



Tax Depreciation Report

4811 / 135 Abeckett St,
Melbourne VIC 3000

Chan Lai Yee and Boo Yin Kwan
11 Jalan SB Indah 2 Taman Sg
Besi Indah 43300
SERI KEMBANGAN SELANOR, MALAYSIA

Issue Schedule	
Issue Date:	Issued by:
06 September 2018	Mark Kilroy Bsc (Hons) MRICS

Chan Lai Yee and Boo Yin Kwan
11 Jalan SB Indah 2 Taman Sg
Besi Indah 43300
SERI KEMBANGAN SELANOR, MALAYSIA

September 2018
Job No: RES3000040

Tax Depreciation Report – 4811/135 Abeckett St, Melbourne VIC 3000

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

6 September 2018

Purchaser

Chan Lai Yee and Boo Yin Kwan

Property Address

4811/135 Abeckett St, Melbourne VIC 3000

Real Property Description

LOT 4811 PS724927

Property Type

Residential Unit

Date of Construction

1 February 2017

Property Photo



2. Report Details

2.1 Introduction

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

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

Division 40 (Capital Allowances)

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

Division 40 (Capital Allowances) - Low Value Pool

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

Division 43 (Capital Works)

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

3. Capital Allowances

3.1 Entitlement

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

3.2 Qualifying Expenditure Calculation

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

3.3 Effective Life

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

3.4 Immediate Write-Off Assets

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

3.5 Low Value Pool

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

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

3.6 Method of Depreciation

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

Diminishing Value Method				
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				
<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) 				
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				
<ul style="list-style-type: none"> • 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	7 April 17 to 30 June 17	2,749	3,389	6,138	1,854	7,992
2	1 July 17 to 30 June 18	10,059	6,072	16,131	8,056	24,187
3	1 July 18 to 30 June 19	8,000	4,119	12,118	8,056	20,174
4	1 July 19 to 30 June 20	6,468	2,924	9,392	8,056	17,448
5	1 July 20 to 30 June 21	5,060	2,465	7,525	8,056	15,581
6	1 July 21 to 30 June 22	4,222	1,541	5,763	8,056	13,819
7	1 July 22 to 30 June 23	3,537	963	4,500	8,056	12,556
8	1 July 23 to 30 June 24	2,646	1,271	3,917	8,056	11,973
9	1 July 24 to 30 June 25	2,092	1,138	3,230	8,056	11,286
10	1 July 25 to 30 June 26	1,786	712	2,498	8,056	10,554
11	1 July 26 to 30 June 27	1,533	445	1,978	8,056	10,034
12	1 July 27 to 30 June 28	1,179	637	1,817	8,056	9,873
13	1 July 28 to 30 June 29	863	704	1,567	8,056	9,623
14	1 July 29 to 30 June 30	767	440	1,207	8,056	9,263
15	1 July 30 to 30 June 31	501	620	1,121	8,056	9,177
16	1 July 31 to 30 June 32	467	388	855	8,056	8,911
17	1 July 32 to 30 June 33	436	242	679	8,056	8,735
18	1 July 33 to 30 June 34	407	151	559	8,056	8,615
19	1 July 34 to 30 June 35	380	95	475	8,056	8,531
20	1 July 35 to 30 June 36	355	59	414	8,056	8,470
21	1 July 36 to 30 June 37	331	37	368	8,056	8,424
22	1 July 37 to 30 June 38	309	23	332	8,056	8,388
23	1 July 38 to 30 June 39	288	14	303	8,056	8,359
24	1 July 39 to 30 June 40	269	9	278	8,056	8,334
25	1 July 40 to 30 June 41	251	6	257	8,056	8,313
26	1 July 41 to 30 June 42	234	4	238	8,056	8,294
27	1 July 42 to 30 June 43	219	2	221	8,056	8,277
28	1 July 43 to 30 June 44	204	1	206	8,056	8,262
29	1 July 44 to 30 June 45	191	1	192	8,056	8,248
30	1 July 45 to 30 June 46	178	1	178	8,056	8,234
31	1 July 46 to 30 June 47	166	0	166	8,056	8,222
32	1 July 47 to 30 June 48	155	0	155	8,056	8,211
33	1 July 48 to 30 June 49	145	0	145	8,056	8,201
34	1 July 49 to 30 June 50	135	0	135	8,056	8,191
35	1 July 50 to 30 June 51	126	0	126	8,056	8,182
36	1 July 51 to 30 June 52	118	0	118	8,056	8,174
37	1 July 52 to 30 June 53	110	0	110	8,056	8,166
38	1 July 53 to 30 June 54	102	0	102	8,056	8,158
39	1 July 54 to 30 June 55	96	0	96	8,056	8,152
40	2055+	1,339	0	1,339	12,828	14,167
Totals		58,474	28,473	86,946	320,810	407,756

