July 48 to 30 June 49	0	234	234	72	306
34	1 July 49 to 30 June 50	0	146	146	72	218
35	1 July 50 to 30 June 51	0	91	91	72	163
36	1 July 51 to 30 June 52	0	57	57	72	129
37	1 July 52 to 30 June 53	0	36	36	49	85
38	1 July 53 to 30 June 54	0	22	22	0	22
39	1 July 54 to 30 June 55	0	14	14	0	14
40	2055+	0	23	23	0	23
<b>Totals</b>		<b>20,720</b>	<b>16,610</b>	<b>37,329</b>	<b>80,898</b>	<b>118,227</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	24 November 16 to 30 June 17	2,222	1,598	3,820	1,774	5,594
2	1 July 17 to 30 June 18	2,342	2,597	4,939	2,970	7,909
3	1 July 18 to 30 June 19	2,342	1,623	3,965	2,970	6,935
4	1 July 19 to 30 June 20	2,342	1,015	3,357	2,970	6,327
5	1 July 20 to 30 June 21	2,342	634	2,976	2,970	5,946
6	1 July 21 to 30 June 22	2,342	396	2,738	2,970	5,708
7	1 July 22 to 30 June 23	2,205	248	2,452	2,970	5,422
8	1 July 23 to 30 June 24	1,961	155	2,116	2,970	5,086
9	1 July 24 to 30 June 25	1,948	97	2,045	2,970	5,015
10	1 July 25 to 30 June 26	1,948	60	2,008	2,970	4,978
11	1 July 26 to 30 June 27	1,109	38	1,146	2,970	4,116
12	1 July 27 to 30 June 28	540	24	564	2,970	3,534
13	1 July 28 to 30 June 29	390	15	404	2,970	3,374
14	1 July 29 to 30 June 30	274	9	283	2,970	3,253
15	1 July 30 to 30 June 31	274	6	280	2,970	3,250
16	1 July 31 to 30 June 32	274	4	278	2,970	3,248
17	1 July 32 to 30 June 33	274	2	276	2,970	3,246
18	1 July 33 to 30 June 34	274	1	275	2,970	3,245
19	1 July 34 to 30 June 35	274	1	275	2,970	3,245
20	1 July 35 to 30 June 36	274	1	275	2,970	3,245
21	1 July 36 to 30 June 37	274	0	274	2,970	3,244
22	1 July 37 to 30 June 38	274	0	274	2,970	3,244
23	1 July 38 to 30 June 39	274	0	274	2,970	3,244
24	1 July 39 to 30 June 40	274	0	274	2,970	3,244
25	1 July 40 to 30 June 41	274	0	274	2,970	3,244
26	1 July 41 to 30 June 42	274	0	274	2,970	3,244
27	1 July 42 to 30 June 43	274	0	274	2,970	3,244
28	1 July 43 to 30 June 44	274	0	274	1,279	1,553
29	1 July 44 to 30 June 45	274	0	274	72	346
30	1 July 45 to 30 June 46	274	0	274	72	346
31	1 July 46 to 30 June 47	115	0	115	72	187
32	1 July 47 to 30 June 48	0	0	0	72	72
33	1 July 48 to 30 June 49	0	0	0	72	72
34	1 July 49 to 30 June 50	0	0	0	72	72
35	1 July 50 to 30 June 51	0	0	0	72	72
36	1 July 51 to 30 June 52	0	0	0	72	72
37	1 July 52 to 30 June 53	0	0	0	49	49
38	1 July 53 to 30 June 54	0	0	0	0	0
39	1 July 54 to 30 June 55	0	0	0	0	0
40	2055+	0	0	0	0	0
<b>Totals</b>		<b>28,805</b>	<b>8,524</b>	<b>37,329</b>	<b>80,898</b>	<b>118,227</b>

