



Tax Depreciation Report

1 / 39–47 Peel St,
West Melbourne VIC 3003

Ang Siew Hoon
7/1 Freshwater Parade
CLAREMONT, WA 6010

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

Ang Siew Hoon
7/1 Freshwater Parade
CLAREMONT, WA 6010

September 2018
Job No: RES3003005

Tax Depreciation Report – 1/39-47 Peel St, West Melbourne VIC 3003

We thank you for choosing Koste Pty Ltd to prepare the attached Tax Depreciation report and schedule for the above property.

This report has been prepared to provide an independent review of Tax Depreciation entitlements available on the subject property, under The Income Tax Assessment Act 1997.

Koste Pty Ltd are a registered tax agent (24836767) who comply with the Tax Agent Services Act 2009. The attached schedule is based on an apportionment of the total expenditure, together with the Tax Commissioners current intentions in preparing this document.

As you continue to grow your portfolio, we would be pleased to provide you with free estimates of tax depreciation allowances on purchases. We can also provide updates for \$100+GST on any revised depreciation reports which may include new capital works and write-offs on disposed assets over the coming years.

The majority of our custom is based on repeat customers and from word of mouth. Testimonials are important to our business especially on social media including Google+, LinkedIn and Facebook. If you are pleased with our service and have some time to write a short testimonial on either social media or via an email, this would be greatly appreciated.

If you or your accountant require any further clarification on the contents of this report, please do not hesitate in contacting a member of our team on 1300 669 400 where they would be more than happy to assist.

Yours Sincerely

Koste Pty Ltd

Koste Pty Ltd
Tax Depreciation Quantity Surveyors



TABLE OF CONTENTS

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

1. Property Information

Date of Report

17 September 2018

Purchaser

Ang Siew Hoon

Property Address

1/39-47 Peel St, West Melbourne VIC 3003

Real Property Description

Lot 1 PS609739

Property Type

Residential Unit

Date of Construction

1 January 2008

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"> • Cash-flow during initial years of asset ownership • Ability to use Low Value Pool for assets less than \$1000 (Note: unable to write off these assets) 					<ul style="list-style-type: none"> • Write off assets when they are demolished or disposed. 				
Calculation Example					Calculation Example				
<p>Under Diminishing Value method, the effective life is dividing by 200.</p> <p>200 / 10 Years = 20% (Adjusted Value)</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>100 / 10 Years = 10% (Straight Line)</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 November 13 to 30 June 14	6,112	0	6,112	2,777	2,777
2	1 July 14 to 30 June 15	8,948	0	8,948	4,628	4,628
3	1 July 15 to 30 June 16	7,204	0	7,204	4,628	4,628
4	1 July 16 to 30 June 17	5,894	0	5,894	4,628	4,628
5	1 July 17 to 30 June 18	3,570	2,531	6,101	4,628	4,628
6	1 July 18 to 30 June 19	2,765	2,251	5,016	4,628	4,628
7	1 July 19 to 30 June 20	2,420	1,407	3,826	4,628	4,628
8	1 July 20 to 30 June 21	1,983	1,198	3,181	4,628	4,628
9	1 July 21 to 30 June 22	1,459	1,442	2,901	4,628	4,628
10	1 July 22 to 30 June 23	1,134	1,227	2,361	4,628	4,628
11	1 July 23 to 30 June 24	1,037	767	1,804	4,628	4,628
12	1 July 24 to 30 June 25	949	479	1,428	4,628	4,628
13	1 July 25 to 30 June 26	869	299	1,169	4,628	4,628
14	1 July 26 to 30 June 27	797	187	984	4,628	4,628
15	1 July 27 to 30 June 28	732	117	849	4,628	4,628
16	1 July 28 to 30 June 29	672	73	746	4,628	4,628
17	1 July 29 to 30 June 30	499	382	881	4,628	4,628
18	1 July 30 to 30 June 31	466	239	704	4,628	4,628
19	1 July 31 to 30 June 32	434	149	584	4,628	4,628
20	1 July 32 to 30 June 33	406	93	499	4,628	4,628
21	1 July 33 to 30 June 34	378	58	437	4,628	4,628
22	1 July 34 to 30 June 35	353	36	390	4,628	4,628
23	1 July 35 to 30 June 36	330	23	352	4,628	4,628
24	1 July 36 to 30 June 37	308	14	322	4,628	4,628
25	1 July 37 to 30 June 38	287	9	296	4,628	4,628
26	1 July 38 to 30 June 39	268	6	274	4,628	4,628
27	1 July 39 to 30 June 40	250	3	254	4,628	4,628
28	1 July 40 to 30 June 41	234	2	236	4,628	4,628
29	1 July 41 to 30 June 42	218	1	219	4,628	4,628
30	1 July 42 to 30 June 43	203	1	204	4,628	4,628
31	1 July 43 to 30 June 44	190	1	190	4,628	4,628
32	1 July 44 to 30 June 45	177	0	178	4,628	4,628
33	1 July 45 to 30 June 46	165	0	166	4,628	4,628
34	1 July 46 to 30 June 47	154	0	154	4,625	4,625
35	1 July 47 to 30 June 48	144	0	144	2,301	2,301
36	1 July 48 to 30 June 49	134	0	135	0	0
37	1 July 49 to 30 June 50	125	0	126	0	0
38	1 July 50 to 30 June 51	117	0	117	0	0
39	1 July 51 to 30 June 52	109	0	109	0	0
40	2052+	1,530	0	1,531	0	0
Totals		54,028	12,997	67,025	157,799	157,799

