



## Tax Depreciation Report

The Moorings, 67/63 Cavill Ave,  
Surfers Paradise QLD 4217

Annette Craigie and Colin Craigie  
C/- PO Box 808  
SUFERS PARADISE, QLD 4217

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

Annette Craigie and Colin Craigie  
C/- PO Box 808  
SUFERS PARADISE, QLD 4217

October 2018  
Job No: RES4217144

**Tax Depreciation Report – The Moorings, 67/63 Cavill Ave, Surfers Paradise QLD 4217**

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

12 October 2018

### Purchaser

Annette Craigie and Colin Craigie

### Property Address

The Moorings, 67/63 Cavill Ave, Surfers Paradise QLD 4217

### Real Property Description

LOT 67 SP270976

### Property Type

Residential Unit

### Date of Construction

Pre 1985

### Property Photo



## 2. Report Details

### 2.1 Introduction

Koste Pty Ltd has prepared an independent Tax Depreciation Schedule for the purchase of the subject property under the Income Tax Act 1997.

We have evaluated and reported the allowances based on the following:

#### **Division 40 (Capital Allowances)**

Referred to as Depreciating Assets, identified as assets which can be removed with ease including; Appliances, Furnishings and the like. Koste will identify and provide an analysis using both Diminishing Value and Prime Cost methods of depreciation. All items which have a value less than \$300 will be written off in the first year.

#### **Division 40 (Capital Allowances) - Low Value Pool**

Low Cost Assets are depreciating assets which have a cost of between \$300 and \$1,000 at your purchase date. These assets are depreciated at 18.75% in the first year, and 37.5% in each subsequent year.

#### **Division 43 (Capital Works)**

Capital works often referred to as Building Allowances entitles the tax payer to a deduction on assessable income producing buildings and other capital works. The opening value of these assets will be calculated on the date of installation; typical assets may include Windows, Doors and Walls.

### **3. Capital Allowances**

#### **3.1 Entitlement**

Capital Allowances Division 40 of the Income Tax Act 1997 allows the taxpayer to a deduction of the decline in value of a depreciating asset used for income producing purpose over its effective life. A depreciating asset will deteriorate over the life and will therefore decline in value.

#### **3.2 Qualifying Expenditure Calculation**

On a property acquisition, Capital Allowances (Plant and Equipment) are based on a reasonable apportionment of the purchase price relating to qualifying plant under the Income Tax Assessment Act (ITAA) 1977 Section 40 – 195.

#### **3.3 Effective Life**

The Commissioner of Taxation provides regular tax rulings which determine the period an asset can be used to produce income. Included within this report is as new effective life rates.

#### **3.4 Immediate Write-Off Assets**

A depreciating asset which costs less than \$300 can be immediately written off under Division 40 of ITAA. Please note that this is only applicable to residential property investments.

#### **3.5 Low Value Pool**

Assets which have a starting value of between \$300 and \$1000 have been included within the Low Value Pool. These assets are depreciated at 18.75% in the first year and 37.5% for all subsequent years on a diminishing basis.

An asset that has a written down value under \$1000 in following years will be allocated to the low value pool and depreciated at 37.5% using diminishing value method. This method does not apply to assets that were depreciated using the prime cost method in any previous years.

### 3.6 Method of Depreciation

We provide you with a choice to calculate the decline in value for depreciating assets. Your choice on whether to use Diminishing Value or Prime Cost method of depreciation should be discussed with your accountant. Once a depreciation method is chosen for an asset this cannot be changed.

Diminishing Value Method					Prime Cost Method				
<p>Diminishing value method is often the most popular form of depreciation due to the cash-flow benefits in the early years of asset ownership.</p>					<p>Prime Cost Method of Depreciation, often referred to as straight line depreciation is depreciated at a constant rate each year.</p>				
Benefits					Benefits				
<ul style="list-style-type: none"> <li>• Cash-flow during initial years of asset ownership</li> <li>• Ability to use Low Value Pool for assets less than \$1000 (Note: unable to write off these assets)</li> </ul>					<ul style="list-style-type: none"> <li>• Write off assets when they are demolished or disposed.</li> </ul>				
Calculation Example					Calculation Example				
<p>Under Diminishing Value method, the effective life is dividing by 200.</p> <p><b>200 / 10 Years = 20% (Adjusted Value)</b></p> <p>If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.</p>					<p>Under Prime Cost method, the effective life is dividing by 100.</p> <p><b>100 / 10 Years = 10% (Straight Line)</b></p> <p>If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.</p>				
Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
\$2,000	\$1,600	\$1,280	\$1,024	\$819.20	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000

## **4. Capital Works**

### **4.1 Entitlement**

Capital Works Division 43 of the Income Tax Act 1997 allows the taxpayer to a deduction of the decline in value of a depreciating asset used for income producing purpose over its effective life.