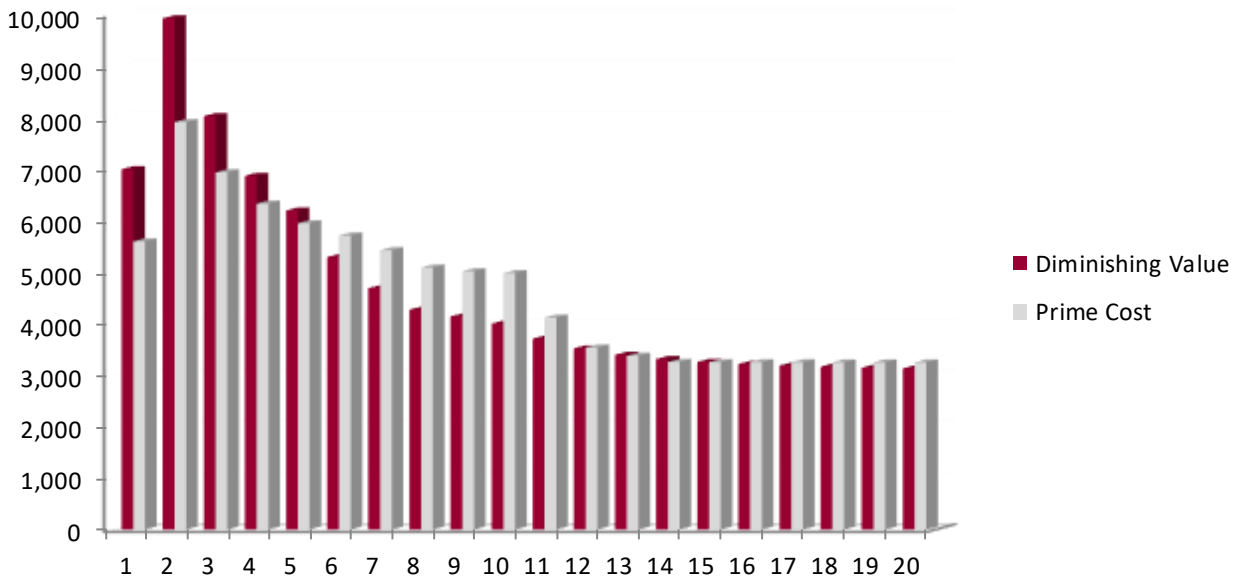
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

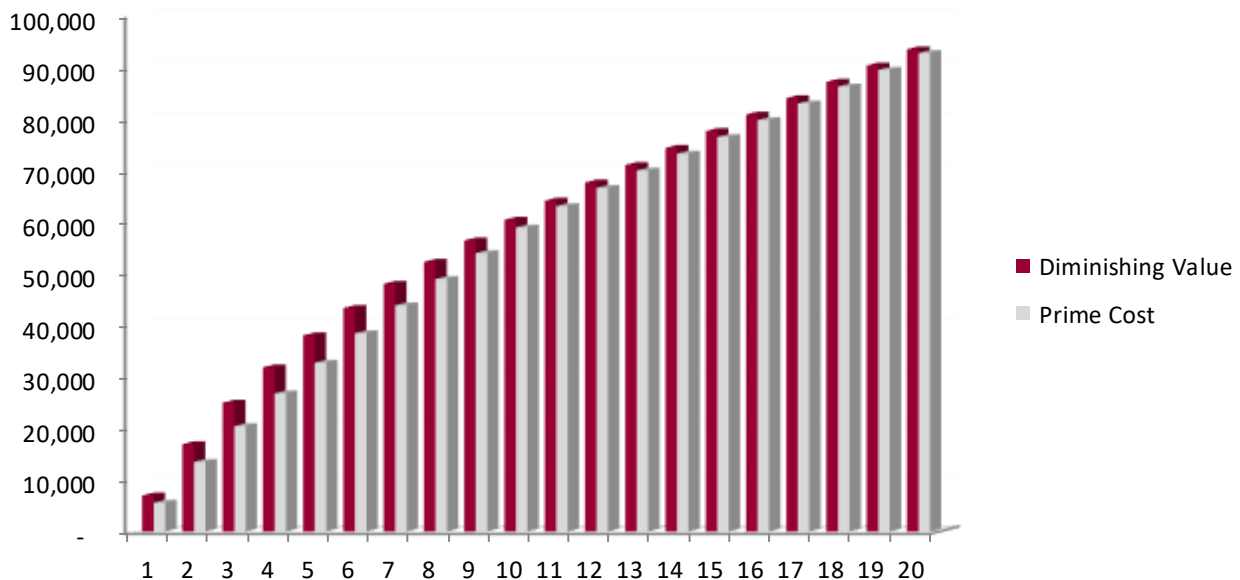
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	2 August 2016
Settlement Date	24 November 2016