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 November 13 to 30 June 14	3,056	0	3,056	2,777	2,777
2	1 July 14 to 30 June 15	5,093	0	5,093	4,628	4,628
3	1 July 15 to 30 June 16	5,093	0	5,093	4,628	4,628
4	1 July 16 to 30 June 17	5,093	0	5,093	4,628	4,628
5	1 July 17 to 30 June 18	5,093	0	5,093	4,628	4,628
6	1 July 18 to 30 June 19	4,545	0	4,545	4,628	4,628
7	1 July 19 to 30 June 20	4,180	0	4,180	4,628	4,628
8	1 July 20 to 30 June 21	3,980	0	3,980	4,628	4,628
9	1 July 21 to 30 June 22	3,966	0	3,966	4,628	4,628
10	1 July 22 to 30 June 23	3,966	0	3,966	4,628	4,628
11	1 July 23 to 30 June 24	3,149	0	3,149	4,628	4,628
12	1 July 24 to 30 June 25	2,617	0	2,617	4,628	4,628
13	1 July 25 to 30 June 26	2,027	0	2,027	4,628	4,628
14	1 July 26 to 30 June 27	1,579	0	1,579	4,628	4,628
15	1 July 27 to 30 June 28	1,413	0	1,413	4,628	4,628
16	1 July 28 to 30 June 29	1,085	0	1,085	4,628	4,628
17	1 July 29 to 30 June 30	857	0	857	4,628	4,628
18	1 July 30 to 30 June 31	857	0	857	4,628	4,628
19	1 July 31 to 30 June 32	857	0	857	4,628	4,628
20	1 July 32 to 30 June 33	857	0	857	4,628	4,628
21	1 July 33 to 30 June 34	784	0	784	4,628	4,628
22	1 July 34 to 30 June 35	731	0	731	4,628	4,628
23	1 July 35 to 30 June 36	731	0	731	4,628	4,628
24	1 July 36 to 30 June 37	731	0	731	4,628	4,628
25	1 July 37 to 30 June 38	731	0	731	4,628	4,628
26	1 July 38 to 30 June 39	731	0	731	4,628	4,628
27	1 July 39 to 30 June 40	731	0	731	4,628	4,628
28	1 July 40 to 30 June 41	731	0	731	4,628	4,628
29	1 July 41 to 30 June 42	731	0	731	4,628	4,628
30	1 July 42 to 30 June 43	731	0	731	4,628	4,628
31	1 July 43 to 30 June 44	299	0	299	4,628	4,628
32	1 July 44 to 30 June 45	0	0	0	4,628	4,628
33	1 July 45 to 30 June 46	0	0	0	4,628	4,628
34	1 July 46 to 30 June 47	0	0	0	4,625	4,625
35	1 July 47 to 30 June 48	0	0	0	2,301	2,301
36	1 July 48 to 30 June 49	0	0	0	0	0
37	1 July 49 to 30 June 50	0	0	0	0	0
38	1 July 50 to 30 June 51	0	0	0	0	0
39	1 July 51 to 30 June 52	0	0	0	0	0
40	2052+	0	0	0	0	0
Totals		67,025	0	67,025	157,799	157,799

