Tax Depreciation Report

31 Diamond Street,
Slacks Creek QLD 4127

Martin Vadam
4/119 Glenayr Avenue
BONDI, NSW 2026

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

Martin Vadam
4/119 Glenayr Avenue
BONDI, NSW 2026

October 2018
Job No: RES4127005

Tax Depreciation Report – 31 Diamond Street, Slacks Creek QLD 4127

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

22 October 2018

Purchaser

Martin Vadam

Property Address

31 Diamond Street, Slacks Creek QLD 4127

Real Property Description

L36 RP118360

Property Type

Residential House

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 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	Original Assets **			Post Expenditure			Division 43	Totals
		Effective Life	Pooled Plant	Total Div 40	Effective Life	Pooled Plant	Total Div 40		
1	18 January 18 to 30 June 18	1,399	5,015	6,414	0	1,014	1,014	968	**1,982**
2	1 July 18 to 30 June 19	1,259	5,260	6,518	0	1,647	1,647	2,241	**3,888**
3	1 July 19 to 30 June 20	821	3,657	4,478	0	1,030	1,030	2,241	**3,271**
4	1 July 20 to 30 June 21	667	2,285	2,952	0	644	644	2,241	**2,885**
5	1 July 21 to 30 June 22	541	1,428	1,970	0	402	402	2,241	**2,643**
6	1 July 22 to 30 June 23	275	1,263	1,538	0	251	251	2,241	**2,492**
7	1 July 23 to 30 June 24	220	789	1,009	0	157	157	2,241	**2,398**
8	1 July 24 to 30 June 25	0	823	823	0	98	98	2,241	**2,339**
9	1 July 25 to 30 June 26	0	515	515	0	61	61	2,241	**2,302**
10	1 July 26 to 30 June 27	0	322	322	0	38	38	2,241	**2,279**
11	1 July 27 to 30 June 28	0	201	201	0	24	24	2,241	**2,265**
12	1 July 28 to 30 June 29	0	126	126	0	15	15	2,241	**2,256**
13	1 July 29 to 30 June 30	0	79	79	0	9	9	2,195	**2,204**
14	1 July 30 to 30 June 31	0	49	49	0	6	6	2,078	**2,084**
15	1 July 31 to 30 June 32	0	31	31	0	4	4	2,078	**2,082**
16	1 July 32 to 30 June 33	0	19	19	0	2	2	2,078	**2,080**
17	1 July 33 to 30 June 34	0	12	12	0	1	1	2,078	**2,079**
18	1 July 34 to 30 June 35	0	7	7	0	1	1	2,078	**2,079**
19	1 July 35 to 30 June 36	0	5	5	0	1	1	2,078	**2,079**
20	1 July 36 to 30 June 37	0	3	3	0	0	0	2,078	**2,078**
21	1 July 37 to 30 June 38	0	2	2	0	0	0	2,078	**2,078**
22	1 July 38 to 30 June 39	0	1	1	0	0	0	1,887	**1,887**
23	1 July 39 to 30 June 40	0	1	1	0	0	0	1,720	**1,720**
24	1 July 40 to 30 June 41	0	0	0	0	0	0	1,720	**1,720**
25	1 July 41 to 30 June 42	0	0	0	0	0	0	1,720	**1,720**
26	1 July 42 to 30 June 43	0	0	0	0	0	0	1,720	**1,720**
27	1 July 43 to 30 June 44	0	0	0	0	0	0	1,720	**1,720**
28	1 July 44 to 30 June 45	0	0	0	0	0	0	1,720	**1,720**
29	1 July 45 to 30 June 46	0	0	0	0	0	0	1,720	**1,720**
30	1 July 46 to 30 June 47	0	0	0	0	0	0	1,712	**1,712**
31	1 July 47 to 30 June 48	0	0	0	0	0	0	1,155	**1,155**
32	1 July 48 to 30 June 49	0	0	0	0	0	0	1,155	**1,155**
33	1 July 49 to 30 June 50	0	0	0	0	0	0	1,155	**1,155**
34	1 July 50 to 30 June 51	0	0	0	0	0	0	1,155	**1,155**
35	1 July 51 to 30 June 52	0	0	0	0	0	0	1,155	**1,155**
36	1 July 52 to 30 June 53	0	0	0	0	0	0	1,155	**1,155**
37	1 July 53 to 30 June 54	0	0	0	0	0	0	1,155	**1,155**
38	1 July 54 to 30 June 55	0	0	0	0	0	0	1,155	**1,155**
39	1 July 55 to 30 June 56	0	0	0	0	0	0	1,155	**1,155**
40	2056+	0	0	0	0	0	0	1,211	**1,211**
	Totals	**5,183**	**21,893**	**27,075**	**0**	**4,393**	**5,407**	**71,683**	**77,090**

