



## Tax Depreciation Report

1 / 18 Lenneberg Street,  
Southport QLD 4215

Airbc Pty Ltd  
463 Woollooware Road

BURRANEER, NSW 2230

Issue Schedule	
Issue Date:	Issued by:
04 October 2018	Mark Kilroy Bsc (Hons) MRICS

Airbc Pty Ltd  
463 Woollooware Road  
BURRANEER, NSW 2230

October 2018  
Job No: RES4215077

### **Tax Depreciation Report – 1/18 Lenneberg Street, Southport QLD 4215**

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

4 October 2018

### Purchaser

Airbc Pty Ltd

### Property Address

1/18 Lenneberg Street, Southport QLD 4215

### Real Property Description

L1 SP264099

### Property Type

Residential Townhouse

### Date of Construction

19 July 2017

### 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				
Under Diminishing Value method, the effective life is dividing by 200.					Under Prime Cost method, the effective life is dividing by 100.				
<b>200 / 10 Years = 20% (Adjusted Value)</b>					<b>100 / 10 Years = 10% (Straight Line)</b>				
If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.					If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.				
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	Original Assets **			Post Expenditure			Division 43	Totals
		Effective Life	Pooled Plant	Total Div 40	Effective Life	Pooled Plant	Total Div 40		
1	11 October 18 to 30 June 19	3,330	3,545	6,875	0	0	0	4,898	4,898
2	1 July 19 to 30 June 20	3,593	6,415	10,008	0	0	0	6,823	6,823
3	1 July 20 to 30 June 21	2,733	4,379	7,113	0	0	0	6,823	6,823
4	1 July 21 to 30 June 22	1,916	3,390	5,307	0	0	0	6,823	6,823
5	1 July 22 to 30 June 23	1,569	2,119	3,688	0	0	0	6,823	6,823
6	1 July 23 to 30 June 24	1,143	1,643	2,787	0	0	0	6,823	6,823
7	1 July 24 to 30 June 25	773	1,392	2,166	0	0	0	6,823	6,823
8	1 July 25 to 30 June 26	433	1,242	1,675	0	0	0	6,823	6,823
9	1 July 26 to 30 June 27	357	776	1,133	0	0	0	6,823	6,823
10	1 July 27 to 30 June 28	0	1,153	1,153	0	0	0	6,823	6,823
11	1 July 28 to 30 June 29	0	721	721	0	0	0	6,823	6,823
12	1 July 29 to 30 June 30	0	451	451	0	0	0	6,823	6,823
13	1 July 30 to 30 June 31	0	282	282	0	0	0	6,823	6,823
14	1 July 31 to 30 June 32	0	176	176	0	0	0	6,823	6,823
15	1 July 32 to 30 June 33	0	110	110	0	0	0	6,823	6,823
16	1 July 33 to 30 June 34	0	69	69	0	0	0	6,823	6,823
17	1 July 34 to 30 June 35	0	43	43	0	0	0	6,823	6,823
18	1 July 35 to 30 June 36	0	27	27	0	0	0	6,823	6,823
19	1 July 36 to 30 June 37	0	17	17	0	0	0	6,823	6,823
20	1 July 37 to 30 June 38	0	10	10	0	0	0	6,823	6,823
21	1 July 38 to 30 June 39	0	7	7	0	0	0	6,823	6,823
22	1 July 39 to 30 June 40	0	4	4	0	0	0	6,823	6,823
23	1 July 40 to 30 June 41	0	3	3	0	0	0	6,823	6,823
24	1 July 41 to 30 June 42	0	2	2	0	0	0	6,823	6,823
25	1 July 42 to 30 June 43	0	1	1	0	0	0	6,823	6,823
26	1 July 43 to 30 June 44	0	1	1	0	0	0	6,823	6,823
27	1 July 44 to 30 June 45	0	0	0	0	0	0	6,823	6,823
28	1 July 45 to 30 June 46	0	0	0	0	0	0	6,823	6,823
29	1 July 46 to 30 June 47	0	0	0	0	0	0	6,823	6,823
30	1 July 47 to 30 June 48	0	0	0	0	0	0	6,823	6,823
31	1 July 48 to 30 June 49	0	0	0	0	0	0	6,823	6,823