### **4.2 Method of Depreciation**

Capital Works allowances under Division 43 are based on the historical construction costs and are not based on an apportionment of the purchase price. Where construction costs are not available, a qualified Quantity Surveyor will establish costs in accordance with the Tax Ruling TR97/25.

Capital Works are depreciated by Prime Cost method only, which may vary dependant on the date the construction works commenced and the property usage. Where a property has been updated over the years, capital works expenditure may be allocated in different periods. Clients must make any construction periods clear wherever possible to ensure your claim is maximised.

### **4.3 Method of Depreciation**

Structural improvements such as fencing, paths and other hard landscaping can also be written off at 2.5% per annum if construction started after 27 February 1992.



## 5. Summary of Entitlements – Diminishing Value Method

Year	Financial Year	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	7 February 97 to 30 June 97	5,901	0	5,901	47	5,948
2	1 July 97 to 30 June 98	1,678	0	1,678	120	1,798
3	1 July 98 to 30 June 99	3,812	0	3,812	481	4,293
4	1 July 99 to 30 June 00	6,968	0	6,968	859	7,827
5	1 July 00 to 30 June 01	3,756	0	3,756	859	4,615
6	1 July 01 to 30 June 02	3,183	0	3,183	859	4,042
7	1 July 02 to 30 June 03	2,709	0	2,709	859	3,568
8	1 July 03 to 30 June 04	2,316	0	2,316	859	3,175
9	1 July 04 to 30 June 05	1,988	0	1,988	867	2,855
10	1 July 05 to 30 June 06	1,713	0	1,713	884	2,597
11	1 July 06 to 30 June 07	1,482	0	1,482	884	2,366
12	1 July 07 to 30 June 08	1,286	0	1,286	884	2,170
13	1 July 08 to 30 June 09	1,120	0	1,120	884	2,004
14	1 July 09 to 30 June 10	979	0	979	884	1,863
15	1 July 10 to 30 June 11	857	0	857	884	1,741
16	1 July 11 to 30 June 12	753	0	753	884	1,637
17	1 July 12 to 30 June 13	381	964	1,346	884	2,230
18	1 July 13 to 30 June 14	342	603	945	886	1,831
19	1 July 14 to 30 June 15	307	377	684	915	1,599
20	1 July 15 to 30 June 16	275	235	511	915	1,426
21	1 July 16 to 30 June 17	247	147	394	915	1,309
22	1 July 17 to 30 June 18	222	92	314	915	1,229
23	1 July 18 to 30 June 19	93	413	505	915	1,420
24	1 July 19 to 30 June 20	0	609	609	915	1,524
25	1 July 20 to 30 June 21	0	381	381	915	1,296
26	1 July 21 to 30 June 22	0	238	238	915	1,153
27	1 July 22 to 30 June 23	0	149	149	915	1,064
28	1 July 23 to 30 June 24	0	93	93	915	1,008
29	1 July 24 to 30 June 25	0	58	58	915	973
30	1 July 25 to 30 June 26	0	36	36	915	951
31	1 July 26 to 30 June 27	0	23	23	915	938
32	1 July 27 to 30 June 28	0	14	14	915	929
33	1 July 28 to 30 June 29	0	9	9	915	924
34	1 July 29 to 30 June 30	0	6	6	892	898
35	1 July 30 to 30 June 31	0	3	3	829	832
36	1 July 31 to 30 June 32	0	2	2	829	831
37	1 July 32 to 30 June 33	0	1	1	829	830
38	1 July 33 to 30 June 34	0	1	1	819	820
39	1 July 34 to 30 June 35	0	1	1	803	804
40	2035+	0	1	1	3,401	3,402
<b>Totals</b>		<b>42,371</b>	<b>4,456</b>	<b>46,827</b>	<b>35,895</b>	<b>82,722</b>

The diminishing value method involves multiplying the remaining amount (or also known as the written down value) of the item by the depreciation rate each year. Hence the term diminishing value method as it diminishes in value each year never quite reaching zero.