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	18 January 18 to 30 June 18	1,044	5,015	6,059	0	1,014	1,014	968	**1,982**
2	1 July 18 to 30 June 19	796	4,891	5,687	0	1,647	1,647	2,241	**3,888**
3	1 July 19 to 30 June 20	796	3,057	3,853	0	1,030	1,030	2,241	**3,271**
4	1 July 20 to 30 June 21	796	1,911	2,707	0	644	644	2,241	**2,885**
5	1 July 21 to 30 June 22	796	1,194	1,990	0	402	402	2,241	**2,643**
6	1 July 22 to 30 June 23	796	746	1,542	0	251	251	2,241	**2,492**
7	1 July 23 to 30 June 24	796	466	1,262	0	157	157	2,241	**2,398**
8	1 July 24 to 30 June 25	796	292	1,088	0	98	98	2,241	**2,339**
9	1 July 25 to 30 June 26	796	182	978	0	61	61	2,241	**2,302**
10	1 July 26 to 30 June 27	796	114	910	0	38	38	2,241	**2,279**
11	1 July 27 to 30 June 28	519	71	590	0	24	24	2,241	**2,265**
12	1 July 28 to 30 June 29	184	44	228	0	15	15	2,241	**2,256**
13	1 July 29 to 30 June 30	105	28	133	0	9	9	2,195	**2,204**
14	1 July 30 to 30 June 31	0	17	17	0	6	6	2,078	**2,084**
15	1 July 31 to 30 June 32	0	11	11	0	4	4	2,078	**2,082**
16	1 July 32 to 30 June 33	0	7	7	0	2	2	2,078	**2,080**
17	1 July 33 to 30 June 34	0	4	4	0	1	1	2,078	**2,079**
18	1 July 34 to 30 June 35	0	3	3	0	1	1	2,078	**2,079**
19	1 July 35 to 30 June 36	0	2	2	0	1	1	2,078	**2,079**
20	1 July 36 to 30 June 37	0	1	1	0	0	0	2,078	**2,078**
21	1 July 37 to 30 June 38	0	1	1	0	0	0	2,078	**2,078**
22	1 July 38 to 30 June 39	0	0	0	0	0	0	1,887	**1,887**
23	1 July 39 to 30 June 40	0	0	0	0	0	0	1,720	**1,720**
24	1 July 40 to 30 June 41	0	0	0	0	0	0	1,720	**1,720**
25	1 July 41 to 30 June 42	0	0	0	0	0	0	1,720	**1,720**
26	1 July 42 to 30 June 43	0	0	0	0	0	0	1,720	**1,720**
27	1 July 43 to 30 June 44	0	0	0	0	0	0	1,720	**1,720**
28	1 July 44 to 30 June 45	0	0	0	0	0	0	1,720	**1,720**
29	1 July 45 to 30 June 46	0	0	0	0	0	0	1,720	**1,720**
30	1 July 46 to 30 June 47	0	0	0	0	0	0	1,712	**1,712**
31	1 July 47 to 30 June 48	0	0	0	0	0	0	1,155	**1,155**
32	1 July 48 to 30 June 49	0	0	0	0	0	0	1,155	**1,155**
33	1 July 49 to 30 June 50	0	0	0	0	0	0	1,155	**1,155**
34	1 July 50 to 30 June 51	0	0	0	0	0	0	1,155	**1,155**
35	1 July 51 to 30 June 52	0	0	0	0	0	0	1,155	**1,155**
36	1 July 52 to 30 June 53	0	0	0	0	0	0	1,155	**1,155**
37	1 July 53 to 30 June 54	0	0	0	0	0	0	1,155	**1,155**
38	1 July 54 to 30 June 55	0	0	0	0	0	0	1,155	**1,155**
39	1 July 55 to 30 June 56	0	0	0	0	0	0	1,155	**1,155**
40	2056+	0	0	0	0	0	0	1,211	**1,211**
	Totals	**9,016**	**18,059**	**27,075**	**0**	**5,407**	**5,407**	**71,683**	**77,090**

