



Tax Depreciation Report

The Moorings, 33/63 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: RES4217146

Tax Depreciation Report – The Moorings, 33/63 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, 33/63 Cavill Ave, Surfers Paradise QLD 4217

Real Property Description

LOT 33 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				
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				
Under Diminishing Value method, the effective life is dividing by 200.					Under Prime Cost method, the effective life is dividing by 100.				
200 / 10 Years = 20% (Adjusted Value)					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.					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	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	6 September 11 to 30 June 12	8,695	0	8,695	1,672	10,367
2	1 July 12 to 30 June 13	7,463	3,528	10,991	2,250	13,241
3	1 July 13 to 30 June 14	5,876	2,843	8,720	2,255	10,975
4	1 July 14 to 30 June 15	4,917	1,777	6,694	2,338	9,032
5	1 July 15 to 30 June 16	3,893	1,393	5,286	2,338	7,624
6	1 July 16 to 30 June 17	3,018	1,549	4,567	2,338	6,905
7	1 July 17 to 30 June 18	2,620	968	3,588	2,338	5,926
8	1 July 18 to 30 June 19	2,093	958	3,051	2,338	5,389
9	1 July 19 to 30 June 20	1,540	1,250	2,791	2,338	5,129
10	1 July 20 to 30 June 21	1,378	781	2,159	2,338	4,497
11	1 July 21 to 30 June 22	1,234	488	1,723	2,338	4,061
12	1 July 22 to 30 June 23	1,108	305	1,413	2,338	3,751
13	1 July 23 to 30 June 24	996	191	1,187	2,338	3,525
14	1 July 24 to 30 June 25	897	119	1,017	2,338	3,355
15	1 July 25 to 30 June 26	810	75	884	2,338	3,222
16	1 July 26 to 30 June 27	732	47	779	2,338	3,117
17	1 July 27 to 30 June 28	567	387	954	2,338	3,292
18	1 July 28 to 30 June 29	369	608	977	2,310	3,287
19	1 July 29 to 30 June 30	344	380	724	2,285	3,009
20	1 July 30 to 30 June 31	321	238	559	2,192	2,751
21	1 July 31 to 30 June 32	300	148	448	2,192	2,640
22	1 July 32 to 30 June 33	280	93	372	2,192	2,564
23	1 July 33 to 30 June 34	261	58	319	2,183	2,502
24	1 July 34 to 30 June 35	244	36	280	2,150	2,430
25	1 July 35 to 30 June 36	227	23	250	2,101	2,351
26	1 July 36 to 30 June 37	212	14	226	2,097	2,323
27	1 July 37 to 30 June 38	198	9	207	2,097	2,304
28	1 July 38 to 30 June 39	185	6	190	2,097	2,287
29	1 July 39 to 30 June 40	173	3	176	2,097	2,273
30	1 July 40 to 30 June 41	161	2	163	2,097	2,260
31	1 July 41 to 30 June 42	150	1	152	2,097	2,249
32	1 July 42 to 30 June 43	140	1	141	2,097	2,238
33	1 July 43 to 30 June 44	131	1	131	2,097	2,228
34	1 July 44 to 30 June 45	122	0	123	2,077	2,200
35	1 July 45 to 30 June 46	114	0	114	2,027	2,141
36	1 July 46 to 30 June 47	106	0	107	2,027	2,134
37	1 July 47 to 30 June 48	99	0	99	2,027	2,126
38	1 July 48 to 30 June 49	93	0	93	2,027	2,120
39	1 July 49 to 30 June 50	87	0	87	2,027	2,114
40	2050+	1,212	0	1,212	2,805	4,017
Totals		53,366	18,282	71,648	88,307	159,955