32	1 July 49 to 30 June 50	0	0	0	0	0	0	6,823	6,823
33	1 July 50 to 30 June 51	0	0	0	0	0	0	6,823	6,823
34	1 July 51 to 30 June 52	0	0	0	0	0	0	6,823	6,823
35	1 July 52 to 30 June 53	0	0	0	0	0	0	6,823	6,823
36	1 July 53 to 30 June 54	0	0	0	0	0	0	6,823	6,823
37	1 July 54 to 30 June 55	0	0	0	0	0	0	6,823	6,823
38	1 July 55 to 30 June 56	0	0	0	0	0	0	6,823	6,823
39	1 July 56 to 30 June 57	0	0	0	0	0	0	6,823	6,823
40	2057+	0	0	0	0	0	0	378	378
<b>Totals</b>		<b>15,847</b>	<b>27,979</b>	<b>43,826</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>264,550</b>	<b>264,550</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	Original Assets **			Post Expenditure			Division 43	Totals
		Effective Life	Pooled Plant	Total Div 40	Effective Life	Pooled Plant	Total Div 40		
1	11 October 18 to 30 June 19	1,665	3,545	5,210	0	0	0	4,898	4,898
2	1 July 19 to 30 June 20	2,319	5,760	8,079	0	0	0	6,823	6,823
3	1 July 20 to 30 June 21	2,319	3,600	5,919	0	0	0	6,823	6,823
4	1 July 21 to 30 June 22	2,319	2,250	4,569	0	0	0	6,823	6,823
5	1 July 22 to 30 June 23	2,319	1,406	3,725	0	0	0	6,823	6,823
6	1 July 23 to 30 June 24	2,319	879	3,198	0	0	0	6,823	6,823
7	1 July 24 to 30 June 25	2,312	549	2,861	0	0	0	6,823	6,823
8	1 July 25 to 30 June 26	2,154	343	2,497	0	0	0	6,823	6,823
9	1 July 26 to 30 June 27	2,154	215	2,369	0	0	0	6,823	6,823
10	1 July 27 to 30 June 28	2,154	134	2,288	0	0	0	6,823	6,823
11	1 July 28 to 30 June 29	1,199	84	1,283	0	0	0	6,823	6,823
12	1 July 29 to 30 June 30	818	52	870	0	0	0	6,823	6,823
13	1 July 30 to 30 June 31	385	33	417	0	0	0	6,823	6,823
14	1 July 31 to 30 June 32	213	20	233	0	0	0	6,823	6,823
15	1 July 32 to 30 June 33	213	13	226	0	0	0	6,823	6,823
16	1 July 33 to 30 June 34	58	8	66	0	0	0	6,823	6,823
17	1 July 34 to 30 June 35	0	5	5	0	0	0	6,823	6,823
18	1 July 35 to 30 June 36	0	3	3	0	0	0	6,823	6,823
19	1 July 36 to 30 June 37	0	2	2	0	0	0	6,823	6,823
20	1 July 37 to 30 June 38	0	1	1	0	0	0	6,823	6,823
21	1 July 38 to 30 June 39	0	1	1	0	0	0	6,823	6,823
22	1 July 39 to 30 June 40	0	0	0	0	0	0	6,823	6,823
23	1 July 40 to 30 June 41	0	0	0	0	0	0	6,823	6,823
24	1 July 41 to 30 June 42	0	0	0	0	0	0	6,823	6,823
25	1 July 42 to 30 June 43	0	0	0	0	0	0	6,823	6,823
26	1 July 43 to 30 June 44	0	0	0	0	0	0	6,823	6,823
27	1 July 44 to 30 June 45	0	0	0	0	0	0	6,823	6,823
28	1 July 45 to 30 June 46	0	0	0	0	0	0	6,823	6,823
29	1 July 46 to 30 June 47	0	0	0	0	0	0	6,823	6,823
30	1 July 47 to 30 June 48	0	0	0	0	0	0	6,823	6,823
31	1 July 48 to 30 June 49	0	0	0	0	0	0	6,823	6,823
32	1 July 49 to 30 June 50	0	0	0	0	0	0	6,823	6,823
33	1 July 50 to 30 June 51	0	0	0	0	0	0	6,823	6,823
34	1 July 51 to 30 June 52	0	0	0	0	0	0	6,823	6,823
35	1 July 52 to 30 June 53	0	0	0	0	0	0	6,823	6,823
36	1 July 53 to 30 June 54	0	0	0	0	0	0	6,823	6,823
37	1 July 54 to 30 June 55	0	0	0	0	0	0	6,823	6,823
38	1 July 55 to 30 June 56	0	0	0	0	0	0	6,823	6,823
39	1 July 56 to 30 June 57	0	0	0	0	0	0	6,823	6,823
40	2057+	0	0	0	0	0	0	378	378
<b>Totals</b>		<b>24,920</b>	<b>18,906</b>	<b>43,826</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>264,550</b>	<b>264,550</b>