### Example

	DV Rate	Opening Value	Year 1	WDV	Year 2
Carpet	20%	\$1,000	\$200	\$800	\$160

## 6. Summary of Entitlements – Prime Cost Method

Year	Financial Year	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	7 February 97 to 30 June 97	5,669	0	5,669	47	5,716
2	1 July 97 to 30 June 98	1,184	0	1,184	120	1,304
3	1 July 98 to 30 June 99	3,183	0	3,183	481	3,664
4	1 July 99 to 30 June 00	5,968	0	5,968	859	6,827
5	1 July 00 to 30 June 01	3,453	0	3,453	859	4,312
6	1 July 01 to 30 June 02	3,440	0	3,440	859	4,299
7	1 July 02 to 30 June 03	3,421	0	3,421	859	4,280
8	1 July 03 to 30 June 04	3,183	0	3,183	859	4,042
9	1 July 04 to 30 June 05	3,087	0	3,087	867	3,954
10	1 July 05 to 30 June 06	2,449	0	2,449	884	3,333
11	1 July 06 to 30 June 07	2,033	0	2,033	884	2,917
12	1 July 07 to 30 June 08	1,886	0	1,886	884	2,770
13	1 July 08 to 30 June 09	1,729	0	1,729	884	2,613
14	1 July 09 to 30 June 10	1,417	0	1,417	884	2,301
15	1 July 10 to 30 June 11	1,406	0	1,406	884	2,290
16	1 July 11 to 30 June 12	1,391	0	1,391	884	2,275
17	1 July 12 to 30 June 13	667	0	667	884	1,551
18	1 July 13 to 30 June 14	334	0	334	886	1,220
19	1 July 14 to 30 June 15	203	0	203	915	1,118
20	1 July 15 to 30 June 16	203	0	203	915	1,118
21	1 July 16 to 30 June 17	173	0	173	915	1,088
22	1 July 17 to 30 June 18	120	0	120	915	1,035
23	1 July 18 to 30 June 19	82	0	82	915	997
24	1 July 19 to 30 June 20	5	0	5	915	920
25	1 July 20 to 30 June 21	4	0	4	915	919
26	1 July 21 to 30 June 22	3	0	3	915	918
27	1 July 22 to 30 June 23	2	0	2	915	917
28	1 July 23 to 30 June 24	2	0	2	915	917
29	1 July 24 to 30 June 25	2	0	2	915	917
30	1 July 25 to 30 June 26	2	0	2	915	917
31	1 July 26 to 30 June 27	2	0	2	915	917
32	1 July 27 to 30 June 28	2	0	2	915	917
33	1 July 28 to 30 June 29	2	0	2	915	917
34	1 July 29 to 30 June 30	2	0	2	892	894
35	1 July 30 to 30 June 31	2	0	2	829	831
36	1 July 31 to 30 June 32	2	0	2	829	831
37	1 July 32 to 30 June 33	2	0	2	829	831
38	1 July 33 to 30 June 34	2	0	2	819	821
39	1 July 34 to 30 June 35	2	0	2	803	805
40	2035+	108	0	108	3,401	3,509
<b>Totals</b>		<b>46,827</b>	<b>0</b>	<b>46,827</b>	<b>35,895</b>	<b>82,722</b>

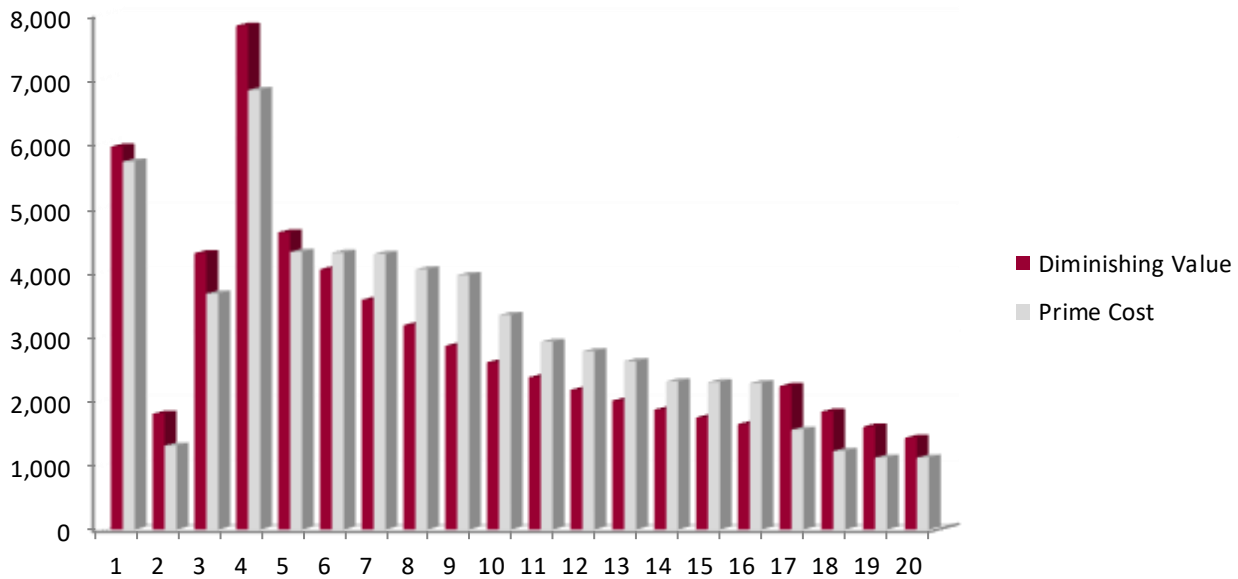
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