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	6 September 11 to 30 June 12	4,347	0	4,347	1,672	6,019
2	1 July 12 to 30 June 13	5,648	0	5,648	2,250	7,898
3	1 July 13 to 30 June 14	5,648	0	5,648	2,255	7,903
4	1 July 14 to 30 June 15	5,648	0	5,648	2,338	7,986
5	1 July 15 to 30 June 16	5,648	0	5,648	2,338	7,986
6	1 July 16 to 30 June 17	5,229	0	5,229	2,338	7,567
7	1 July 17 to 30 June 18	4,690	0	4,690	2,338	7,028
8	1 July 18 to 30 June 19	4,354	0	4,354	2,338	6,692
9	1 July 19 to 30 June 20	4,354	0	4,354	2,338	6,692
10	1 July 20 to 30 June 21	4,352	0	4,352	2,338	6,690
11	1 July 21 to 30 June 22	3,194	0	3,194	2,338	5,532
12	1 July 22 to 30 June 23	2,832	0	2,832	2,338	5,170
13	1 July 23 to 30 June 24	2,389	0	2,389	2,338	4,727
14	1 July 24 to 30 June 25	1,717	0	1,717	2,338	4,055
15	1 July 25 to 30 June 26	923	0	923	2,338	3,261
16	1 July 26 to 30 June 27	916	0	916	2,338	3,254
17	1 July 27 to 30 June 28	916	0	916	2,338	3,254
18	1 July 28 to 30 June 29	916	0	916	2,310	3,226
19	1 July 29 to 30 June 30	914	0	914	2,285	3,199
20	1 July 30 to 30 June 31	905	0	905	2,192	3,097
21	1 July 31 to 30 June 32	687	0	687	2,192	2,879
22	1 July 32 to 30 June 33	594	0	594	2,192	2,786
23	1 July 33 to 30 June 34	594	0	594	2,183	2,777
24	1 July 34 to 30 June 35	594	0	594	2,150	2,744
25	1 July 35 to 30 June 36	594	0	594	2,101	2,695
26	1 July 36 to 30 June 37	593	0	593	2,097	2,690
27	1 July 37 to 30 June 38	588	0	588	2,097	2,685
28	1 July 38 to 30 June 39	588	0	588	2,097	2,685
29	1 July 39 to 30 June 40	588	0	588	2,097	2,685
30	1 July 40 to 30 June 41	588	0	588	2,097	2,685
31	1 July 41 to 30 June 42	100	0	100	2,097	2,197
32	1 July 42 to 30 June 43	0	0	0	2,097	2,097
33	1 July 43 to 30 June 44	0	0	0	2,097	2,097
34	1 July 44 to 30 June 45	0	0	0	2,077	2,077
35	1 July 45 to 30 June 46	0	0	0	2,027	2,027
36	1 July 46 to 30 June 47	0	0	0	2,027	2,027
37	1 July 47 to 30 June 48	0	0	0	2,027	2,027
38	1 July 48 to 30 June 49	0	0	0	2,027	2,027
39	1 July 49 to 30 June 50	0	0	0	2,027	2,027
40	2050+	0	0	0	2,805	2,805
Totals		71,648	0	71,648	88,307	159,955

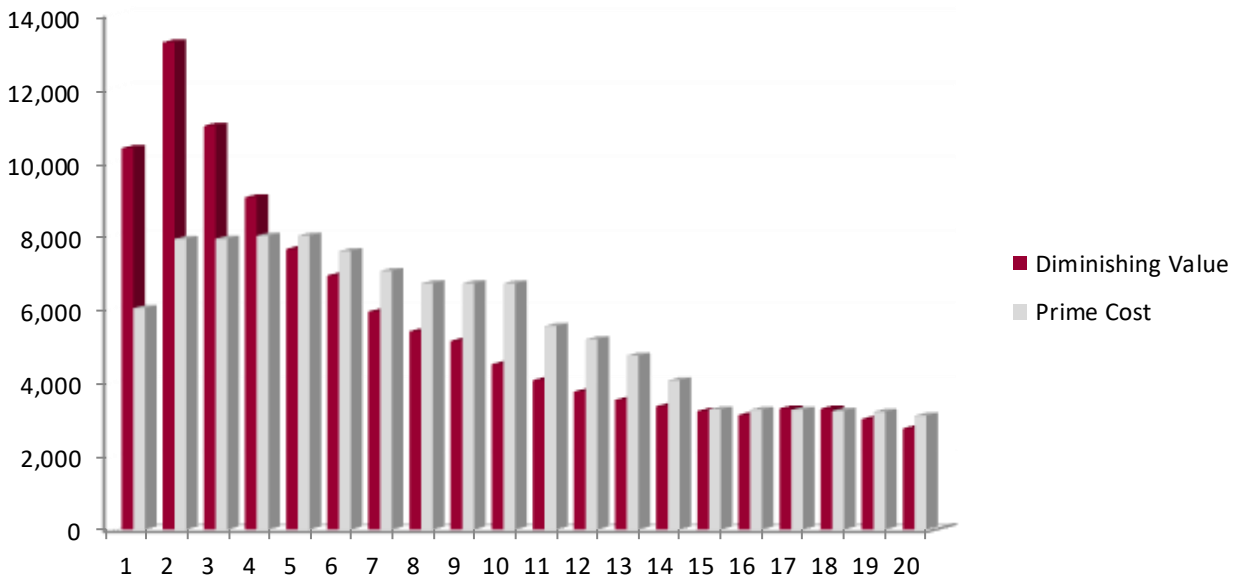
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