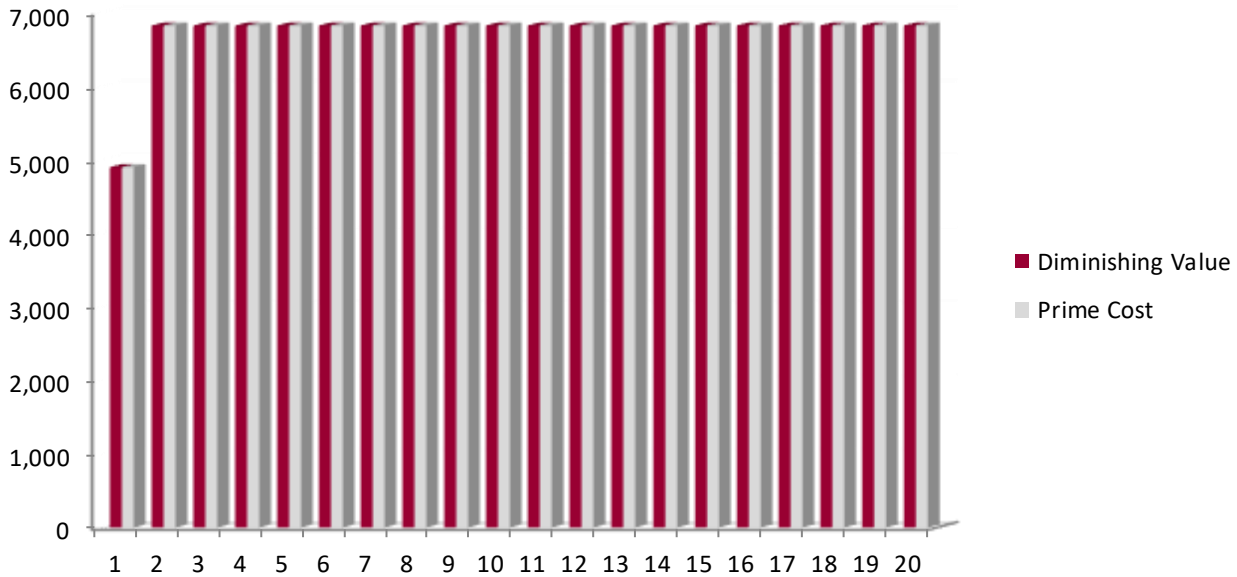
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

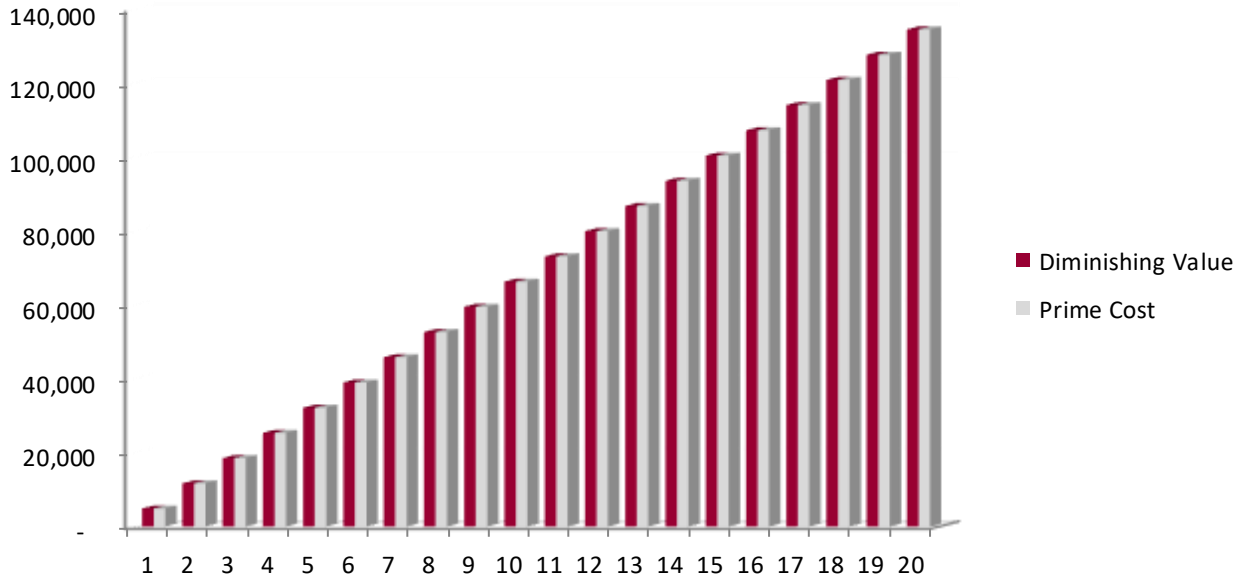
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	1 September 2018
Settlement Date	11 October 2018

