Tax Depreciation Report

3/21 Tasman Street,
Preston VIC 3072

Belma Akdag
176 Waterworks Rd
BERDAT , QLD 4061

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

Belma Akdag
176 Waterworks Rd
BERDAT , QLD 4061

October 2018
Job No: RES3072003

Tax Depreciation Report – 3/21 Tasman Street, Preston VIC 3072

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

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

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

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

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

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

Yours Sincerely

Koste Pty Ltd

Koste Pty Ltd
Tax Depreciation Quantity Surveyors

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1. Property Information

Date of Report

8 October 2018

Purchaser

Belma Akdag

Property Address

3/21 Tasman Street, Preston VIC 3072

Real Property Description

LOT 3 RP17717

Property Type

Residential Townhouse

Date of Construction

1 January 1980

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 deprecating 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

Diminishing value method is often the most popular form of depreciation due to the cash-flow benefits in the early years of asset ownership.

Benefits

- 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)

Calculation Example

Under Diminishing Value method, the effective life is dividing by 200.

200 / 10 Years = 20% (Adjusted Value)

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
$2,000	$1,600	$1,280	$1,024	$819.20

Prime Cost Method

Prime Cost Method of Depreciation, often referred to as straight line depreciation is depreciated at a constant rate each year.

Benefits

- Write off assets when they are demolished or disposed.

Calculation Example

Under Prime Cost method, the effective life is dividing by 100.

100 / 10 Years = 10% (Straight Line)

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
$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	18 June 10 to 30 June 10	134	0	134	12	**146**
2	1 July 10 to 30 June 11	4,612	0	4,612	937	**5,549**
3	1 July 11 to 30 June 12	3,714	0	3,714	941	**4,655**
4	1 July 12 to 30 June 13	3,024	0	3,024	941	**3,965**
5	1 July 13 to 30 June 14	2,487	0	2,487	941	**3,428**
6	1 July 14 to 30 June 15	2,061	0	2,061	941	**3,002**
7	1 July 15 to 30 June 16	1,719	0	1,719	941	**2,660**
8	1 July 16 to 30 June 17	536	1,903	2,439	941	**3,380**
9	1 July 17 to 30 June 18	352	1,542	1,894	941	**2,835**
10	1 July 18 to 30 June 19	317	964	1,281	941	**2,222**
11	1 July 19 to 30 June 20	285	602	888	941	**1,829**
12	1 July 20 to 30 June 21	257	376	633	941	**1,574**
13	1 July 21 to 30 June 22	231	235	466	941	**1,407**
14	1 July 22 to 30 June 23	208	147	355	941	**1,296**
15	1 July 23 to 30 June 24	187	92	279	941	**1,220**
16	1 July 24 to 30 June 25	168	57	226	941	**1,167**
17	1 July 25 to 30 June 26	152	36	188	941	**1,129**
18	1 July 26 to 30 June 27	136	22	159	941	**1,100**
19	1 July 27 to 30 June 28	123	14	137	941	**1,078**
20	1 July 28 to 30 June 29	111	9	119	941	**1,060**
21	1 July 29 to 30 June 30	0	379	379	941	**1,320**
22	1 July 30 to 30 June 31	0	237	237	941	**1,178**
23	1 July 31 to 30 June 32	0	148	148	941	**1,089**
24	1 July 32 to 30 June 33	0	92	92	941	**1,033**
25	1 July 33 to 30 June 34	0	58	58	941	**999**
26	1 July 34 to 30 June 35	0	36	36	941	**977**
27	1 July 35 to 30 June 36	0	23	23	896	**919**
28	1 July 36 to 30 June 37	0	14	14	849	**863**
29	1 July 37 to 30 June 38	0	9	9	849	**858**
30	1 July 38 to 30 June 39	0	6	6	849	**855**
31	1 July 39 to 30 June 40	0	3	3	849	**852**
32	1 July 40 to 30 June 41	0	2	2	849	**851**
33	1 July 41 to 30 June 42	0	1	1	849	**850**
34	1 July 42 to 30 June 43	0	1	1	849	**850**
35	1 July 43 to 30 June 44	0	1	1	849	**850**
36	1 July 44 to 30 June 45	0	0	0	772	**772**
37	1 July 45 to 30 June 46	0	0	0	597	**597**
38	1 July 46 to 30 June 47	0	0	0	597	**597**
39	1 July 47 to 30 June 48	0	0	0	597	**597**
40	2048+	0	0	0	1,209	**1,209**
	Totals	**20,814**	**7,010**	**27,824**	**34,993**	**62,817**