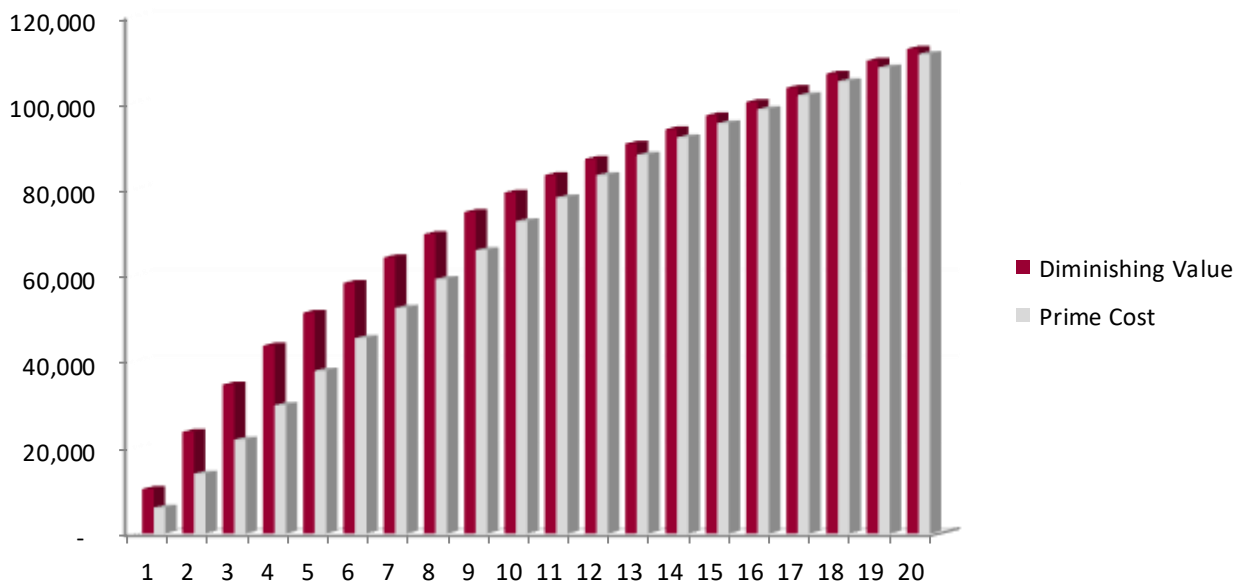
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	7 August 2011
Settlement Date	6 September 2011

Expenditure Analysed

Purchase Price	\$325,000
Stamp Duty	\$9,800
Legals	\$1,037
Post Expenditure	\$107,843
Total Expenditure Analysed	\$443,680