### Expenditure Analysed

Purchase Price	\$304,000
Stamp Duty	\$14,219
Legals	\$770
<b>Total Expenditure Analysed</b>	<b>\$318,989</b>

### Historical Construction Details

Construction Start Date	4 June 2003
Construction Completion Date	1 December 2003
Historical Construction Cost (Estimated)*	\$136,557
Lot Entitlement	20
Overall Lot Entitlement	2,395

## 9. Reconciliation of Capital Expenditure

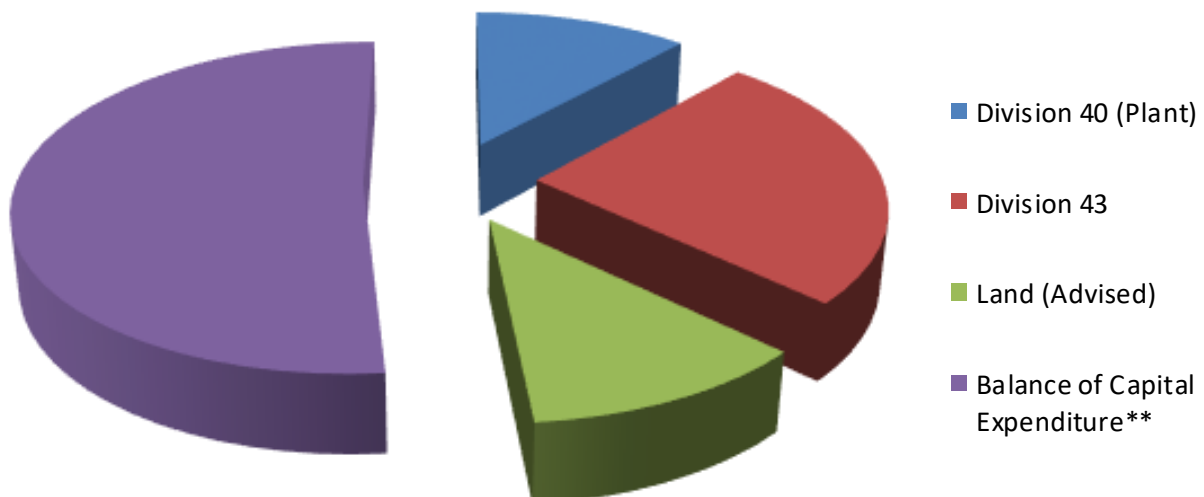
### Apportionment of cost relating to:

Division 40 (Plant)	\$37,329
Division 43	\$80,898
Land (Advised)	\$36,637
Balance of Capital Expenditure**	\$164,125
<b>Total Expenditure Analysed</b>	<b>\$318,989</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%	24-Nov-16	4,925	588	867	694	555	444	355	284	227	341	213
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	24-Nov-16	410	77	125	78	49	31	19	12	7	5	3
<b>Curtains and drapes</b>	33.33%	24-Nov-16	1,387	276	370	278	174	108	68	42	26	17	10
Curtains and drapes	18.75%	24-Nov-16	1,072	201	326	204	128	80	50	31	19	12	8
<b>Door closers</b>	18.75%	24-Nov-16	308	58	94	59	37	23	14	9	6	3	2
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	24-Nov-16	431	81	131	82	51	32	20	13	8	5	3
Detection & alarm systems, fire indicator panel	18.75%	24-Nov-16	343	64	104	65	41	25	16	10	6	4	2
Emergency warning & intercommunication system	18.75%	24-Nov-16	365	68	111	69	43	27	17	11	7	4	3
<b>Floor coverings ( removable without damage)</b>													
Carpets	20.00%	24-Nov-16	6,120	731	1,078	862	690	552	441	353	283	226	339
<b>Furniture</b>	18.75%	24-Nov-16	2,840	532	865	541	338	211	132	83	52	32	20
<b>Garbage disposal</b>													
Garbage bins	18.75%	24-Nov-16	206	39	63	39	24	15	10	6	4	2	1
<b>Kitchen assets</b>													
Cooktops	16.67%	24-Nov-16	1,395	139	209	175	327	204	128	80	50	31	20
Dishwashers	20.00%	24-Nov-16	1,970	235	347	278	222	333	208	130	81	51	32
Ovens	16.67%	24-Nov-16	1,806	180	271	226	188	353	221	138	86	54	34
Rangehoods	18.75%	24-Nov-16	739	139	225	141	88	55	34	21	13	8	5
<b>Laundry assets</b>													
Clothes dryers	20.00%	24-Nov-16	1,067	127	352	220	138	86	54	34	21	13	8
<b>Lifts (including hydraulic &amp; tractions lifts)</b>	6.67%	24-Nov-16	8,225	327	526	491	459	428	400	373	348	325	303
<b>Lights</b>													
Shades, removable	18.75%	24-Nov-16	1,504	282	458	286	179	112	70	44	27	17	11
<b>MATV - amplifiers &amp; modulators</b>	18.75%	24-Nov-16	308	58	94	59	37	23	14	9	6	4	2
<b>Security systems &amp; equipment</b>													
Electronic	30.00%	24-Nov-16	1,088	195	335	209	131	82	51	32	20	12	8
<b>\$300 items</b>	100.00%	24-Nov-16	822	822									
<b>Pooled Plant Total</b>				1,598	3,285	2,331	1,784	1,801	1,125	703	440	616	724
<b>Effective Life Plant Total</b>				3,621	3,669	2,725	2,114	1,424	1,196	1,010	858	551	303
<b>Total Division 40</b>			37,329	5,219	6,954	5,056	3,898	3,225	2,322	1,714	1,298	1,167	1,027