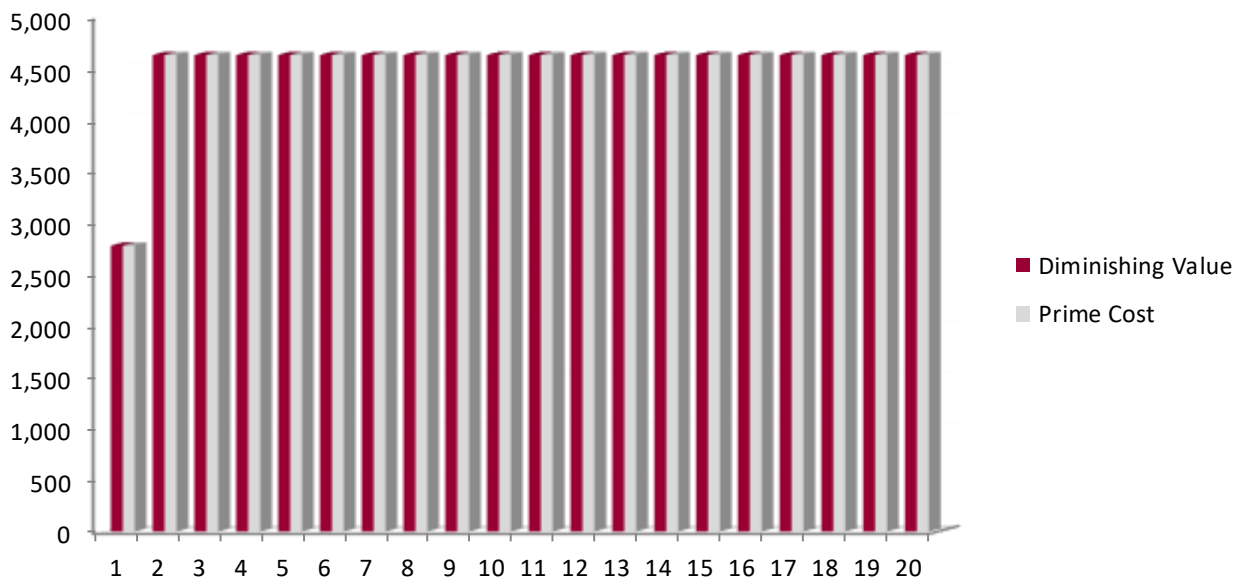
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

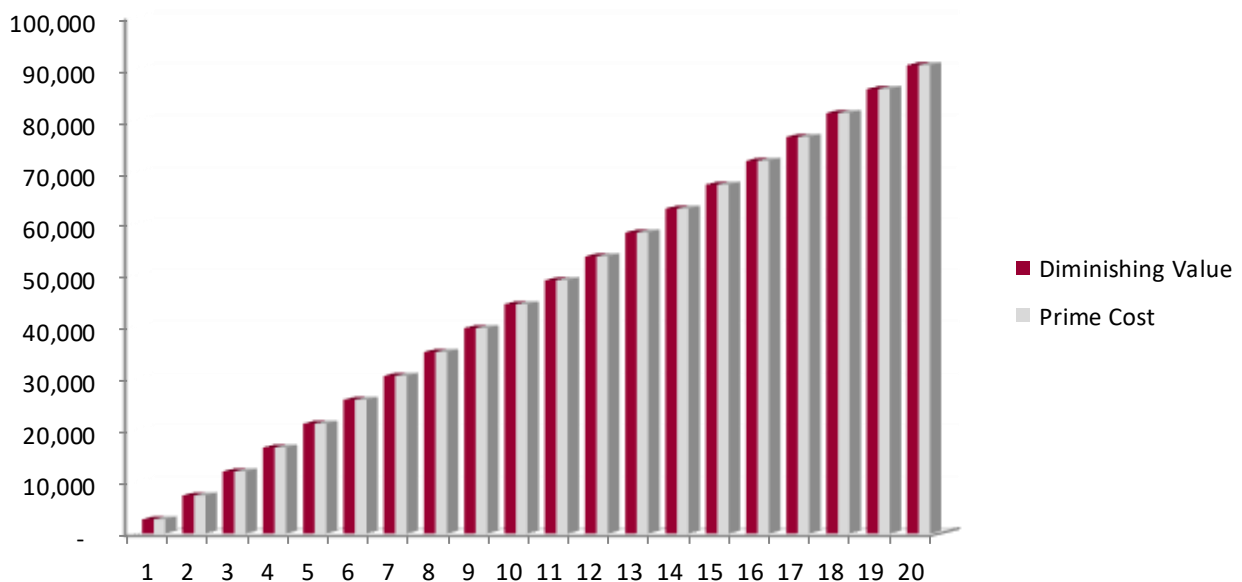
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	28 September 2013
Settlement Date	23 November 2013