### Expenditure Analysed

Purchase Price	\$500,000
Legals	\$1,200
Post Expenditure	\$0
<b>Total Expenditure Analysed</b>	<b>\$517,125</b>

### Historical Construction Details

Construction Start Date	1 October 2016
Construction Completion Date	19 July 2017
Historical Construction Cost (Estimated)*	\$316,556

## 9. Reconciliation of Capital Expenditure

### Apportionment of cost relating to:

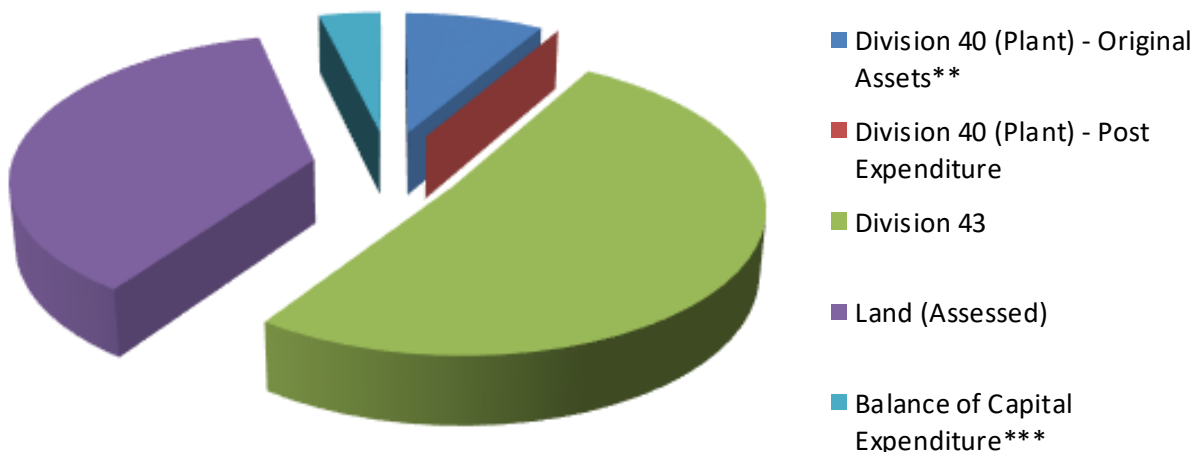
Division 40 (Plant) - Original Assets**	\$43,826
Division 40 (Plant) - Post Expenditure	\$0
Division 43	\$264,550
Land (Assessed)	\$189,173
Balance of Capital Expenditure***	\$19,576
<b>Total Expenditure Analysed</b>	<b>\$517,125</b>