## 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 2003	2.50%	24-Nov-16	77,003	1,703	2,851	2,851	2,851	2,851	2,851	2,851	2,851	2,851	2,851
Building Works - Completed 2013	2.50%	24-Nov-16	2,612	43	72	72	72	72	72	72	72	72	72
Structural Improvements - Completed 2003	2.50%	24-Nov-16	1,283	28	47	47	47	47	47	47	47	47	47
<b>Total Division 43</b>			<b>80,898</b>	<b>1,774</b>	<b>2,970</b>	<b>2,970</b>	<b>2,970</b>	<b>2,970</b>	<b>2,970</b>	<b>2,970</b>	<b>2,970</b>	<b>2,970</b>	<b>2,970</b>
<b>Total Depreciation</b>			<b>118,227</b>	<b>6,993</b>	<b>9,924</b>	<b>8,026</b>	<b>6,868</b>	<b>6,195</b>	<b>5,292</b>	<b>4,684</b>	<b>4,268</b>	<b>4,137</b>	<b>3,997</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%	24-Nov-16	4,925	294	492	492	492	492	492	492	492	492	492
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	24-Nov-16	410	77	125	78	49	31	19	12	7	5	3
<b>Curtains and drapes</b>	16.67%	24-Nov-16	1,387	138	231	231	231	231	231	94			
Curtains and drapes	18.75%	24-Nov-16	1,072	201	326	204	128	80	50	31	19	12	8
<b>Door closers</b>	18.75%	24-Nov-16	308	58	94	59	37	23	14	9	6	3	2
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	24-Nov-16	431	81	131	82	51	32	20	13	8	5	3
Detection & alarm systems, fire indicator panel	18.75%	24-Nov-16	343	64	104	65	41	25	16	10	6	4	2
Emergency warning & intercommunication system	18.75%	24-Nov-16	365	68	111	69	43	27	17	11	7	4	3
<b>Floor coverings ( removable without damage)</b>													
Carpets	10.00%	24-Nov-16	6,120	366	612	612	612	612	612	612	612	612	612
<b>Furniture</b>	18.75%	24-Nov-16	2,840	532	865	541	338	211	132	83	52	32	20
<b>Garbage disposal</b>													
Garbage bins	18.75%	24-Nov-16	206	39	63	39	24	15	10	6	4	2	1
<b>Kitchen assets</b>													
Cooktops	8.33%	24-Nov-16	1,395	69	116	116	116	116	116	116	116	116	116
Dishwashers	10.00%	24-Nov-16	1,970	118	197	197	197	197	197	197	197	197	197
Ovens	8.33%	24-Nov-16	1,806	90	150	150	150	150	150	150	150	150	150
Rangehoods	18.75%	24-Nov-16	739	139	225	141	88	55	34	21	13	8	5
<b>Laundry assets</b>													
Clothes dryers	10.00%	24-Nov-16	1,067	64	107	107	107	107	107	107	107	107	107
<b>Lifts (including hydraulic &amp; tractions lifts)</b>	3.33%	24-Nov-16	8,225	164	274	274	274	274	274	274	274	274	274
<b>Lights</b>													
Shades, removable	18.75%	24-Nov-16	1,504	282	458	286	179	112	70	44	27	17	11
<b>MATV - amplifiers &amp; modulators</b>	18.75%	24-Nov-16	308	58	94	59	37	23	14	9	6	4	2
<b>Security systems &amp; equipment</b>													
Electronic	15.00%	24-Nov-16	1,088	98	163	163	163	163	163	163	13		
<b>\$300 items</b>	100.00%	24-Nov-16	822	822									
<b>Pooled Plant Total</b>				1,598	2,597	1,623	1,015	634	396	248	155	97	60
<b>Effective Life Plant Total</b>				2,222	2,342	2,342	2,342	2,342	2,342	2,205	1,961	1,948	1,948
<b>Total Division 40</b>			37,329	3,820	4,939	3,965	3,357	2,976	2,738	2,452	2,116	2,045	2,008

## 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 2003	2.50%	24-Nov-16	77,003	1,703	2,851	2,851	2,851	2,851	2,851	2,851	2,851	2,851	2,851
Building Works - Completed 2013	2.50%	24-Nov-16	2,612	43	72	72	72	72	72	72	72	72	72
Structural Improvements - Completed 2003	2.50%	24-Nov-16	1,283	28	47	47	47	47	47	47	47	47	47
<b>Total Division 43</b>			80,898	1,774	2,970	2,970	2,970	2,970	2,970	2,970	2,970	2,970	2,970
<b>Total Depreciation</b>			118,227	5,594	7,909	6,935	6,327	5,946	5,708	5,422	5,086	5,015	4,978



## 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 2003	4 Jun 03 to 1 Dec 03	114,044	2.50%	2,851	77,003
Building Works - Completed 2013	1 Jan 13 to 31 Jan 13	2,887	2.50%	72	2,612
<b>Sub-total</b>		<b>116,931</b>		<b>2,923</b>	<b>79,615</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2003	4 Jun 03 to 1 Dec 03	1,900	2.50%	47	1,283
<b>Sub-total</b>		<b>1,900</b>		<b>47</b>	<b>1,283</b>
<b>Totals</b>		<b>118,831</b>		<b>2,970</b>	<b>80,898</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	
<b>Surveyors Name</b>	Mark Kilroy
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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.