



Tax Depreciation Report

6/18 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: RES4215082

Tax Depreciation Report – 6/18 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

6/18 Lenneberg Street, Southport QLD 4215

Real Property Description

L6 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"> • 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	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	3,634	4,342	7,976	0	0	0	4,031	4,031
2	1 July 19 to 30 June 20	4,355	7,056	11,411	0	0	0	5,615	5,615
3	1 July 20 to 30 June 21	3,143	5,027	8,170	0	0	0	5,615	5,615
4	1 July 21 to 30 June 22	2,033	4,183	6,216	0	0	0	5,615	5,615
5	1 July 22 to 30 June 23	1,660	2,615	4,275	0	0	0	5,615	5,615
6	1 July 23 to 30 June 24	1,357	1,634	2,991	0	0	0	5,615	5,615
7	1 July 24 to 30 June 25	1,111	1,021	2,132	0	0	0	5,615	5,615
8	1 July 25 to 30 June 26	749	1,000	1,749	0	0	0	5,615	5,615
9	1 July 26 to 30 June 27	424	978	1,402	0	0	0	5,615	5,615
10	1 July 27 to 30 June 28	350	611	962	0	0	0	5,615	5,615
11	1 July 28 to 30 June 29	0	1,044	1,044	0	0	0	5,615	5,615
12	1 July 29 to 30 June 30	0	652	652	0	0	0	5,615	5,615
13	1 July 30 to 30 June 31	0	408	408	0	0	0	5,615	5,615
14	1 July 31 to 30 June 32	0	255	255	0	0	0	5,615	5,615
15	1 July 32 to 30 June 33	0	159	159	0	0	0	5,615	5,615
16	1 July 33 to 30 June 34	0	100	100	0	0	0	5,615	5,615
17	1 July 34 to 30 June 35	0	62	62	0	0	0	5,615	5,615
18	1 July 35 to 30 June 36	0	39	39	0	0	0	5,615	5,615
19	1 July 36 to 30 June 37	0	24	24	0	0	0	5,615	5,615
20	1 July 37 to 30 June 38	0	15	15	0	0	0	5,615	5,615
21	1 July 38 to 30 June 39	0	9	9	0	0	0	5,615	5,615
22	1 July 39 to 30 June 40	0	6	6	0	0	0	5,615	5,615
23	1 July 40 to 30 June 41	0	4	4	0	0	0	5,615	5,615
24	1 July 41 to 30 June 42	0	2	2	0	0	0	5,615	5,615
25	1 July 42 to 30 June 43	0	1	1	0	0	0	5,615	5,615
26	1 July 43 to 30 June 44	0	1	1	0	0	0	5,615	5,615
27	1 July 44 to 30 June 45	0	1	1	0	0	0	5,615	5,615
28	1 July 45 to 30 June 46	0	0	0	0	0	0	5,615	5,615
29	1 July 46 to 30 June 47	0	0	0	0	0	0	5,615	5,615
30	1 July 47 to 30 June 48	0	0	0	0	0	0	5,615	5,615
31	1 July 48 to 30 June 49	0	0	0	0	0	0	5,615	5,615
32	1 July 49 to 30 June 50	0	0	0	0	0	0	5,615	5,615
33	1 July 50 to 30 June 51	0	0	0	0	0	0	5,615	5,615
34	1 July 51 to 30 June 52	0	0	0	0	0	0	5,615	5,615
35	1 July 52 to 30 June 53	0	0	0	0	0	0	5,615	5,615
36	1 July 53 to 30 June 54	0	0	0	0	0	0	5,615	5,615
37	1 July 54 to 30 June 55	0	0	0	0	0	0	5,615	5,615
38	1 July 55 to 30 June 56	0	0	0	0	0	0	5,615	5,615
39	1 July 56 to 30 June 57	0	0	0	0	0	0	5,615	5,615
40	2057+	0	0	0	0	0	0	321	321
Totals		18,816	31,251	50,067	0	0	0	217,722	217,722