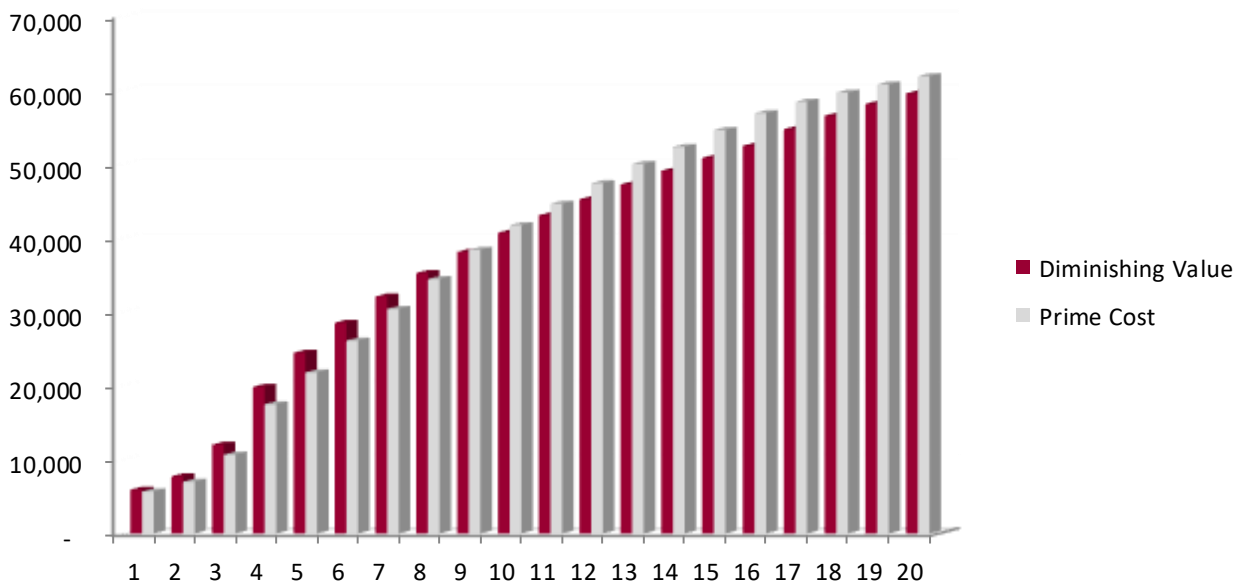
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	8 January 1997
Settlement Date	7 February 1997

### Expenditure Analysed

Purchase Price	\$150,000
Stamp Duty	\$3,975
Legals	\$1,037
Post Expenditure	\$52,138
<b>Total Expenditure Analysed</b>	<b>\$207,150</b>

### Historical Construction Details

Construction Start Date	Pre 1985
Construction Completion Date	Pre 1985

## 9. Reconciliation of Capital Expenditure

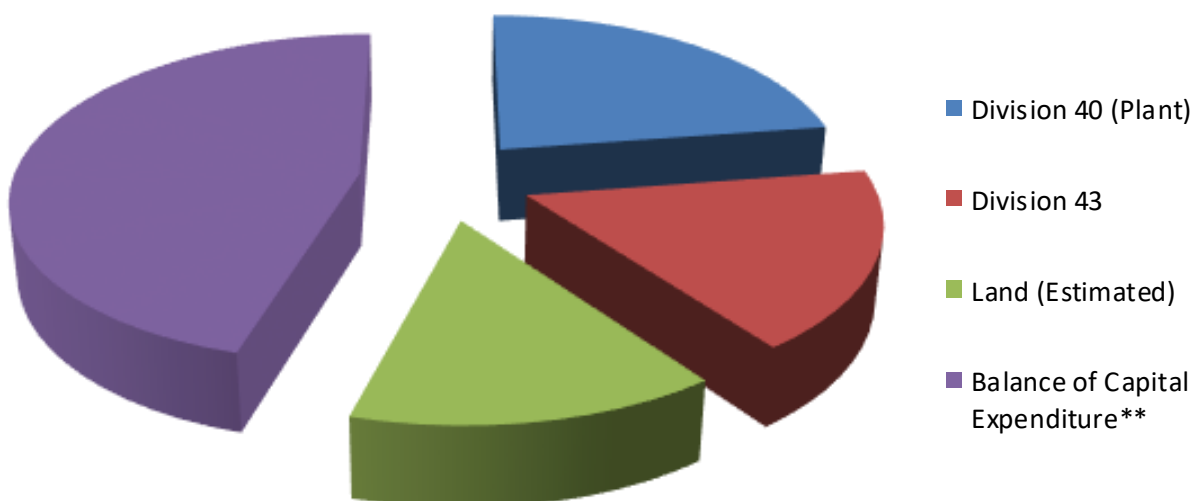
### Apportionment of cost relating to:

Division 40 (Plant)	\$46,827
Division 43	\$35,895
Land (Estimated)	\$29,933
Balance of Capital Expenditure**	\$94,495
<b>Total Expenditure Analysed</b>	<b>\$207,150</b>

### Notes

\* The historical construction has been calculated and the eligible qualifying expenditure for the purposes of calculating the Division 43 deductions capital works has been taken from this total by excluding the plant (Division 40) and any non eligible expenditure items

\*\* Balance of capital expenditure comprises the apportionment of all capital works which are ineligible for depreciation or capital allowances



## 10. Diminishing Value Depreciation Schedule

Assets Generally	Diminishing	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	Value Rate												
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>													
Mini split system upto 20KW	15.00%	7-Feb-97	2,122	125	300	255	217	184	156	133	113	96	82
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	1.50%	7-Feb-97	177	1	3	3	3	3	2	2	2	2	2
<b>Ceiling Fans</b>	100.00%	7-Feb-97	428	428									
<b>Computer systems</b>													
Building management system	30.00%	7-Feb-97	159	19	42	30	21	14	10	7	5	3	2
<b>Door closers</b>	100.00%	7-Feb-97	209	209									
<b>Electrical Machinery &amp; Equipment :</b>													
Motors	7.50%	7-Feb-97	8	0	1	1	0	0	0	0	0	0	0
<b>Fire control assets</b>													
Detection & alarm systems, detectors	100.00%	7-Feb-97	334	334									
Detection & alarm systems, fire indicator panel	7.50%	7-Feb-97	199	6	14	13	12	11	11	10	9	8	8
Emergency warning & intercommunication system	100.00%	7-Feb-97	179	179									
Hoses and nozzles	7.50%	7-Feb-97	194	6	14	13	12	11	10	10	9	8	8
Pumps, diesel & electric	100.00%	7-Feb-97	68	68									
Fire extinguishers	100.00%	7-Feb-97	5	5									
Stair pressurisation & extraction fans	7.50%	7-Feb-97	239	7	17	16	15	14	13	12	11	10	9
<b>Fire sprinklers - pumps only</b>	7.50%	7-Feb-97	68	2	5	5	4	4	4	3	3	3	3
<b>Furniture</b>	11.25%	7-Feb-97	164	7	18	16	14	12	11	10	9	8	7
<b>Furniture</b>	100.00%	7-Feb-97	1,285	1,285									
<b>Garbage disposal</b>													
Garbage bins	22.50%	7-Feb-97	669	59	137	106	82	64	49	38	30	23	18
<b>Hot water systems (excluding piping)</b>													
Gas or electric	7.50%	7-Feb-97	446	13	32	30	28	26	24	22	20	19	17
<b>Kitchen assets</b>													
Cooktops	100.00%	7-Feb-97	752	752									
Dishwashers	22.50%	7-Feb-97	1,061	94	218	169	131	101	79	61	47	37	28
Ovens	100.00%	7-Feb-97	973	973									
Rangehoods	100.00%	7-Feb-97	398	398									
<b>Laundry assets</b>													
Clothes dryers	100.00%	7-Feb-97	575	575									
<b>Lifts (including hydraulic &amp; tractions lifts)</b>	9.00%	7-Feb-97	7,736	273	672	611	556	506	461	419	381	347	316
Carried forward			18,446	5,815	1,473	1,266	1,095	951	830	727	640	565	500