### 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) - Original Assets has been excluded as the property was purchased post 9 May 2017 or as the 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
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>													
Mini split system upto 20KW	20.00%	11-Oct-18	6,009	863	1,029	823	659	527	422	337	270	216	324
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	11-Oct-18	939	176	286	179	112	70	44	27	17	11	7
<b>Blinds Residential</b>	18.75%	11-Oct-18	5,348	1,003	1,630	1,018	637	398	249	155	97	61	38
<b>Ceiling Fans</b>	18.75%	11-Oct-18	1,565	293	477	298	186	116	73	45	28	18	11
<b>Door closers</b>	18.75%	11-Oct-18	901	169	275	172	107	67	42	26	16	10	6
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	11-Oct-18	1,653	310	503	315	197	123	77	48	30	19	12
<b>Floor coverings ( removable without damage)</b>													
Carpets	20.00%	11-Oct-18	4,414	634	756	605	484	387	310	248	372	232	145
Floating timber	13.33%	11-Oct-18	3,192	306	385	334	289	251	217	188	163	141	345
<b>Furniture</b>	18.75%	11-Oct-18	5,258	986	1,602	1,001	626	391	244	153	95	60	37
<b>Garage doors, automatic</b>													
Motors	20.00%	11-Oct-18	1,502	216	257	206	309	193	121	75	47	29	18
<b>Garbage disposal</b>													
Garbage bins	18.75%	11-Oct-18	200	38	61	38	24	15	9	6	4	2	1
<b>Hot water systems (excluding piping)</b>													
Gas or electric	16.67%	11-Oct-18	2,754	329	404	337	281	234	195	365	228	143	89
<b>Kitchen assets</b>													
Cooktops	16.67%	11-Oct-18	1,502	180	220	184	344	215	135	84	53	33	21
Dishwashers	20.00%	11-Oct-18	1,440	207	247	370	231	144	90	56	35	22	14
Ovens	16.67%	11-Oct-18	2,003	240	294	245	204	170	319	199	125	78	49
Rangehoods	16.67%	11-Oct-18	1,002	120	331	207	129	81	50	32	20	12	8
<b>Laundry assets</b>													
Clothes dryers	18.75%	11-Oct-18	563	106	172	107	67	42	26	16	10	6	4
<b>Lights</b>													
Shades, removable	18.75%	11-Oct-18	2,479	465	755	472	295	184	115	72	45	28	18
<b>Security systems &amp; equipment</b>													
Electronic	30.00% #N/A	11-Oct-18	1,102	237	324	203	127	79	49	31	19	12	8
<b>Poolled Plant Total</b>				<b>3,545</b>	<b>6,415</b>	<b>4,379</b>	<b>3,390</b>	<b>2,119</b>	<b>1,643</b>	<b>1,392</b>	<b>1,242</b>	<b>776</b>	<b>1,153</b>
<b>Effective Life Plant Total</b>				<b>3,330</b>	<b>3,593</b>	<b>2,733</b>	<b>1,916</b>	<b>1,569</b>	<b>1,143</b>	<b>773</b>	<b>433</b>	<b>357</b>	
<b>Total Division 40</b>			<b>43,826</b>	<b>6,875</b>	<b>10,008</b>	<b>7,113</b>	<b>5,307</b>	<b>3,688</b>	<b>2,787</b>	<b>2,166</b>	<b>1,675</b>	<b>1,133</b>	<b>1,153</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
<b>Building Works - Completed 2017</b>	2.50%	11-Oct-18	260,002	4,814	6,706	6,706	6,706	6,706	6,706	6,706	6,706	6,706	6,706
<b>Structural Improvements - Completed 2017</b>	2.50%	11-Oct-18	4,548	84	117	117	117	117	117	117	117	117	117
<b>Total Division 43</b>			264,550	4,898	6,823	6,823	6,823	6,823	6,823	6,823	6,823	6,823	6,823
<b>Total Depreciation</b>			308,376	11,773	16,831	13,936	12,130	10,511	9,610	8,989	8,498	7,956	7,976