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	18 June 10 to 30 June 10	67	0	67	12	**79**
2	1 July 10 to 30 June 11	2,320	0	2,320	937	**3,257**
3	1 July 11 to 30 June 12	2,322	0	2,322	941	**3,263**
4	1 July 12 to 30 June 13	2,322	0	2,322	941	**3,263**
5	1 July 13 to 30 June 14	2,322	0	2,322	941	**3,263**
6	1 July 14 to 30 June 15	2,311	0	2,311	941	**3,252**
7	1 July 15 to 30 June 16	2,017	0	2,017	941	**2,958**
8	1 July 16 to 30 June 17	2,006	0	2,006	941	**2,947**
9	1 July 17 to 30 June 18	1,993	0	1,993	941	**2,934**
10	1 July 18 to 30 June 19	1,993	0	1,993	941	**2,934**
11	1 July 19 to 30 June 20	1,966	0	1,966	941	**2,907**
12	1 July 20 to 30 June 21	1,141	0	1,141	941	**2,082**
13	1 July 21 to 30 June 22	1,114	0	1,114	941	**2,055**
14	1 July 22 to 30 June 23	799	0	799	941	**1,740**
15	1 July 23 to 30 June 24	659	0	659	941	**1,600**
16	1 July 24 to 30 June 25	578	0	578	941	**1,519**
17	1 July 25 to 30 June 26	380	0	380	941	**1,321**
18	1 July 26 to 30 June 27	380	0	380	941	**1,321**
19	1 July 27 to 30 June 28	380	0	380	941	**1,321**
20	1 July 28 to 30 June 29	380	0	380	941	**1,321**
21	1 July 29 to 30 June 30	373	0	373	941	**1,314**
22	1 July 30 to 30 June 31	0	0	0	941	**941**
23	1 July 31 to 30 June 32	0	0	0	941	**941**
24	1 July 32 to 30 June 33	0	0	0	941	**941**
25	1 July 33 to 30 June 34	0	0	0	941	**941**
26	1 July 34 to 30 June 35	0	0	0	941	**941**
27	1 July 35 to 30 June 36	0	0	0	896	**896**
28	1 July 36 to 30 June 37	0	0	0	849	**849**
29	1 July 37 to 30 June 38	0	0	0	849	**849**
30	1 July 38 to 30 June 39	0	0	0	849	**849**
31	1 July 39 to 30 June 40	0	0	0	849	**849**
32	1 July 40 to 30 June 41	0	0	0	849	**849**
33	1 July 41 to 30 June 42	0	0	0	849	**849**
34	1 July 42 to 30 June 43	0	0	0	849	**849**
35	1 July 43 to 30 June 44	0	0	0	849	**849**
36	1 July 44 to 30 June 45	0	0	0	772	**772**
37	1 July 45 to 30 June 46	0	0	0	597	**597**
38	1 July 46 to 30 June 47	0	0	0	597	**597**
39	1 July 47 to 30 June 48	0	0	0	597	**597**
40	2048+	0	0	0	1,209	**1,209**
	Totals	**27,824**	**0**	**27,824**	**34,993**	**62,817**