Expenditure Analysed

Purchase Price	\$575,000
Stamp Duty	\$31,129
Total Expenditure Analysed	\$606,129

Historical Construction Details

Construction Start Date	6 May 2007
Construction Completion Date	1 January 2008
Historical Construction Cost (Estimated)*	\$219,819

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

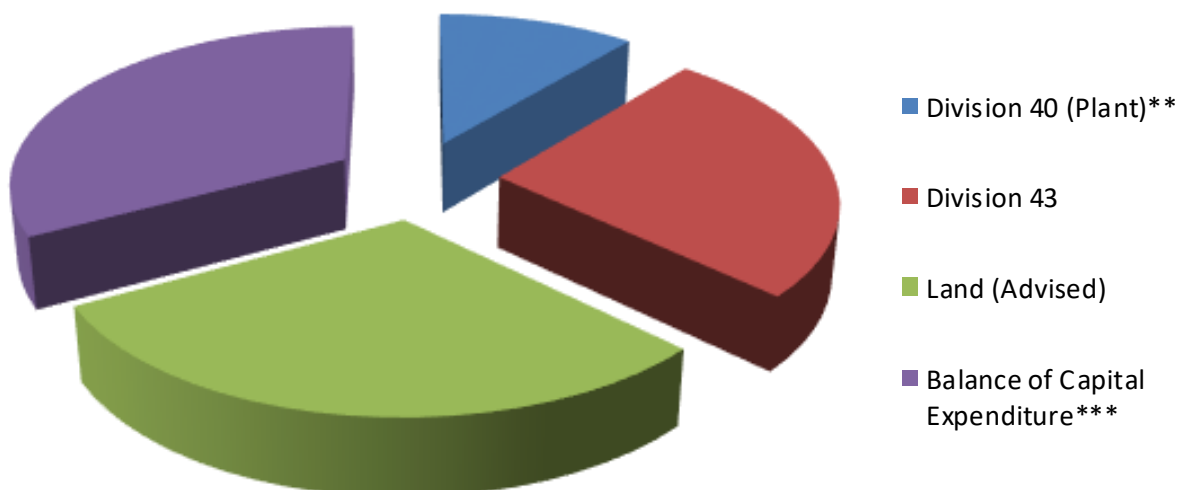
Division 40 (Plant)**	\$67,025
Division 43	\$157,799
Land (Advised)	\$181,839
Balance of Capital Expenditure***	\$199,466
Total Expenditure Analysed	\$606,129