Historical Construction Details

Construction Start Date	Pre 1985
Construction Completion Date	Pre 1985

9. Reconciliation of Capital Expenditure

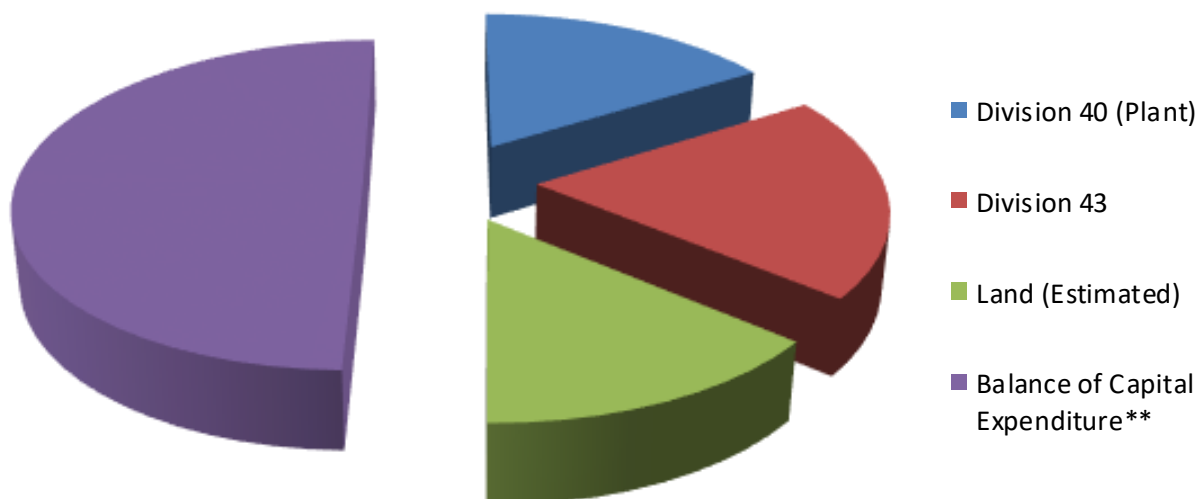
Apportionment of cost relating to:

Division 40 (Plant)	\$71,648
Division 43	\$88,307
Land (Estimated)	\$63,045
Balance of Capital Expenditure**	\$220,680
Total Expenditure Analysed	\$443,680

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 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%	6-Sep-11	2,561	417	429	343	274	220	329	206	129	80	50
Bathroom assets													
Exhaust fans (including light/heating)	20.00%	6-Sep-11	427	69	134	84	52	33	20	13	8	5	3
Ceiling Fans	40.00%	6-Sep-11	818	266	207	129	81	51	32	20	12	8	5
Computer systems													
Building management system	40.00%	6-Sep-11	363	118	92	57	36	22	14	9	5	3	2
Door closers	20.00%	6-Sep-11	341	55	107	67	42	26	16	10	6	4	2
Electrical Machinery & Equipment :													
Motors	20.00%	6-Sep-11	17	3	5	3	2	1	1	1	0	0	0
Fire control assets													
Detection & alarm systems, detectors	10.00%	6-Sep-11	427	35	147	92	57	36	22	14	9	5	3
Detection & alarm systems, fire indicator panel	16.67%	6-Sep-11	453	62	147	92	57	36	22	14	9	5	3
Emergency warning & intercommunication system	16.67%	6-Sep-11	295	40	96	60	37	23	15	9	6	4	2
Hoses and nozzles	20.00%	6-Sep-11	442	72	139	87	54	34	21	13	8	5	3
Pumps, diesel & electric	8.00%	6-Sep-11	154	10	54	34	21	13	8	5	3	2	1
Fire extinguishers	15.00%	6-Sep-11	11	1	4	2	1	1	0	0	0	0	0
Stair pressurisation & extraction fans	10.00%	6-Sep-11	544	44	187	117	73	46	29	18	11	7	4
Fire sprinklers - pumps only	10.00%	6-Sep-11	154	13	53	33	21	13	8	5	3	2	1
Furniture	15.00%	6-Sep-11	3,241	396	427	363	308	262	223	189	161	342	214
Garbage disposal													
Garbage bins	30.00%	6-Sep-11	762	186	216	135	84	53	33	21	13	8	5
Hot water systems (excluding piping)													
Gas or electric	16.67%	6-Sep-11	1,016	138	329	206	129	80	50	31	20	12	8
Kitchen assets													
Cooktops	16.67%	6-Sep-11	907	123	294	184	115	72	45	28	18	11	7
Dishwashers	20.00%	6-Sep-11	1,280	208	214	322	201	126	79	49	31	19	12
Ovens	16.67%	6-Sep-11	1,174	159	169	317	198	124	77	48	30	19	12
Rangehoods	16.67%	6-Sep-11	480	65	156	97	61	38	24	15	9	6	4
Laundry assets													
Clothes dryers	20.00%	6-Sep-11	694	113	218	136	85	53	33	21	13	8	5
Lifts (including hydraulic & tractions lifts)	6.67%	6-Sep-11	17,631	957	1,112	1,037	968	904	843	787	735	686	640
Carried forward			34,190	3,552	4,934	3,997	2,959	2,266	1,946	1,526	1,239	1,242	988