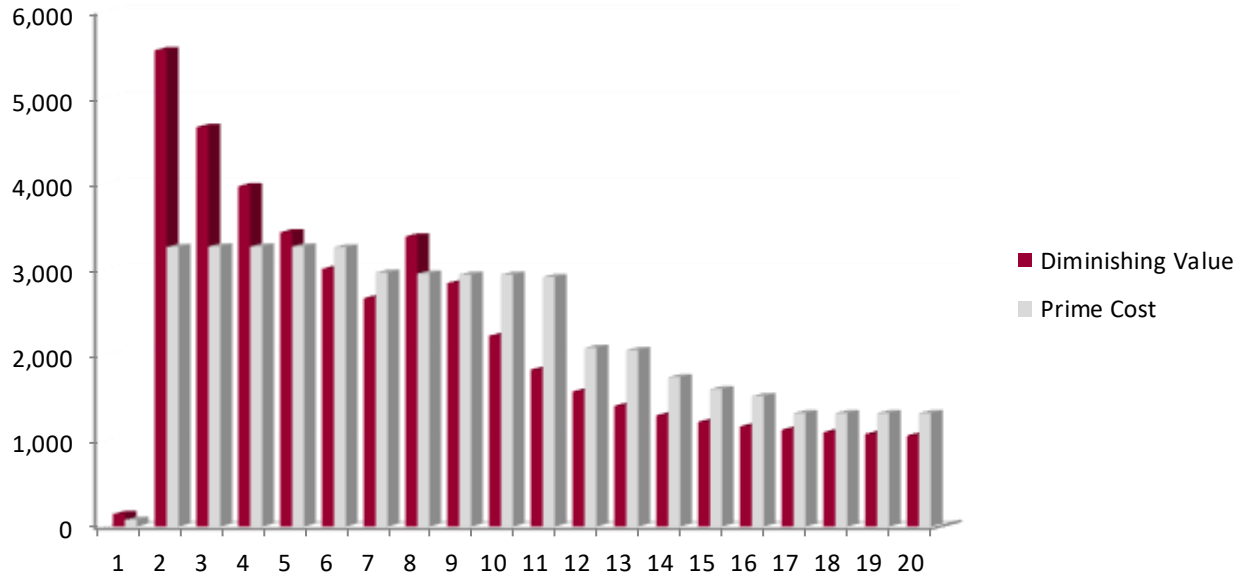
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

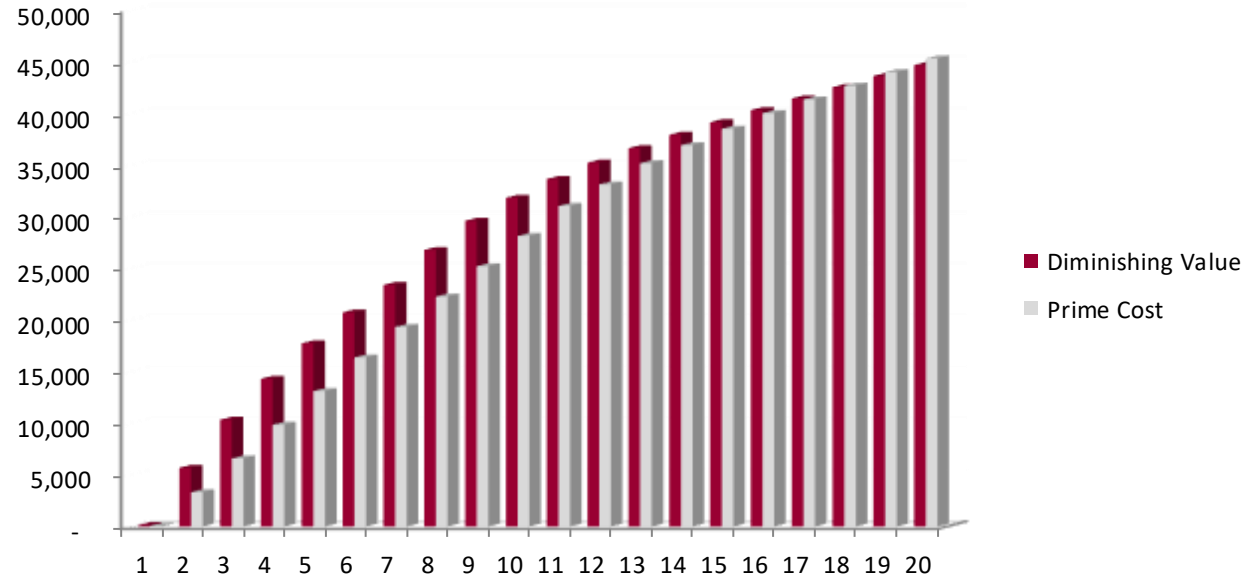
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	$1,000	$100	$900	$100

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	18 June 2010
Settlement Date	18 June 2010

Expenditure Analysed	
Purchase Price	$175,000
Legals	$500
Post Expenditure*	$9,904
Total Expenditure Analysed	**$185,404**

Historical Construction Details	
Construction Start Date	5 July 1979
Construction Completion Date	1 January 1980
Historical Construction Cost (Estimated)**	$75,432