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 available for rent after 1 July 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	
Air-conditioning assets (excl. ducting, pipes & vents)														
Mini split system upto 20KW	20.00%	23-Nov-13	5,881	706	1,035	828	662	530	424	339	271	217	326	
Bathroom assets														
Exhaust fans (including light/heating)	20.00%	23-Nov-13	980	118	173	138	110	166	104	65	40	25	16	
Blinds Residential														
	20.00%	23-Nov-13	1,870	224	329	263	211	316	197	123	77	48	30	
Door closers														
	20.00%	23-Nov-13	409	49	72	58	46	69	43	27	17	11	7	
Electrical Machinery & Equipment :														
Motors	20.00%	23-Nov-13	188	23	33	26	21	32	20	12	8	5	3	
Fire control assets														
Detection & alarm systems, detectors	10.00%	23-Nov-13	1,294	78	122	109	99	332	208	130	81	51	32	
Detection & alarm systems, fire indicator panel	16.67%	23-Nov-13	3,917	392	588	490	408	340	283	236	197	369	231	
Emergency warning & intercommunication system	16.67%	23-Nov-13	341	34	51	43	36	67	42	26	16	10	6	
Hoses and nozzles	20.00%	23-Nov-13	235	28	41	33	26	40	25	16	10	6	4	
Floor coverings (removable without damage)														
Floating timber	13.33%	23-Nov-13	8,346	668	1,024	887	769	666	578	501	434	376	326	
Furniture														
	15.00%	23-Nov-13	2,964	267	405	344	292	248	211	180	153	324	203	
Garbage disposal														
Garbage bins	30.00%	23-Nov-13	63	11	15	11	8	7	4	3	2	1	1	
Hot water systems (excluding piping)														
Gas or electric	16.67%	23-Nov-13	2,820	282	423	353	294	245	204	170	319	199	125	
Kitchen assets														
Cooktops	16.67%	23-Nov-13	1,666	167	250	208	174	325	203	127	79	50	31	
Dishwashers	20.00%	23-Nov-13	2,352	282	414	331	265	212	318	199	124	78	49	
Ovens	16.67%	23-Nov-13	2,156	216	323	270	225	187	351	219	137	86	54	
Rangehoods	16.67%	23-Nov-13	882	88	132	110	92	172	108	67	42	26	16	
Lifts (including hydraulic & tractions lifts)														
	6.67%	23-Nov-13	21,936	877	1,404	1,310	1,223	1,141	1,065	994	928	866	808	
Lights														
Shades, removable	40.00%	23-Nov-13	4,564	1,095	1,388	833	500	281	176	110	69	43	27	
MATV - amplifiers & modulators														
	20.00%	23-Nov-13	1,567	188	276	221	176	265	165	103	65	40	25	
Security systems & equipment														
Electronic	30.00%	23-Nov-13	1,364	246	336	235	164	144	90	56	35	22	14	
			Carried forward	65,796	6,038	8,833	7,100	5,800	5,785	4,819	3,703	3,103	2,853	2,331

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
Division 40 - Plant and Equipment													
Brought forward			65,796	6,038	8,833	7,100	5,800	5,785	4,819	3,703	3,103	2,853	2,331
Ventilating plant													
Ventilation plant - fans only	10.00%	23-Nov-13	1,229	74	116	104	94	316	197	123	77	48	30
Pooled Plant Total													
Effective Life Plant Total				6,112	8,948	7,204	5,894	2,531	2,251	1,407	1,198	1,442	1,227
Total Division 40			67,025	6,112	8,948	7,204	5,894	6,101	5,016	3,826	3,181	2,901	2,361
Division 43 - Capital Works Allowance													
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 2008	2.50%	23-Nov-13	157,533	2,772	4,620	4,620	4,620	4,620	4,620	4,620	4,620	4,620	4,620
Structural Improvements - Completed 2008	2.50%	23-Nov-13	266	5	8	8	8	8	8	8	8	8	8
Total Division 43			157,799	2,777	4,628	4,628	4,628	4,628	4,628	4,628	4,628	4,628	4,628
Total Depreciation			224,824	8,889	13,576	11,832	10,522	10,729	9,644	8,454	7,809	7,529	6,989