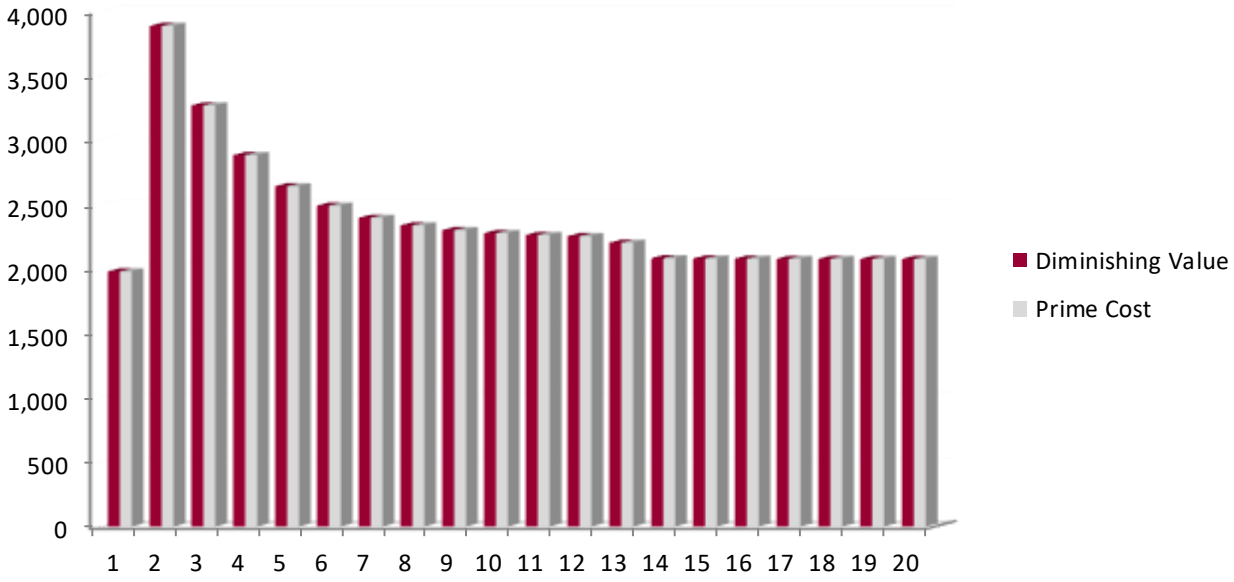
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