## 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
<b>Division 40 - Plant and Equipment</b>													
	Brought forward		18,446	5,815	1,473	1,266	1,095	951	830	727	640	565	500
<b>Lights</b>													
Shades, removable	7.50%	7-Feb-97	565	17	41	38	35	33	30	28	26	24	22
MATV - amplifiers & modulators	15.00%	7-Feb-97	279	16	39	33	28	24	21	17	15	13	11
<b>Outdoor assets</b>													
Barbecues	7.50%	7-Feb-97	25	1	2	2	2	1	1	1	1	1	1
<b>Sauna &amp; spa equipment</b>													
Sauna heating assets	11.25%	7-Feb-97	64	3	7	6	5	5	4	4	3	3	3
Spa	7.50%	7-Feb-97	64	2	5	4	4	4	3	3	3	3	2
<b>Security systems &amp; equipment</b>													
Electronic	22.50%	7-Feb-97	501	44	103	80	62	48	37	29	22	17	13
<b>Swimming pools</b>													
Filtration equipment	11.25%	7-Feb-97	48	2	5	5	4	4	3	3	3	2	2
<b>Ventilating plant</b>													
Ventilation plant - fans only	7.50%	7-Feb-97	48	1	4	3	3	3	3	2	2	2	2
<b>Additional Items (Post Expenditure)</b>				<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
Blinds Residential	22.50%	1-Mar-99	4,200			313	875	678	525	407	315	244	189
Curtains and drapes	22.50%	1-Mar-99	2,208			165	460	356	276	214	166	129	100
Curtains and drapes	100.00%	1-Mar-99	1,152			382	770						
<b>Floor coverings ( removable without damage)</b>													
Carpets	15.00%	1-Mar-99	4,618			230	658	560	476	404	344	292	248
Furniture	11.25%	1-Mar-99	9,500			354	1,029	913	810	719	638	567	503
Furniture	100.00%	1-Mar-99	2,610			865	1,745						
<b>Kitchen assets</b>													
Cutlery & crockery	11.25%	1-Mar-99	300			11	32	29	26	23	20	18	16
Refrigerators	7.50%	1-Mar-99	2,200			55	161	149	138	127	118	109	101
<b>Pooled Plant Total</b>													
<b>Effective Life Plant Total</b>				5,901	1,678	3,812	6,968	3,756	3,183	2,709	2,316	1,988	1,713
<b>Total Division 40</b>			46,827	5,901	1,678	3,812	6,968	3,756	3,183	2,709	2,316	1,988	1,713

## 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 1988	2.50%	07-Feb-97	390	5	12	12	12	12	12	12	12	12
Building Works - Completed 1990	2.50%	07-Feb-97	2,459	29	74	74	74	74	74	74	74	74
Building Works - Completed 1995	2.50%	07-Feb-97	718	7	19	19	19	19	19	19	19	19
Building Works - Completed 1998	2.50%	01-Aug-98	8,000		182	200	200	200	200	200	200	200
Building Works - Completed 1999	2.50%	01-Mar-99	21,550		179	539	539	539	539	539	539	539
Building Works - Completed 2005	2.50%	01-Mar-05	990								8	25
Structural Improvements - Completed 1994	2.50%	07-Feb-97	551	6	15	15	15	15	15	15	15	15
Structural Improvements - Completed 2014	2.50%	08-Jun-14	1,237									
<b>Total Division 43</b>			<b>35,895</b>	<b>47</b>	<b>120</b>	<b>481</b>	<b>859</b>	<b>859</b>	<b>859</b>	<b>859</b>	<b>867</b>	<b>884</b>
<b>Total Depreciation</b>			<b>82,722</b>	<b>5,948</b>	<b>1,798</b>	<b>4,293</b>	<b>7,827</b>	<b>4,615</b>	<b>4,042</b>	<b>3,568</b>	<b>3,175</b>	<b>2,597</b>