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	1,817	4,342	6,159	0	0	0	4,031	4,031
2	1 July 19 to 30 June 20	2,530	7,056	9,586	0	0	0	5,615	5,615
3	1 July 20 to 30 June 21	2,530	4,410	6,940	0	0	0	5,615	5,615
4	1 July 21 to 30 June 22	2,530	2,756	5,286	0	0	0	5,615	5,615
5	1 July 22 to 30 June 23	2,530	1,723	4,253	0	0	0	5,615	5,615
6	1 July 23 to 30 June 24	2,530	1,077	3,607	0	0	0	5,615	5,615
7	1 July 24 to 30 June 25	2,521	673	3,194	0	0	0	5,615	5,615
8	1 July 25 to 30 June 26	2,334	421	2,755	0	0	0	5,615	5,615
9	1 July 26 to 30 June 27	2,334	263	2,597	0	0	0	5,615	5,615
10	1 July 27 to 30 June 28	2,334	164	2,498	0	0	0	5,615	5,615
11	1 July 28 to 30 June 29	1,201	103	1,304	0	0	0	5,615	5,615
12	1 July 29 to 30 June 30	748	64	812	0	0	0	5,615	5,615
13	1 July 30 to 30 June 31	397	40	437	0	0	0	5,615	5,615
14	1 July 31 to 30 June 32	253	25	278	0	0	0	5,615	5,615
15	1 July 32 to 30 June 33	253	16	269	0	0	0	5,615	5,615
16	1 July 33 to 30 June 34	67	10	76	0	0	0	5,615	5,615
17	1 July 34 to 30 June 35	0	6	6	0	0	0	5,615	5,615
18	1 July 35 to 30 June 36	0	4	4	0	0	0	5,615	5,615
19	1 July 36 to 30 June 37	0	2	2	0	0	0	5,615	5,615
20	1 July 37 to 30 June 38	0	1	1	0	0	0	5,615	5,615
21	1 July 38 to 30 June 39	0	1	1	0	0	0	5,615	5,615
22	1 July 39 to 30 June 40	0	1	1	0	0	0	5,615	5,615
23	1 July 40 to 30 June 41	0	0	0	0	0	0	5,615	5,615
24	1 July 41 to 30 June 42	0	0	0	0	0	0	5,615	5,615
25	1 July 42 to 30 June 43	0	0	0	0	0	0	5,615	5,615
26	1 July 43 to 30 June 44	0	0	0	0	0	0	5,615	5,615
27	1 July 44 to 30 June 45	0	0	0	0	0	0	5,615	5,615
28	1 July 45 to 30 June 46	0	0	0	0	0	0	5,615	5,615
29	1 July 46 to 30 June 47	0	0	0	0	0	0	5,615	5,615
30	1 July 47 to 30 June 48	0	0	0	0	0	0	5,615	5,615
31	1 July 48 to 30 June 49	0	0	0	0	0	0	5,615	5,615
32	1 July 49 to 30 June 50	0	0	0	0	0	0	5,615	5,615
33	1 July 50 to 30 June 51	0	0	0	0	0	0	5,615	5,615
34	1 July 51 to 30 June 52	0	0	0	0	0	0	5,615	5,615
35	1 July 52 to 30 June 53	0	0	0	0	0	0	5,615	5,615
36	1 July 53 to 30 June 54	0	0	0	0	0	0	5,615	5,615
37	1 July 54 to 30 June 55	0	0	0	0	0	0	5,615	5,615
38	1 July 55 to 30 June 56	0	0	0	0	0	0	5,615	5,615
39	1 July 56 to 30 June 57	0	0	0	0	0	0	5,615	5,615
40	2057+	0	0	0	0	0	0	321	321
Totals		26,909	23,158	50,067	0	0	0	217,722	217,722