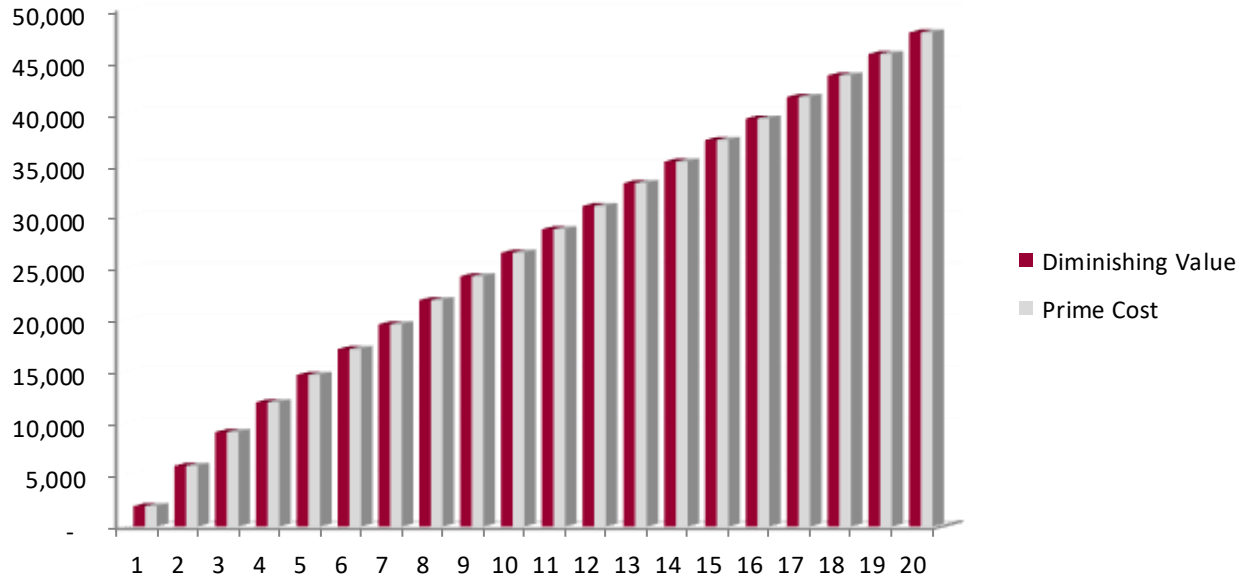
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	$1,000	$100	$900	$100

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	11 December 2017
Settlement Date	18 January 2018

Expenditure Analysed	
Purchase Price	$255,000
Legals	$1,249
Post Expenditure	$28,324
Total Expenditure Analysed	**$291,898**

Historical Construction Details	
Construction Start Date	Pre 1985
Construction Completion Date	Pre 1985
Historical Construction Cost (Estimated)*	N/A

9. Reconciliation of Capital Expenditure

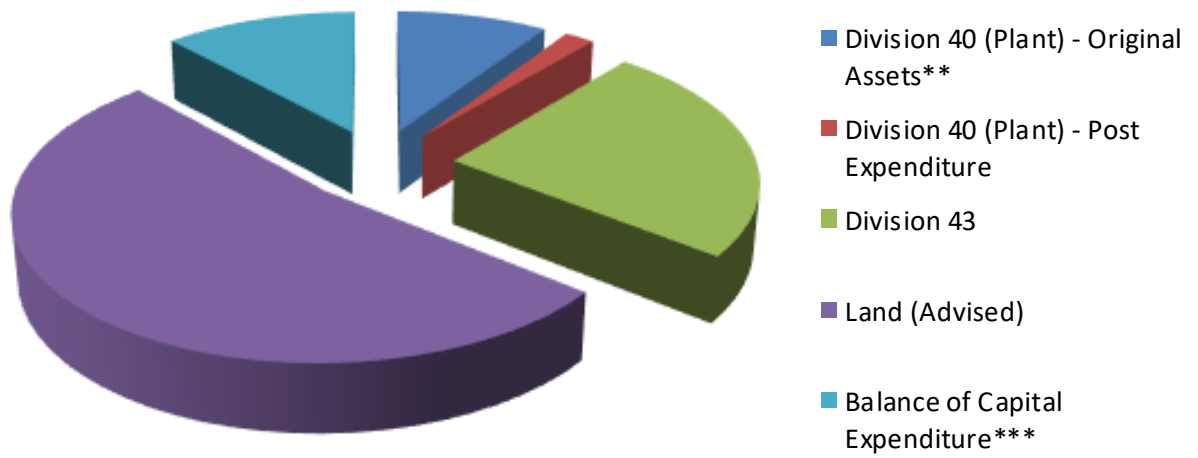
Apportionment of cost relating to:	
Division 40 (Plant) - Original Assets**	$27,075
Division 40 (Plant) - Post Expenditure	$5,407
Division 43	$71,683
Land (Advised)	$153,280
Balance of Capital Expenditure***	$34,453
Total Expenditure Analysed	**$291,898**