Diminishing Value Depreciation Schedule (cont.)

Assets Generally	Diminishing Value Rate	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Division 40 - Plant and Equipment														
Brought forward			34,190	3,552	4,934	3,997	2,959	2,266	1,946	1,526	1,239	1,242	988	
Lights														
Shades, removable	40.00%	6-Sep-11	1,101	359	278	174	109	68	42	27	17	10	6	
MATV - amplifiers & modulators														
	20.00%	6-Sep-11	635	103	199	125	78	49	30	19	12	7	5	
Outdoor assets														
Barbecues	10.00%	6-Sep-11	58	5	20	12	8	5	3	2	1	1	0	
Sauna & spa equipment														
Sauna heating assets	13.33%	6-Sep-11	145	16	49	30	19	12	7	5	3	2	1	
Spa	10.00%	6-Sep-11	145	12	50	31	20	12	8	5	3	2	1	
Security systems & equipment														
Electronic	30.00%	6-Sep-11	686	168	194	122	76	47	30	19	12	7	5	
Swimming pools														
Filtration equipment	15.00%	6-Sep-11	109	13	36	22	14	9	5	3	2	1	1	
Ventilating plant														
Ventilation plant - fans only	10.00%	6-Sep-11	110	9	38	24	15	9	6	4	2	1	1	
Additional Items (Post Expenditure)				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Blinds Residential														
	20.00%	6-Oct-11	4,200	615	717	574	459	367	294	235	352	220	138	
Curtains and drapes														
	33.33%	6-Oct-11	3,360	820	847	564	376	282	176	110	69	43	27	
Electrical Machinery & Equipment														
Switchboards	10.00%	6-Oct-11	5,000	366	463	417	375	338	304	274	246	222	199	
Floor coverings (removable without damage)														
Carpets	20.00%	6-Oct-11	4,618	676	788	631	505	404	323	258	207	310	194	
Furniture														
	15.00%	6-Oct-11	14,790	1,625	1,975	1,679	1,427	1,213	1,031	876	745	633	538	
Kitchen assets														
Cutlery & crockery	40.00%	6-Oct-11	300	88	80	50	31	19	12	8	5	3	2	
Refrigerators	16.67%	6-Oct-11	2,200	268	322	268	224	186	349	218	136	85	53	
Pooled Plant Total					3,528	2,843	1,777	1,393	1,549	968	958	1,250	781	
Effective Life Plant Total					8,695	7,463	5,876	4,917	3,893	3,018	2,620	2,093	1,540	1,378
Total Division 40			71,648	8,695	10,991	8,720	6,694	5,286	4,567	3,588	3,051	2,791	2,159	