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 April 17 to 30 June 17	1,502	3,389	4,891	1,854	6,745
2	1 July 17 to 30 June 18	5,416	5,507	10,923	8,056	18,979
3	1 July 18 to 30 June 19	5,416	3,442	8,858	8,056	16,914
4	1 July 19 to 30 June 20	5,416	2,151	7,567	8,056	15,623
5	1 July 20 to 30 June 21	5,416	1,344	6,760	8,056	14,816
6	1 July 21 to 30 June 22	5,413	840	6,253	8,056	14,309
7	1 July 22 to 30 June 23	5,393	525	5,918	8,056	13,974
8	1 July 23 to 30 June 24	5,279	328	5,607	8,056	13,663
9	1 July 24 to 30 June 25	5,194	205	5,399	8,056	13,455
10	1 July 25 to 30 June 26	5,194	128	5,322	8,056	13,378
11	1 July 26 to 30 June 27	4,408	80	4,488	8,056	12,544
12	1 July 27 to 30 June 28	1,751	50	1,801	8,056	9,857
13	1 July 28 to 30 June 29	1,578	31	1,609	8,056	9,665
14	1 July 29 to 30 June 30	1,002	20	1,022	8,056	9,078
15	1 July 30 to 30 June 31	666	12	678	8,056	8,734
16	1 July 31 to 30 June 32	624	8	632	8,056	8,688
17	1 July 32 to 30 June 33	624	5	629	8,056	8,685
18	1 July 33 to 30 June 34	624	3	627	8,056	8,683
19	1 July 34 to 30 June 35	624	2	626	8,056	8,682
20	1 July 35 to 30 June 36	624	1	625	8,056	8,681
21	1 July 36 to 30 June 37	624	1	625	8,056	8,681
22	1 July 37 to 30 June 38	624	0	624	8,056	8,680
23	1 July 38 to 30 June 39	624	0	624	8,056	8,680
24	1 July 39 to 30 June 40	624	0	624	8,056	8,680
25	1 July 40 to 30 June 41	624	0	624	8,056	8,680
26	1 July 41 to 30 June 42	624	0	624	8,056	8,680
27	1 July 42 to 30 June 43	624	0	624	8,056	8,680
28	1 July 43 to 30 June 44	624	0	624	8,056	8,680
29	1 July 44 to 30 June 45	624	0	624	8,056	8,680
30	1 July 45 to 30 June 46	624	0	624	8,056	8,680
31	1 July 46 to 30 June 47	469	0	469	8,056	8,525
32	1 July 47 to 30 June 48	0	0	0	8,056	8,056
33	1 July 48 to 30 June 49	0	0	0	8,056	8,056
34	1 July 49 to 30 June 50	0	0	0	8,056	8,056
35	1 July 50 to 30 June 51	0	0	0	8,056	8,056
36	1 July 51 to 30 June 52	0	0	0	8,056	8,056
37	1 July 52 to 30 June 53	0	0	0	8,056	8,056
38	1 July 53 to 30 June 54	0	0	0	8,056	8,056
39	1 July 54 to 30 June 55	0	0	0	8,056	8,056
40	2055+	0	0	0	12,828	12,828
Totals		68,872	18,074	86,946	320,810	407,756