## 11. Prime Cost Depreciation Schedule

Assets Generally	Prime Cost													
Division 40 - Plant and Equipment	Rate	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>														
Mini split system upto 20KW	10.00%	07-Feb-97	2,122	83	212	212	212	212	212	212	212	212	212	
<b>Bathroom assets</b>														
Exhaust fans (including light/heating)	1.00%	07-Feb-97	177	1	2	2	2	2	2	2	2	2	2	
<b>Ceiling Fans</b>														
	100.00%	07-Feb-97	428	428										
<b>Computer systems</b>														
Building management system	20.00%	07-Feb-97	159	12	32	32	32	32	19					
<b>Door closers</b>														
	100.00%	07-Feb-97	209	209										
<b>Electrical Machinery &amp; Equipment :</b>														
Motors	5.00%	07-Feb-97	8	0										
<b>Fire control assets</b>														
Detection & alarm systems, detectors	100.00%	07-Feb-97	334	334										
Detection & alarm systems, fire indicator panel	5.00%	07-Feb-97	199	4	10	10	10	10	10	10	10	10	10	
Emergency warning & intercommunication system	100.00%	07-Feb-97	179	179										
Hoses and nozzles	5.00%	07-Feb-97	194	4	10	10	10	10	10	10	10	10	10	
Pumps, diesel & electric	100.00%	07-Feb-97	68	68										
Fire extinguishers	100.00%	07-Feb-97	5	5										
Stair pressurisation & extraction fans	5.00%	07-Feb-97	239	5	12	12	12	12	12	12	12	12	12	
<b>Fire sprinklers - pumps only</b>														
	5.00%	07-Feb-97	68	1	3	3	3	3	3	3	3	3	3	
<b>Furniture</b>														
	7.50%	07-Feb-97	164	5	12	12	12	12	12	12	12	12	12	
Furniture	100.00%	07-Feb-97	1,285	1,285										
<b>Garbage disposal</b>														
Garbage bins	15.00%	07-Feb-97	669	39	100	100	100	100	100	100	29			
<b>Hot water systems (excluding piping)</b>														
Gas or electric	5.00%	07-Feb-97	446	9	22	22	22	22	22	22	22	22	22	
<b>Kitchen assets</b>														
Cooktops	100.00%	07-Feb-97	752	752										
Dishwashers	15.00%	07-Feb-97	1,061	62	159	159	159	159	159	159	45			
Ovens	100.00%	07-Feb-97	973	973										
Rangehoods	100.00%	07-Feb-97	398	398										
<b>Laundry assets</b>														
Clothes dryers	100.00%	07-Feb-97	575	575										
<b>Lifts (including hydraulic &amp; tractions lifts)</b>														
	6.00%	07-Feb-97	7,736	182	464	464	464	464	464	464	464	464	464	
Carried forward			18,446	5,612	1,038	1,038	1,038	1,038	1,025	1,006	821	747	747	



## 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	
<b>Division 40 - Plant and Equipment</b>	<b>Rate</b>													
Brought forward			18,446	5,612	1,038	1,038	1,038	1,038	1,025	1,006	821	747	747	
<b>Lights</b>														
Shades, removable	5.00%	07-Feb-97	565	11	28	28	28	28	28	28	28	28	28	
MATV - amplifiers & modulators	10.00%	07-Feb-97	279	11	28	28	28	28	28	28	28	28	28	
<b>Outdoor assets</b>														
Barbecues	5.00%	07-Feb-97	25	0	1	1	1	1	1	1	1	1	1	
<b>Sauna &amp; spa equipment</b>														
Sauna heating assets	7.50%	07-Feb-97	64	2	5	5	5	5	5	5	5	5	5	
Spa	5.00%	07-Feb-97	64	1	3	3	3	3	3	3	3	3	3	
<b>Security systems &amp; equipment</b>														
Electronic	15.00%	07-Feb-97	501	29	75	75	75	75	75	75	21			
<b>Swimming pools</b>														
Filtration equipment	7.50%	07-Feb-97	48	1	4	4	4	4	4	4	4	4	4	
<b>Ventilating plant</b>														
Ventilation plant - fans only	5.00%	07-Feb-97	48	1	2	2	2	2	2	2	2	2	2	
<b>Additional Items (Post Expenditure)</b>				<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>	
Blinds Residential	15.00%	01-Mar-99	4,200			209	630	630	630	630	630	630	211	
Curtains and drapes	15.00%	01-Mar-99	2,208			110	331	331	331	331	331	331	112	
Curtains and drapes	100.00%	01-Mar-99	1,152			382	770							
<b>Floor coverings ( removable without damage)</b>														
Carpets	10.00%	01-Mar-99	4,618			153	462	462	462	462	462	462	462	
Furniture	7.50%	01-Mar-99	9,500			236	713	713	713	713	713	713	713	
Furniture	100.00%	01-Mar-99	2,610			865	1,745							
<b>Kitchen assets</b>														
Cutlery & crockery	7.50%	01-Mar-99	300			8	23	23	23	23	23	23	23	
Refrigerators	5.00%	01-Mar-99	2,200			36	110	110	110	110	110	110	110	
<b>Pooled Plant Total</b>														
<b>Effective Life Plant Total</b>				5,669	1,184	3,183	5,968	3,453	3,440	3,421	3,183	3,087	2,449	
<b>Total Division 40</b>				46,827	5,669	1,184	3,183	5,968	3,453	3,440	3,421	3,183	3,087	2,449