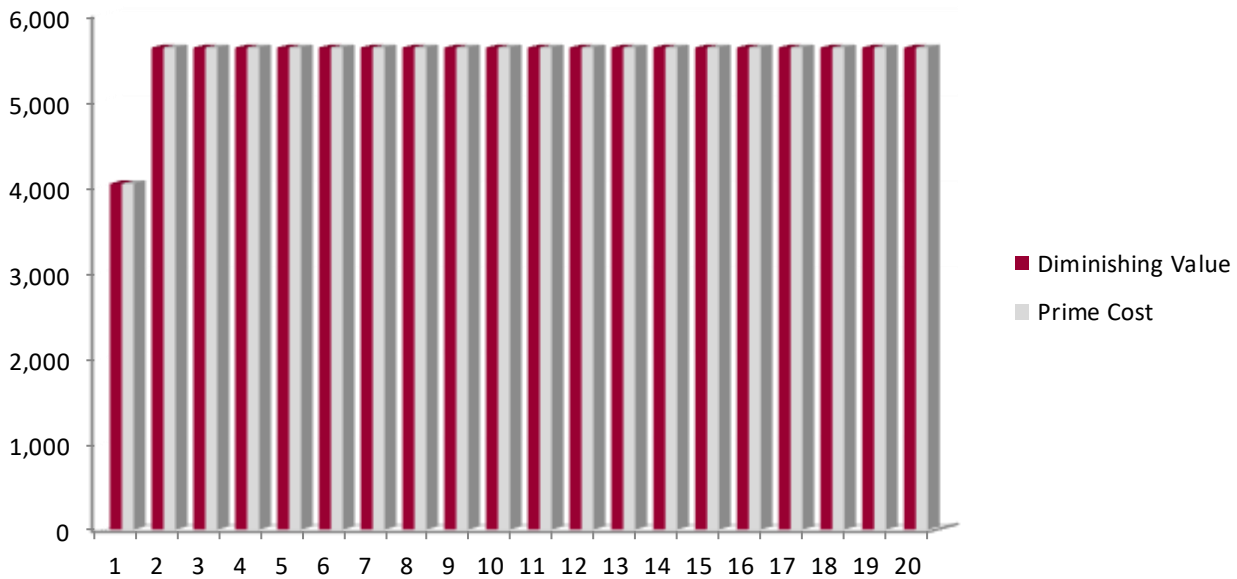
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

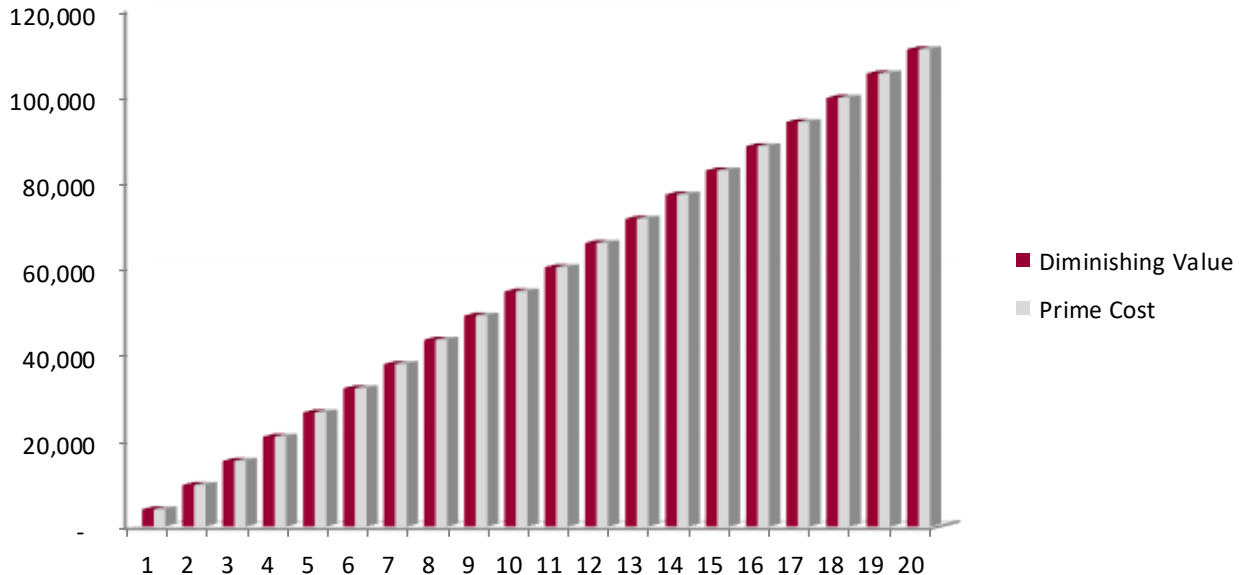
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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
Total Expenditure Analysed	\$517,125