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	
Air-conditioning assets (excl. ducting, pipes & vents)														
Mini split system upto 20KW	10.00%	23-Nov-13	5,881	353	588	588	588	588	588	588	588	588	588	
Bathroom assets														
Exhaust fans (including light/heating)	10.00%	23-Nov-13	980	59	98	98	98	98	98	98	98	98	98	
Blinds Residential														
	10.00%	23-Nov-13	1,870	112	187	187	187	187	187	187	187	187	187	
Door closers														
	10.00%	23-Nov-13	409	25	41	41	41	41	41	41	41	41	41	
Electrical Machinery & Equipment :														
Motors	10.00%	23-Nov-13	188	11	19	19	19	19	19	19	19	19	19	
Fire control assets														
Detection & alarm systems, detectors	5.00%	23-Nov-13	1,294	39	65	65	65	65	65	65	65	65	65	
Detection & alarm systems, fire indicator panel	8.33%	23-Nov-13	3,917	196	326	326	326	326	326	326	326	326	326	
Emergency warning & intercommunication system	8.33%	23-Nov-13	341	17	28	28	28	28	28	28	28	28	28	
Hoses and nozzles	10.00%	23-Nov-13	235	14	24	24	24	24	24	24	24	24	24	
Floor coverings (removable without damage)														
Floating timber	6.67%	23-Nov-13	8,346	334	556	556	556	556	556	556	556	556	556	
Furniture														
	7.50%	23-Nov-13	2,964	133	222	222	222	222	222	222	222	222	222	
Garbage disposal														
Garbage bins	15.00%	23-Nov-13	63	6	9	9	9	9	9	9	3			
Hot water systems (excluding piping)														
Gas or electric	8.33%	23-Nov-13	2,820	141	235	235	235	235	235	235	235	235	235	
Kitchen assets														
Cooktops	8.33%	23-Nov-13	1,666	83	139	139	139	139	139	139	139	139	139	
Dishwashers	10.00%	23-Nov-13	2,352	141	235	235	235	235	235	235	235	235	235	
Ovens	8.33%	23-Nov-13	2,156	108	180	180	180	180	180	180	180	180	180	
Rangehoods	8.33%	23-Nov-13	882	44	74	74	74	74	74	74	74	74	74	
Lifts (including hydraulic & tractions lifts)														
	3.33%	23-Nov-13	21,936	439	731	731	731	731	731	731	731	731	731	
Lights														
Shades, removable	20.00%	23-Nov-13	4,564	548	913	913	913	913	365					
MATV - amplifiers & modulators														
	10.00%	23-Nov-13	1,567	94	157	157	157	157	157	157	157	157	157	
Security systems & equipment														
Electronic	15.00%	23-Nov-13	1,364	123	205	205	205	205	205	205	11			
			Carried forward	65,796	3,019	5,032	5,032	5,032	5,032	4,484	4,119	3,919	3,905	

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				65,796	3,019	5,032	5,032	5,032	5,032	4,484	4,119	3,919	3,905	3,905
Ventilating plant														
Ventilation plant - fans only	5.00%	23-Nov-13	1,229	37	61	61	61	61	61	61	61	61	61	61
Pooled Plant Total														
Effective Life Plant Total				3,056	5,093	5,093	5,093	5,093	5,093	4,545	4,180	3,980	3,966	3,966
Total Division 40				67,025	3,056	5,093	5,093	5,093	5,093	4,545	4,180	3,980	3,966	3,966
Division 43 - Capital Works Allowance														
		Rate	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Building Works - Completed 2008		2.50%	157,533	2,772	4,620	4,620	4,620	4,620	4,620	4,620	4,620	4,620	4,620	4,620
Structural Improvements - Completed 2008		2.50%	266	5	8	8	8	8	8	8	8	8	8	8
Total Division 43			157,799	2,777	4,628	4,628	4,628	4,628	4,628	4,628	4,628	4,628	4,628	4,628
Total Depreciation			224,824	5,833	9,721	9,721	9,721	9,721	9,173	8,808	8,608	8,594	8,594	

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 2008	6 May 07 to 1 Jan 08	184,782	2.50%	4,620	157,533
Sub-total		184,782		4,620	157,533

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2008	6 May 07 to 1 Jan 08	312	2.50%	8	266
Sub-total		312		8	266
Totals		185,094		4,628	157,799

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

Adjusted Value	This is the value of an asset after a period of decline often referred to as the written down value or WDV.
Balancing Adjustment	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.
Decline in Value	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.
Depreciating Assets	Assets with limited effective life that are reasonably expected to decline in value.
Diminishing Value Method	This is the method of calculating the decline in value which uses the opening adjusted value as the basis for the calculation.
Effective Life	The effective life of a depreciating asset is how long it can be used by any entity for a taxable income producing purpose.
Immediate WriteOff	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.
Installed Costs	This is the total cost of installing the asset inclusive of fees and labour etc.
Low Value Pool	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.
Low Cost Asset	A depreciable asset with an installed cost of less than \$1000.
Low Value Asset	A depreciable asset that has an adjusted value of less than \$1000.
Non Eligible	This may include a proportion of the purchase price that is not claimable due to the age of the building or asset type.
Prime Cost Method	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	
Company Name	Koste Pty Ltd
Postal Address	Suite 1, L12/133 Mary Street, Brisbane, Qld 4000
Office Number	1300 669 400
Office Email	info@koste.com.au

LEAD SURVEYOR DETAILS	
Surveyors Name	Mark Kilroy
Tax Agent Number	24370523
Contact Number	1300 669 400
Email	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.