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%	06-Sep-11	595	28	35	35	35	35	35	35	35	35	35
Building Works - Completed 1990	2.50%	06-Sep-11	2,070	90	111	111	111	111	111	111	111	111	111
Building Works - Completed 1995	2.50%	06-Sep-11	1,266	43	53	53	53	53	53	53	53	53	53
Building Works - Completed 2005	2.50%	06-Sep-11	2,347	57	70	70	70	70	70	70	70	70	70
Building Works - Completed 2011	2.50%	06-Oct-11	77,575	1,420	1,939	1,939	1,939	1,939	1,939	1,939	1,939	1,939	1,939
Structural Improvements - Completed 1994	2.50%	06-Sep-11	949	34	42	42	42	42	42	42	42	42	42
Structural Improvements - Completed 2014	2.50%	08-Jun-14	3,505			5	88	88	88	88	88	88	88
Total Division 43			88,307	1,672	2,250	2,255	2,338	2,338	2,338	2,338	2,338	2,338	2,338
Total Depreciation			159,955	10,367	13,241	10,975	9,032	7,624	6,905	5,926	5,389	5,129	4,497

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%	06-Sep-11	2,561	208	256	256	256	256	256	256	256	256	256
Bathroom assets													
Exhaust fans (including light/heating)	10.00%	06-Sep-11	427	35	43	43	43	43	43	43	43	43	43
Ceiling Fans	20.00%	06-Sep-11	818	133	164	164	164	164	29				
Computer systems													
Building management system	20.00%	06-Sep-11	363	59	73	73	73	73	12				
Door closers	10.00%	06-Sep-11	341	28	34	34	34	34	34	34	34	34	34
Electrical Machinery & Equipment :													
Motors	10.00%	06-Sep-11	17	1	2	2	2	2	2	2	2	2	2
Fire control assets													
Detection & alarm systems, detectors	5.00%	06-Sep-11	427	17	21	21	21	21	21	21	21	21	21
Detection & alarm systems, fire indicator panel	8.33%	06-Sep-11	453	31	38	38	38	38	38	38	38	38	38
Emergency warning & intercommunication system	8.33%	06-Sep-11	295	20	25	25	25	25	25	25	25	25	25
Hoses and nozzles	10.00%	06-Sep-11	442	36	44	44	44	44	44	44	44	44	44
Pumps, diesel & electric	4.00%	06-Sep-11	154	5	6	6	6	6	6	6	6	6	6
Fire extinguishers	7.50%	06-Sep-11	11	1	1	1	1	1	1	1	1	1	1
Stair pressurisation & extraction fans	5.00%	06-Sep-11	544	22	27	27	27	27	27	27	27	27	27
Fire sprinklers - pumps only	5.00%	06-Sep-11 only	154	6	8	8	8	8	8	8	8	8	8
Furniture	7.50%	06-Sep-11	3,241	198	243	243	243	243	243	243	243	243	243
Garbage disposal													
Garbage bins	15.00%	06-Sep-11	762	93	114	114	114	114	114	99			
Hot water systems (excluding piping)													
Gas or electric	8.33%	06-Sep-11	1,016	69	85	85	85	85	85	85	85	85	85
Kitchen assets													
Cooktops	8.33%	06-Sep-11	907	62	76	76	76	76	76	76	76	76	76
Dishwashers	10.00%	06-Sep-11	1,280	104	128	128	128	128	128	128	128	128	128
Ovens	8.33%	06-Sep-11	1,174	80	98	98	98	98	98	98	98	98	98
Rangehoods	8.33%	06-Sep-11	480	33	40	40	40	40	40	40	40	40	40
Laundry assets													
Clothes dryers	10.00%	06-Sep-11	694	56	69	69	69	69	69	69	69	69	69
Lifts (including hydraulic & tractions lifts)	3.33%	06-Sep-11	17,631	478	588	588	588	588	588	588	588	588	588
Carried forward			34,190	1,776	2,183	2,183	2,183	2,183	1,987	1,931	1,832	1,832	1,830

Prime Cost Depreciation Schedule (cont.)