Historical Construction Details

Construction Start Date	1 October 2016
Construction Completion Date	19 July 2017
Historical Construction Cost (Estimated)*	\$266,647

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

Division 40 (Plant) - Original Assets**	\$50,067
Division 40 (Plant) - Post Expenditure	\$0
Division 43	\$217,722
Land (Assessed)	\$189,173
Balance of Capital Expenditure***	\$60,163
Total Expenditure Analysed	\$517,125

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
Air-conditioning assets (excl. ducting, pipes & vents)													
Mini split system upto 20KW	20.00%	11-Oct-18	7,134	1,024	1,222	978	782	626	501	400	320	256	205
Bathroom assets													
Exhaust fans (including light/heating)	18.75%	11-Oct-18	1,115	209	340	212	133	83	52	32	20	13	8
Blinds Residential	18.75%	11-Oct-18	6,349	1,190	1,935	1,209	756	472	295	184	115	72	45
Ceiling Fans	18.75%	11-Oct-18	1,858	348	566	354	221	138	86	54	34	21	13
Door closers	18.75%	11-Oct-18	1,070	201	326	204	127	80	50	31	19	12	8
Fire control assets													
Detection & alarm systems, detectors	18.75%	11-Oct-18	1,962	368	598	374	233	146	91	57	36	22	14
Floor coverings (removable without damage)													
Carpets	20.00%	11-Oct-18	5,240	752	898	718	574	460	368	294	235	353	221
Floating timber	13.33%	11-Oct-18	3,790	363	457	396	343	297	258	223	194	168	145
Furniture	18.75%	11-Oct-18	6,242	1,170	1,902	1,189	743	464	290	181	113	71	44
Garage doors, automatic													
Motors	20.00%	11-Oct-18	1,783	256	305	244	367	229	143	89	56	35	22
Garbage disposal													
Garbage bins	18.75%	11-Oct-18	238	45	72	45	28	18	11	7	4	3	2
Hot water systems (excluding piping)													
Gas or electric	16.67%	11-Oct-18	3,270	391	480	400	333	278	231	193	362	226	141
Kitchen assets													
Cooktops	16.67%	11-Oct-18	1,263	151	185	348	217	136	85	53	33	21	13
Dishwashers	20.00%	11-Oct-18	1,709	245	293	234	351	220	137	86	54	34	21
Ovens	16.67%	11-Oct-18	1,412	169	207	173	324	202	126	79	49	31	19
Rangehoods	18.75%	11-Oct-18	713	134	217	136	85	53	33	21	13	8	5
Laundry assets													
Clothes dryers	18.75%	11-Oct-18	669	125	204	127	80	50	31	19	12	8	5
Lights													
Shades, removable	18.75%	11-Oct-18	2,943	552	897	560	350	219	137	86	53	33	21
Security systems & equipment													
Electronic	30.00% #N/A	11-Oct-18	1,308	282	308	269	168	105	66	41	26	16	10
Pooled Plant Total				4,342	7,056	5,027	4,183	2,615	1,634	1,021	1,000	978	611
Effective Life Plant Total				3,634	4,355	3,143	2,033	1,660	1,357	1,111	749	424	350
Total Division 40			50,067	7,976	11,411	8,170	6,216	4,275	2,991	2,132	1,749	1,402	962