9. Reconciliation of Capital Expenditure

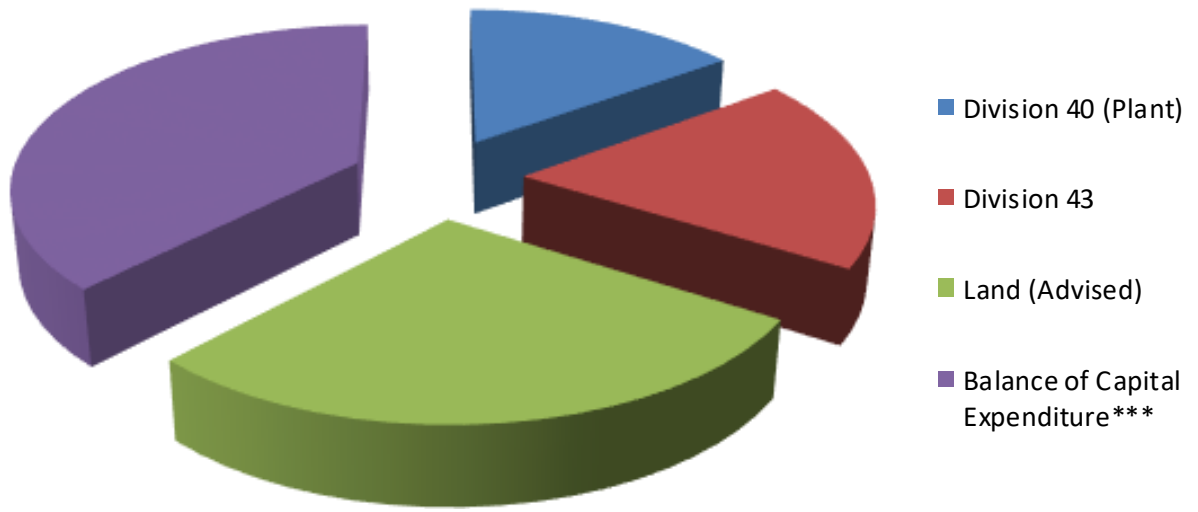
Apportionment of cost relating to:	
Division 40 (Plant)	$27,824
Division 43	$34,993
Land (Advised)	$52,500
Balance of Capital Expenditure***	$70,087
Total Expenditure Analysed	**$185,404**

Notes

* This report is taking account of 50% ownership purchase ($175,000). Post expenditure is based on remaining 20% of completion. No future deduction is required.

** 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
Air-conditioning assets (excl. ducting, pipes & vents)													
Mini split system upto 20KW	20.00%	18-Jun-10	2,365	16	470	376	301	241	192	154	231	144	90
Bathroom assets													
Exhaust fans (including light/heating)	20.00%	18-Jun-10	246	2	49	39	31	25	20	16	24	15	9
Blinds Residential	20.00%	18-Jun-10	1,409	9	280	224	179	143	115	92	138	86	54
Door closers	20.00%	18-Jun-10	709	5	141	113	90	72	58	46	69	43	27
Fire control assets													
Detection & alarm systems, detectors	10.00%	18-Jun-10	217	1	22	19	17	16	14	13	43	27	17
Floor coverings (removable without damage)													
Floating timber	13.33%	18-Jun-10	2,574	11	342	296	257	222	193	167	145	353	221
Furniture	15.00%	18-Jun-10	2,444	12	365	310	264	224	190	162	344	215	134
Garage doors, automatic													
Motors	20.00%	18-Jun-10	1,182	8	235	188	150	120	96	77	115	72	45
Garbage disposal													
Garbage bins	30.00%	18-Jun-10	158	2	47	33	23	16	11	8	7	4	3
Garden sheds, freestanding	20.00%	18-Jun-10	394	3	78	63	50	40	32	26	38	24	15
Heating units													
Gas ducted central heating	10.00%	18-Jun-10	7,389	24	736	663	597	537	483	435	391	352	317
Hot water systems (excluding piping)													
Gas or electric	16.67%	18-Jun-10	1,773	10	294	245	204	170	142	118	221	138	87
Kitchen assets													
Cooktops	16.67%	18-Jun-10	670	4	111	93	77	64	54	45	84	52	33
Dishwashers	20.00%	18-Jun-10	946	6	188	150	120	96	77	62	92	58	36
Ovens	16.67%	18-Jun-10	867	5	144	120	100	83	69	58	108	68	42
Rangehoods	16.67%	18-Jun-10	355	2	59	49	41	34	28	24	44	28	17
Lights													
Shades, removable	40.00%	18-Jun-10	1,214	16	479	287	172	103	62	37	21	13	8
Additional Items (Post Expenditure)				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%	2-Jul-10	600		119	96	77	62	49	39	59	37	23
Blinds Residential	20.00%	2-Jul-10	358		71	57	46	37	29	23	35	22	14
Carried forward			**25,870**	**134**	**4,229**	**3,421**	**2,797**	**2,306**	**1,916**	**1,601**			