Assets Generally	Prime Cost	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Division 40 - Plant and Equipment	Rate												
Brought forward			34,190	1,776	2,183	2,183	2,183	2,183	1,987	1,931	1,832	1,832	1,830
Lights													
Shades, removable	20.00%	06-Sep-11	1,101	179	220	220	220	220	42				
MATV - amplifiers & modulators	10.00%	06-Sep-11	635	52	63	63	63	63	63	63	63	63	63
Outdoor assets													
Barbecues	5.00%	06-Sep-11	58	2	3	3	3	3	3	3	3	3	3
Sauna & spa equipment													
Sauna heating assets	6.67%	06-Sep-11	145	8	10	10	10	10	10	10	10	10	10
Spa	5.00%	06-Sep-11	145	6	7	7	7	7	7	7	7	7	7
Security systems & equipment													
Electronic	15.00%	06-Sep-11	686	84	103	103	103	103	103	87			
Swimming pools													
Filtration equipment	7.50%	06-Sep-11	109	7	8	8	8	8	8	8	8	8	8
Ventilating plant													
Ventilation plant - fans only	5.00%	06-Sep-11	110	4	6	6	6	6	6	6	6	6	6
Additional Items (Post Expenditure)				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Blinds Residential	10.00%	06-Oct-11	4,200	308	420	420	420	420	420	420	420	420	420
Curains and drapes	16.67%	06-Oct-11	3,360	410	560	560	560	560	560	150			
Electrical Machinery & Equipment :													
Switchboards	5.00%	06-Oct-11	5,000	183	250	250	250	250	250	250	250	250	250
Floor coverings (removable without damage)													
Carpets	10.00%	06-Oct-11	4,618	338	462	462	462	462	462	462	462	462	462
Furniture	7.50%	06-Oct-11	14,790	812	1,110	1,110	1,110	1,110	1,110	1,110	1,110	1,110	1,110
Kitchen assets													
Cutlery & crockery	20.00%	06-Oct-11	300	44	60	60	60	60	16				
Refrigerators	8.33%	06-Oct-11	2,200	134	183	183	183	183	183	183	183	183	183
Pooled Plant Total													
Effective Life Plant Total				4,347	5,648	5,648	5,648	5,648	5,229	4,690	4,354	4,354	4,352
Total Division 40			71,648	4,347	5,648	5,648	5,648	5,648	5,229	4,690	4,354	4,354	4,352

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%	06-Sep-11	595	28	35	35	35	35	35	35	35	35
Building Works - Completed 1990	2.50%	06-Sep-11	2,070	90	111	111	111	111	111	111	111	111
Building Works - Completed 1995	2.50%	06-Sep-11	1,266	43	53	53	53	53	53	53	53	53
Building Works - Completed 2005	2.50%	06-Sep-11	2,347	57	70	70	70	70	70	70	70	70
Building Works - Completed 2011	2.50%	06-Oct-11	77,575	1,420	1,939	1,939	1,939	1,939	1,939	1,939	1,939	1,939
Structural Improvements - Completed 1994	2.50%	06-Sep-11	949	34	42	42	42	42	42	42	42	42
Structural Improvements - Completed 2014	2.50%	08-Jun-14	3,505			5	88	88	88	88	88	88
Total Division 43			88,307	1,672	2,250	2,255	2,338	2,338	2,338	2,338	2,338	2,338
Total Depreciation			159,955	6,019	7,898	7,903	7,986	7,986	7,567	7,028	6,692	6,690

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	1,402	2.50%	35	595
Building Works - Completed 1990	3 Apr 90 to 3 May 90	4,441	2.50%	111	2,070
Building Works - Completed 1995	10 Sep 95 to 10 Oct 95	2,103	2.50%	53	1,266
Building Works - Completed 2005	30 Jan 05 to 1 Mar 05	2,804	2.50%	70	2,347
Building Works - Completed 2011	6 Sep 11 to 6 Oct 11	77,575	2.50%	1,939	77,575

Sub-total 88,325 2,208 83,853

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	1,682	2.50%	42	949
Structural Improvements - Completed 2014	9 May 14 to 8 Jun 14	3,505	2.50%	88	3,505

Sub-total 5,188 130 4,454

Totals 93,513 2,338 88,307

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

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

13. Definition of Terms

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

14. Contact Details

COMPANY DETAILS	
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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.