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 2017	2.50%	11-Oct-18	213,174	3,947	5,498	5,498	5,498	5,498	5,498	5,498	5,498	5,498	5,498
Structural Improvements - Completed 2017	2.50%	11-Oct-18	4,548	84	117	117	117	117	117	117	117	117	117
Total Division 43			217,722	4,031	5,615	5,615	5,615	5,615	5,615	5,615	5,615	5,615	5,615
Total Depreciation			267,789	12,007	17,026	13,785	11,831	9,890	8,606	7,747	7,364	7,017	6,577

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%	11-Oct-18	7,134	512	713	713	713	713	713	713	713	713	713
Bathroom assets													
Exhaust fans (including light/heating)	18.75%	11-Oct-18	1,115	209	340	212	133	83	52	32	20	13	8
Blinds Residential	18.75%	11-Oct-18	6,349	1,190	1,935	1,209	756	472	295	184	115	72	45
Ceiling Fans	18.75%	11-Oct-18	1,858	348	566	354	221	138	86	54	34	21	13
Door closers	18.75%	11-Oct-18	1,070	201	326	204	127	80	50	31	19	12	8
Fire control assets													
Detection & alarm systems, detectors	18.75%	11-Oct-18	1,962	368	598	374	233	146	91	57	36	22	14
Floor coverings (removable without damage)													
Carpets	10.00%	11-Oct-18	5,240	376	524	524	524	524	524	524	524	524	524
Floating timber	6.67%	11-Oct-18	3,790	181	253	253	253	253	253	253	253	253	253
Furniture	18.75%	11-Oct-18	6,242	1,170	1,902	1,189	743	464	290	181	113	71	44
Garage doors, automatic													
Motors	10.00%	11-Oct-18	1,783	128	178	178	178	178	178	178	178	178	178
Garbage disposal													
Garbage bins	18.75%	11-Oct-18	238	45	72	45	28	18	11	7	4	3	2
Hot water systems (excluding piping)													
Gas or electric	8.33%	11-Oct-18	3,270	196	272	272	272	272	272	272	272	272	272
Kitchen assets													
Cooktops	8.33%	11-Oct-18	1,263	76	105	105	105	105	105	105	105	105	105
Dishwashers	10.00%	11-Oct-18	1,709	123	171	171	171	171	171	171	171	171	171
Ovens	8.33%	11-Oct-18	1,412	84	118	118	118	118	118	118	118	118	118
Rangehoods	18.75%	11-Oct-18	713	134	217	136	85	53	33	21	13	8	5
Laundry assets													
Clothes dryers	18.75%	11-Oct-18	669	125	204	127	80	50	31	19	12	8	5
Lights													
Shades, removable	18.75%	11-Oct-18	2,943	552	897	560	350	219	137	86	53	33	21
Security systems & equipment													
Electronic	15.00%	11-Oct-18	1,308	141	196	196	196	196	196	187			
Pooled Plant Total				4,342	7,056	4,410	2,756	1,723	1,077	673	421	263	164
Effective Life Plant Total				1,817	2,530	2,530	2,530	2,530	2,530	2,521	2,334	2,334	2,334
Total Division 40			50,067	6,159	9,586	6,940	5,286	4,253	3,607	3,194	2,755	2,597	2,498

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 2017	2.50%	11-Oct-18	213,174	3,947	5,498	5,498	5,498	5,498	5,498	5,498	5,498	5,498	5,498
Structural Improvements - Completed 2017	2.50%	11-Oct-18	4,548	84	117	117	117	117	117	117	117	117	117
Total Division 43			217,722	4,031	5,615	5,615	5,615	5,615	5,615	5,615	5,615	5,615	5,615
Total Depreciation			267,789	10,190	15,201	12,555	10,901	9,868	9,222	8,809	8,370	8,212	8,113

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 2017	1 Oct 16 to 19 Jul 17	219,937	2.50%	5,498	213,174
Sub-total		219,937		5,498	213,174

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2017	1 Oct 16 to 19 Jul 17	4,693	2.50%	117	4,548
Sub-total		4,693		117	4,548
Totals		224,630		5,615	217,722

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

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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.