Diminishing Value Depreciation Schedule (cont.)

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
Brought forward			25,870	134	4,229	3,421	2,797	2,306	1,916	1,601			
Floor coverings (removable without damage)													
Floating timber	13.33%	2-Jul-10	653		87	76	65	57	49	43	104	65	41
Furniture	15.00%	2-Jul-10	173		26	22	19	16	14	12	24	15	10
Garden sheds, freestanding	20.00%	2-Jul-10	100		20	16	13	10	8	7	10	6	4
Kitchen assets													
Cooktops	16.67%	2-Jul-10	170		28	24	20	16	14	11	21	13	8
Dishwashers	20.00%	2-Jul-10	240		48	38	31	25	20	16	24	15	9
Ovens	16.67%	2-Jul-10	220		36	31	25	21	18	15	28	17	11
Rangehoods	16.67%	2-Jul-10	90		15	13	10	9	7	6	11	7	4
Lights													
Shades, removable	40.00%	2-Jul-10	308		123	74	45	27	16	10	5	3	2
Pooled Plant Total											1,903	1,542	964
Effective Life Plant Total				134	4,612	3,714	3,024	2,487	2,061	1,719	536	352	317
Total Division 40			27,824	134	4,612	3,714	3,024	2,487	2,061	1,719	2,439	1,894	1,281

Division 43 - Capital Works Allowance	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 1995	2.50%	18-Jun-10	1,580	2	62	62	62	62	62	62	62	62	62
Building Works - Completed 2005	2.50%	18-Jun-10	6,942	7	200	200	200	200	200	200	200	200	200
Building Works - Completed 2010	2.50%	02-Jul-10	19,476		484	487	487	487	487	487	487	487	487
Structural Improvements - Completed 1995	2.50%	18-Jun-10	770	1	30	30	30	30	30	30	30	30	30
Structural Improvements - Completed 2005	2.50%	18-Jun-10	1,810	2	52	52	52	52	52	52	52	52	52
Structural Improvements - Completed 2010	2.50%	02-Jul-10	4,415		109	110	110	110	110	110	110	110	110
Total Division 43			34,993	12	937	941	941	941	941	941	941	941	941
Total Depreciation			62,817	146	5,549	4,655	3,965	3,428	3,002	2,660	3,380	2,835	2,222

11. Prime Cost Depreciation Schedule

Assets Generally Division 40 - Plant and Equipment	Prime Cost 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%	18-Jun-10	2,365	8	236	236	236	236	236	236	236	236	236
Bathroom assets													
Exhaust fans (including light/heating)	10.00%	18-Jun-10	246	1	25	25	25	25	25	25	25	25	25
Blinds Residential	10.00%	18-Jun-10	1,409	5	141	141	141	141	141	141	141	141	141
Door closers	10.00%	18-Jun-10	709	2	71	71	71	71	71	71	71	71	71
Fire control assets													
Detection & alarm systems, detectors	5.00%	18-Jun-10	217	0	11	11	11	11	11	11	11	11	11
Floor coverings (removable without damage)													
Floating timber	6.67%	18-Jun-10	2,574	6	172	172	172	172	172	172	172	172	172
Furniture	7.50%	18-Jun-10	2,444	6	183	183	183	183	183	183	183	183	183
Garage doors, automatic													
Motors	10.00%	18-Jun-10	1,182	4	118	118	118	118	118	118	118	118	118
Garbage disposal													
Garbage bins	15.00%	18-Jun-10	158	1	24	24	24	24	24	24	13		
Garden sheds, freestanding	10.00%	18-Jun-10	394	1	39	39	39	39	39	39	39	39	39
Heating units													
Gas ducted central heating	5.00%	18-Jun-10	7,389	12	369	369	369	369	369	369	369	369	369
Hot water systems (excluding piping)													
Gas or electric	8.33%	18-Jun-10	1,773	5	148	148	148	148	148	148	148	148	148
Kitchen assets													
Cooktops	8.33%	18-Jun-10	670	2	56	56	56	56	56	56	56	56	56
Dishwashers	10.00%	18-Jun-10	946	3	95	95	95	95	95	95	95	95	95
Ovens	8.33%	18-Jun-10	867	2	72	72	72	72	72	72	72	72	72
Rangehoods	8.33%	18-Jun-10	355	1	30	30	30	30	30	30	30	30	30
Lights													
Shades, removable	20.00%	18-Jun-10	1,214	8	243	243	243	243	234				
Additional Items (Post Expenditure)				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%	02-Jul-10	600		60	60	60	60	60	60	60	60	60
Blinds Residential	10.00%	02-Jul-10	358		36	36	36	36	36	36	36	36	36
Carried forward			**25,870**	**67**	**2,128**	**2,129**	**2,129**	**2,129**	**2,120**	**1,886**	**1,875**	**1,862**	**1,862**