## 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%	11-Oct-18	6,009	431	601	601	601	601	601	601	601	601	601
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	11-Oct-18	939	176	286	179	112	70	44	27	17	11	7
<b>Blinds Residential</b>	18.75%	11-Oct-18	5,348	1,003	1,630	1,018	637	398	249	155	97	61	38
<b>Ceiling Fans</b>	18.75%	11-Oct-18	1,565	293	477	298	186	116	73	45	28	18	11
<b>Door closers</b>	18.75%	11-Oct-18	901	169	275	172	107	67	42	26	16	10	6
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	11-Oct-18	1,653	310	503	315	197	123	77	48	30	19	12
<b>Floor coverings ( removable without damage)</b>													
Carpets	10.00%	11-Oct-18	4,414	317	441	441	441	441	441	441	441	441	441
Floating timber	6.67%	11-Oct-18	3,192	153	213	213	213	213	213	213	213	213	213
<b>Furniture</b>	18.75%	11-Oct-18	5,258	986	1,602	1,001	626	391	244	153	95	60	37
<b>Garage doors, automatic</b>													
Motors	10.00%	11-Oct-18	1,502	108	150	150	150	150	150	150	150	150	150
<b>Garbage disposal</b>													
Garbage bins	18.75%	11-Oct-18	200	38	61	38	24	15	9	6	4	2	1
<b>Hot water systems (excluding piping)</b>													
Gas or electric	8.33%	11-Oct-18	2,754	165	230	230	230	230	230	230	230	230	230
<b>Kitchen assets</b>													
Cooktops	8.33%	11-Oct-18	1,502	90	125	125	125	125	125	125	125	125	125
Dishwashers	10.00%	11-Oct-18	1,440	103	144	144	144	144	144	144	144	144	144
Ovens	8.33%	11-Oct-18	2,003	120	167	167	167	167	167	167	167	167	167
Rangehoods	8.33%	11-Oct-18	1,002	60	83	83	83	83	83	83	83	83	83
<b>Laundry assets</b>													
Clothes dryers	18.75%	11-Oct-18	563	106	172	107	67	42	26	16	10	6	4
<b>Lights</b>													
Shades, removable	18.75%	11-Oct-18	2,479	465	755	472	295	184	115	72	45	28	18
<b>Security systems &amp; equipment</b>													
Electronic	15.00%	11-Oct-18	1,102	119	165	165	165	165	165	158			
<b>Pooled Plant Total</b>				<b>3,545</b>	<b>5,760</b>	<b>3,600</b>	<b>2,250</b>	<b>1,406</b>	<b>879</b>	<b>549</b>	<b>343</b>	<b>215</b>	<b>134</b>
<b>Effective Life Plant Total</b>				<b>1,665</b>	<b>2,319</b>	<b>2,319</b>	<b>2,319</b>	<b>2,319</b>	<b>2,319</b>	<b>2,312</b>	<b>2,154</b>	<b>2,154</b>	<b>2,154</b>
<b>Total Division 40</b>			<b>43,826</b>	<b>5,210</b>	<b>8,079</b>	<b>5,919</b>	<b>4,569</b>	<b>3,725</b>	<b>3,198</b>	<b>2,861</b>	<b>2,497</b>	<b>2,369</b>	<b>2,288</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
<b>Building Works - Completed 2017</b>	2.50%	11-Oct-18	260,002	4,814	6,706	6,706	6,706	6,706	6,706	6,706	6,706	6,706	6,706
<b>Structural Improvements - Completed 2017</b>	2.50%	11-Oct-18	4,548	84	117	117	117	117	117	117	117	117	117
<b>Total Division 43</b>			264,550	4,898	6,823	6,823	6,823	6,823	6,823	6,823	6,823	6,823	6,823
<b>Total Depreciation</b>			308,376	10,108	14,902	12,742	11,392	10,548	10,021	9,684	9,320	9,192	9,111



## 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
<b>Building Works - Completed 2017</b>	<b>1 Oct 16 to 19 Jul 17</b>	<b>268,251</b>	<b>2.50%</b>	<b>6,706</b>	<b>260,002</b>
<b>Sub-total</b>		<b>268,251</b>		<b>6,706</b>	<b>260,002</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
<b>Structural Improvements - Completed 2017</b>	<b>1 Oct 16 to 19 Jul 17</b>	<b>4,693</b>	<b>2.50%</b>	<b>117</b>	<b>4,548</b>
<b>Sub-total</b>		<b>4,693</b>		<b>117</b>	<b>4,548</b>
<b>Totals</b>		<b>272,944</b>		<b>6,823</b>	<b>264,550</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
<b>Traveller Accommodation</b>	4%	2.5%	4%	4%	2.5%	2.5%
<b>Non Residential</b>	2.5%	2.5%	4%	4%	2.5%	N/A
<b>Manufacturing</b>	4%	2.5%	4%	4%	2.5%	N/A
<b>Residential</b>	2.5%	2.5%	4%	N/A	N/A	N/A
<b>Structural Improvement</b>	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
<b>Postal Address</b>	Suite 1, L12/133 Mary Street, Brisbane, Qld 4000
<b>Office Number</b>	1300 669 400
<b>Office Email</b>	info@koste.com.au

LEAD SURVEYOR DETAILS	
<b>Surveyors Name</b>	Mark Kilroy
<b>Tax Agent Number</b>	24370523
<b>Contact Number</b>	1300 669 400
<b>Email</b>	mark@koste.com.au

## **15. Disclaimer**

This report has been prepared for the exclusive use of the parties named within this report, Koste Pty Ltd does not accept any contractual, tortious or other form of liability for any consequences that may arise from any other person acting upon or using this valuation.