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 purcahsed 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%	18-Jan-18	3,686	329	671	537	430	344	275	220	330	206	129
Bathroom assets													
Exhaust fans (including light/heating)	18.75%	18-Jan-18	307	58	94	58	37	23	14	9	6	3	2
Computer systems													
General	18.75%	18-Jan-18	430	81	131	82	51	32	20	12	8	5	3
Curtains and drapes	18.75%	18-Jan-18	2,005	2,005									
Floor coverings (removable without damage)													
Carpets	20.00%	18-Jan-18	1,078	96	368	230	144	90	56	35	22	14	9
Floating timber	18.75%	18-Jan-18	10,782	2,022	3,285	2,053	1,283	802	501	313	196	122	76
Furniture	18.75%	18-Jan-18	2,949	553	899	562	351	219	137	86	54	33	21
Hot water systems (excluding piping)													
Gas or electric	16.67%	18-Jan-18	2,212	165	341	284	237	197	370	231	145	90	56
Kitchen assets													
Microwave ovens	20.00%	18-Jan-18	1,352	121	246	369	231	144	90	56	35	22	14
Rangehoods	18.75%	18-Jan-18	553	104	168	105	66	41	26	16	10	6	4
Lights													
Shades, removable	18.75%	18-Jan-18	1,032	194	314	197	123	77	48	30	19	12	7
$300 items	100.00%	18-Jan-18	688	688									
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	18.75%	17-Feb-18	2,002	375	610	381	238	149	93	58	36	23	14
Ceiling Fans	18.75%	17-Feb-18	1,650	309	503	314	196	123	77	48	30	19	12
Floor coverings (removable without damage)													
Floating timber	18.75%	17-Feb-18	806	151	246	153	96	60	37	23	15	9	6
Lights													
Shades, removable	18.75%	17-Feb-18	949	178	289	181	113	71	44	28	17	11	7
Pooled Plant Total				6,029	6,907	4,686	2,929	1,831	1,514	946	922	576	360
Effective Life Plant Total				1,399	1,259	821	667	541	275	220			
Total Division 40			32,482	7,428	8,166	5,508	3,596	2,372	1,789	1,166	922	576	360

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 1990	2.50%	18-Jan-18	1,983	73	163	163	163	163	163	163	163	163	163
Building Works - Completed 1999	2.50%	18-Jan-18	5,272	113	252	252	252	252	252	252	252	252	252
Building Works - Completed 2007	2.50%	18-Jan-18	12,630	192	429	429	429	429	429	429	429	429	429
Building Works - Completed 2017	2.50%	18-Jan-18	22,585	258	577	577	577	577	577	577	577	577	577
Building Works - Completed 2018	2.50%	17-Feb-18	13,176	120	329	329	329	329	329	329	329	329	329
Structural Improvements - Completed 1999	2.50%	18-Jan-18	2,215	47	106	106	106	106	106	106	106	106	106
Structural Improvements - Completed 2007	2.50%	18-Jan-18	4,000	61	136	136	136	136	136	136	136	136	136
Structural Improvements - Completed 2017	2.50%	18-Jan-18	6,500	74	166	166	166	166	166	166	166	166	166
Structural Improvements - Completed 2018	2.50%	17-Feb-18	3,322	30	83	83	83	83	83	83	83	83	83
Total Division 43			**71,683**	**968**	**2,241**	**2,241**	**2,241**	**2,241**	**2,241**	**2,241**	**2,241**	**2,241**	**2,241**
Total Depreciation			**104,165**	**8,396**	**10,407**	**7,749**	**5,837**	**4,613**	**4,030**	**3,407**	**3,163**	**2,817**	**2,601**