Prime Cost Depreciation Schedule (cont.)

Assets Generally Division 40 - Plant and Equipment	Prime Cost 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
Brought forward			25,870	67	2,128	2,129	2,129	2,129	2,120	1,886	1,875	1,862	1,862
Floor coverings (removable without damage)													
Floating timber	6.67%	02-Jul-10	653		44	44	44	44	44	44	44	44	44
Furniture	7.50%	02-Jul-10	173		13	13	13	13	13	13	13	13	13
Garden sheds, freestanding	10.00%	02-Jul-10	100		10	10	10	10	10	10	10	10	10
Kitchen assets													
Cooktops	8.33%	02-Jul-10	170		14	14	14	14	14	14	14	14	14
Dishwashers	10.00%	02-Jul-10	240		24	24	24	24	24	24	24	24	24
Ovens	8.33%	02-Jul-10	220		18	18	18	18	18	18	18	18	18
Rangehoods	8.33%	02-Jul-10	90		8	8	8	8	8	8	8	8	8
Lights													
Shades, removable	20.00%	02-Jul-10	308		62	62	62	62	60				
Pooled Plant Total													
Effective Life Plant Total				67	2,320	2,322	2,322	2,322	2,311	2,017	2,006	1,993	1,993
Total Division 40			27,824	67	2,320	2,322	2,322	2,322	2,311	2,017	2,006	1,993	1,993

Division 43 - Capital Works Allowance	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 1995	2.50%	18-Jun-10	1,580	2	62	62	62	62	62	62	62	62	62
Building Works - Completed 2005	2.50%	18-Jun-10	6,942	7	200	200	200	200	200	200	200	200	200
Building Works - Completed 2010	2.50%	02-Jul-10	19,476		484	487	487	487	487	487	487	487	487
Structural Improvements - Completed 1995	2.50%	18-Jun-10	770	1	30	30	30	30	30	30	30	30	30
Structural Improvements - Completed 2005	2.50%	18-Jun-10	1,810	2	52	52	52	52	52	52	52	52	52
Structural Improvements - Completed 2010	2.50%	02-Jul-10	4,415		109	110	110	110	110	110	110	110	110
Total Division 43			34,993	12	937	941	941	941	941	941	941	941	941
Total Depreciation			62,817	79	3,257	3,263	3,263	3,263	3,252	2,958	2,947	2,934	2,934

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 1995	12 Nov 95 to 12 Dec 95	2,481	2.50%	62	1,580
Building Works - Completed 2005	13 Feb 05 to 15 Mar 05	7,994	2.50%	200	6,942
Building Works - Completed 2010	18 Jun 10 to 2 Jul 10	19,476	2.50%	487	19,476
Sub-total		29,951		749	27,998

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 1995	12 Nov 95 to 12 Dec 95	1,208	2.50%	30	770
Structural Improvements - Completed 2005	13 Feb 05 to 15 Mar 05	2,084	2.50%	52	1,810
Structural Improvements - Completed 2010	18 Jun 10 to 2 Jul 10	4,415	2.50%	110	4,415
Sub-total		7,707		192	6,995
Totals		37,658		941	34,993

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.

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.