## 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 1988	2.50%	07-Feb-97	390	5	12	12	12	12	12	12	12	12
Building Works - Completed 1990	2.50%	07-Feb-97	2,459	29	74	74	74	74	74	74	74	74
Building Works - Completed 1995	2.50%	07-Feb-97	718	7	19	19	19	19	19	19	19	19
Building Works - Completed 1998	2.50%	01-Aug-98	8,000		182	200	200	200	200	200	200	200
Building Works - Completed 1999	2.50%	01-Mar-99	21,550		179	539	539	539	539	539	539	539
Building Works - Completed 2005	2.50%	01-Mar-05	990								8	25
Structural Improvements - Completed 1994	2.50%	07-Feb-97	551	6	15	15	15	15	15	15	15	15
Structural Improvements - Completed 2014	2.50%	08-Jun-14	1,237									
<b>Total Division 43</b>			<b>35,895</b>	<b>47</b>	<b>120</b>	<b>481</b>	<b>859</b>	<b>859</b>	<b>859</b>	<b>859</b>	<b>859</b>	<b>867</b>
<b>Total Depreciation</b>			<b>82,722</b>	<b>5,716</b>	<b>1,304</b>	<b>3,664</b>	<b>6,827</b>	<b>4,312</b>	<b>4,299</b>	<b>4,280</b>	<b>4,042</b>	<b>3,954</b>

## 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 1988	2 Aug 88 to 1 Sep 88	495	2.50%	12	390
Building Works - Completed 1990	3 Apr 90 to 3 May 90	2,961	2.50%	74	2,459
Building Works - Completed 1995	10 Sep 95 to 10 Oct 95	742	2.50%	19	718
Building Works - Completed 1998	2 Jul 98 to 1 Aug 98	8,000	2.50%	200	8,000
Building Works - Completed 1999	30 Jan 99 to 1 Mar 99	21,550	2.50%	539	21,550
Building Works - Completed 2005	30 Jan 05 to 1 Mar 05	990	2.50%	25	990
<b>Sub-total</b>		<b>34,737</b>		<b>869</b>	<b>34,107</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 1994	3 Mar 94 to 2 Apr 94	594	2.50%	15	551
Structural Improvements - Completed 2014	9 May 14 to 8 Jun 14	1,237	2.50%	31	1,237
<b>Sub-total</b>		<b>1,831</b>		<b>46</b>	<b>1,788</b>
<b>Totals</b>		<b>36,568</b>		<b>915</b>	<b>35,895</b>

The table below demonstrates the various property types and the depreciation rates for Capital expenditure deductions. Eligibility is based on the date of construction commencement.

	Today - 27 Feb 92	26 Feb 92 - 16 Sept 87	15 Sept 87 - 18 Jul 85	17 Jul 85 - 22 Aug 84	21 Aug 84 - 20 Jul 82	19 Jul 82 - 21 Aug 79
Traveller Accommodation	4%	2.5%	4%	4%	2.5%	2.5%
Non Residential	2.5%	2.5%	4%	4%	2.5%	N/A
Manufacturing	4%	2.5%	4%	4%	2.5%	N/A
Residential	2.5%	2.5%	4%	N/A	N/A	N/A
Structural Improvement	2.5%	N/A	N/A	N/A	N/A	N/A

### 13. Definition of Terms

<b>Adjusted Value</b>	This is the value of an asset after a period of decline often referred to as the written down value or WDV.
<b>Balancing Adjustment</b>	The balancing adjustment amount is the difference between the termination value and the adjustable value of a depreciating asset at the time of a balancing adjustment event.
<b>Decline in Value</b>	Deductions for the cost of a depreciating asset are based on the decline in value between any two dates. This report includes both methods of the decline in value of a depreciating asset; the prime cost method and diminishing value method.
<b>Depreciating Assets</b>	Assets with limited effective life that are reasonably expected to decline in value.
<b>Diminishing Value Method</b>	This is the method of calculating the decline in value which uses the opening adjusted value as the basis for the calculation.
<b>Effective Life</b>	The effective life of a depreciating asset is how long it can be used by any entity for a taxable income producing purpose.
<b>Immediate WriteOff</b>	A depreciating asset which costs less than \$300 can be immediately written off at 100% of the total cost. This is only available where the asset is not part of a set e.g. table and chairs.
<b>Installed Costs</b>	This is the total cost of installing the asset inclusive of fees and labour etc.
<b>Low Value Pool</b>	Low cost assets which have a value between \$300 and \$1000. These assets are depreciated at 18.75% in the first year and 37.5% in each subsequent years.
<b>Low Cost Asset</b>	A depreciable asset with an installed cost of less than \$1000.
<b>Low Value Asset</b>	A depreciable asset that has an adjusted value of less than \$1000.
<b>Non Eligible</b>	This may include a proportion of the purchase price that is not claimable due to the age of the building or asset type.
<b>Prime Cost Method</b>	This is a method of calculating depreciation using a constant opening cost base often referred to as the "Straight Line" method.

## 14. Contact Details

COMPANY DETAILS	
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<b>Office Email</b>	info@koste.com.au

LEAD SURVEYOR DETAILS	
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<b>Tax Agent Number</b>	24370523
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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.