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-Jan-18	3,686	165	369	369	369	369	369	369	369	369	369
Bathroom assets													
Exhaust fans (including light/heating)	18.75%	18-Jan-18	307	58	94	58	37	23	14	9	6	3	2
Computer systems													
General	18.75%	18-Jan-18	430	81	131	82	51	32	20	12	8	5	3
Curtains and drapes	18.75%	18-Jan-18	2,005	2,005									
Floor coverings (removable without damage)													
Carpets	10.00%	18-Jan-18	1,078	48	108	108	108	108	108	108	108	108	108
Floating timber	18.75%	18-Jan-18	10,782	2,022	3,285	2,053	1,283	802	501	313	196	122	76
Furniture	18.75%	18-Jan-18	2,949	553	899	562	351	219	137	86	54	33	21
Hot water systems (excluding piping)													
Gas or electric	8.33%	18-Jan-18	2,212	82	184	184	184	184	184	184	184	184	184
Kitchen assets													
Microwave ovens	10.00%	18-Jan-18	1,352	60	135	135	135	135	135	135	135	135	135
Rangehoods	18.75%	18-Jan-18	553	104	168	105	66	41	26	16	10	6	4
Lights													
Shades, removable	18.75%	18-Jan-18	1,032	194	314	197	123	77	48	30	19	12	7
$300 items	100.00%	18-Jan-18	688	688									
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	18.75%	17-Feb-18	2,002	375	610	381	238	149	93	58	36	23	14
Ceiling Fans	18.75%	17-Feb-18	1,650	309	503	314	196	123	77	48	30	19	12
Floor coverings (removable without damage)													
Floating timber	18.75%	17-Feb-18	806	151	246	153	96	60	37	23	15	9	6
Lights													
Shades, removable	18.75%	17-Feb-18	949	178	289	181	113	71	44	28	17	11	7
Pooled Plant Total				**6,029**	**6,539**	**4,087**	**2,554**	**1,596**	**998**	**624**	**390**	**244**	**152**
Effective Life Plant Total				**1,044**	**796**	**796**	**796**	**796**	**796**	**796**	**796**	**796**	**796**
Total Division 40			**32,482**	**7,073**	**7,335**	**4,883**	**3,350**	**2,392**	**1,794**	**1,420**	**1,186**	**1,040**	**948**

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 1990	2.50%	18-Jan-18	1,983	73	163	163	163	163	163	163	163	163	163
Building Works - Completed 1999	2.50%	18-Jan-18	5,272	113	252	252	252	252	252	252	252	252	252
Building Works - Completed 2007	2.50%	18-Jan-18	12,630	192	429	429	429	429	429	429	429	429	429
Building Works - Completed 2017	2.50%	18-Jan-18	22,585	258	577	577	577	577	577	577	577	577	577
Building Works - Completed 2018	2.50%	17-Feb-18	13,176	120	329	329	329	329	329	329	329	329	329
Structural Improvements - Completed 1999	2.50%	18-Jan-18	2,215	47	106	106	106	106	106	106	106	106	106
Structural Improvements - Completed 2007	2.50%	18-Jan-18	4,000	61	136	136	136	136	136	136	136	136	136
Structural Improvements - Completed 2017	2.50%	18-Jan-18	6,500	74	166	166	166	166	166	166	166	166	166
Structural Improvements - Completed 2018	2.50%	17-Feb-18	3,322	30	83	83	83	83	83	83	83	83	83
Total Division 43			71,683	968	2,241	2,241	2,241	2,241	2,241	2,241	2,241	2,241	2,241
Total Depreciation			**104,165**	**8,041**	**9,576**	**7,124**	**5,591**	**4,633**	**4,035**	**3,661**	**3,427**	**3,281**	**3,189**

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 1990	1 Mar 90 to 31 Mar 90	6,513	2.50%	163	1,983
Building Works - Completed 1999	6 Dec 98 to 5 Jan 99	10,066	2.50%	252	5,272
Building Works - Completed 2007	25 May 07 to 24 Jun 07	17,171	2.50%	429	12,630
Building Works - Completed 2017	1 Feb 17 to 3 Mar 17	23,093	2.50%	577	22,585
Building Works - Completed 2018	18 Jan 18 to 17 Feb 18	13,176	2.50%	329	13,176
Sub-total		70,019		1,750	55,646

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 1999	6 Dec 98 to 5 Jan 99	4,229	2.50%	106	2,215
Structural Improvements - Completed 2007	25 May 07 to 24 Jun 07	5,438	2.50%	136	4,000
Structural Improvements - Completed 2017	1 Feb 17 to 3 Mar 17	6,646	2.50%	166	6,500
Structural Improvements - Completed 2018	18 Jan 18 to 17 Feb 18	3,322	2.50%	83	3,322
Sub-total		19,635		491	16,037
Totals		89,654		2,241	71,683

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.