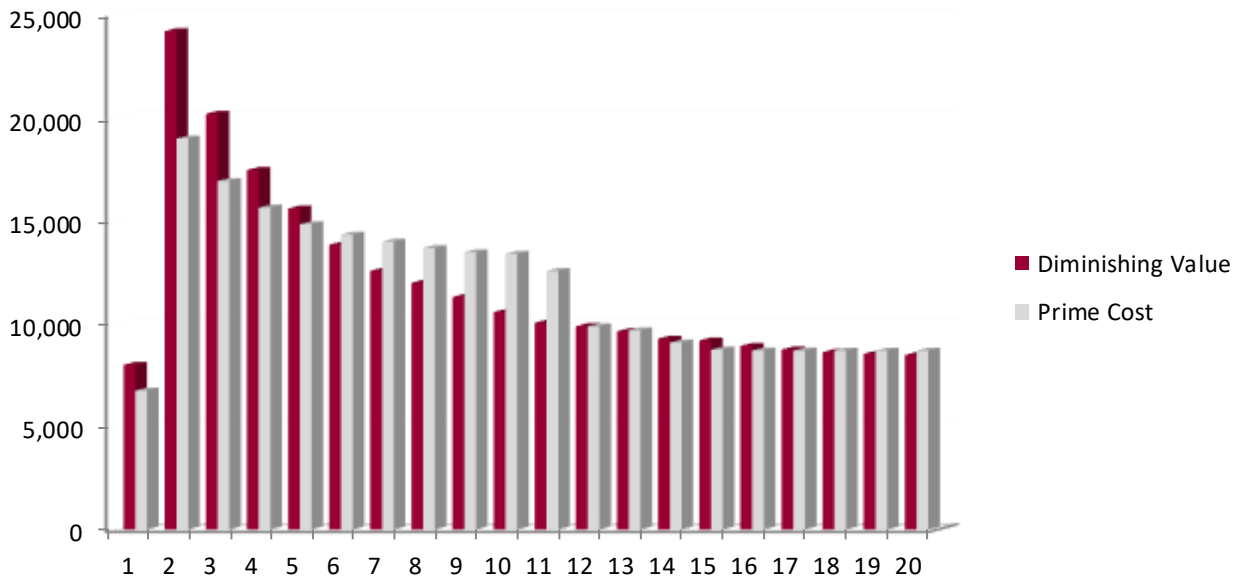
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

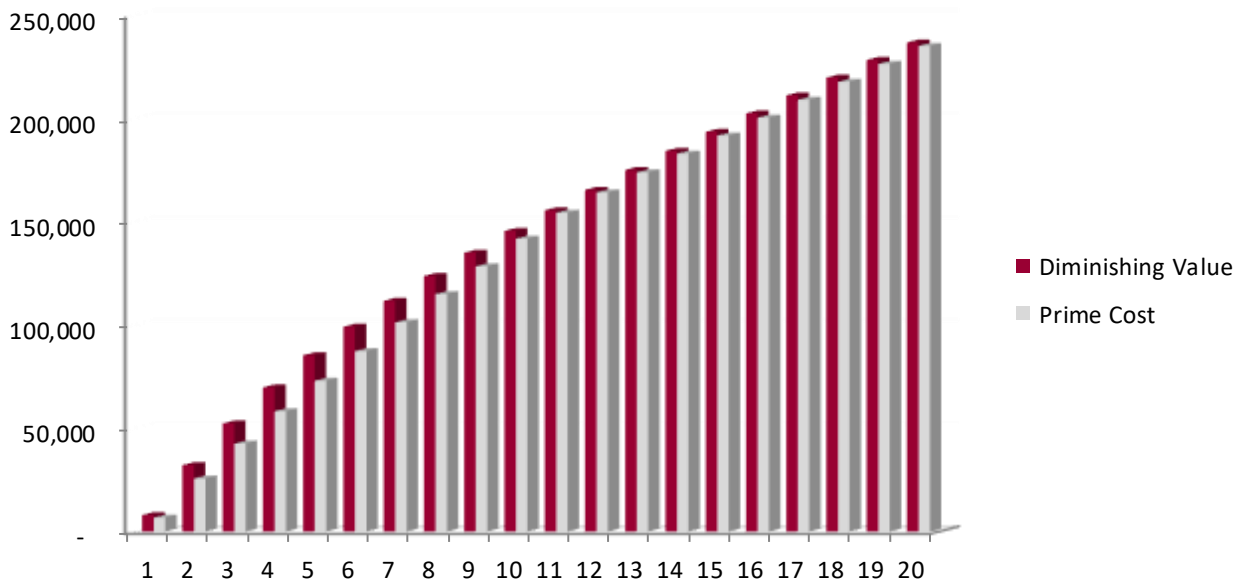
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	31 March 2014
Settlement Date	7 April 2017

Expenditure Analysed

Purchase Price	\$678,500
Stamp Duty	\$1,543
Legals	\$1,794
Total Expenditure Analysed	\$681,837

Historical Construction Details

Construction Start Date	9 October 2016
Construction Completion Date	1 February 2017
Historical Construction Cost (Estimated)*	\$373,282

9. Reconciliation of Capital Expenditure

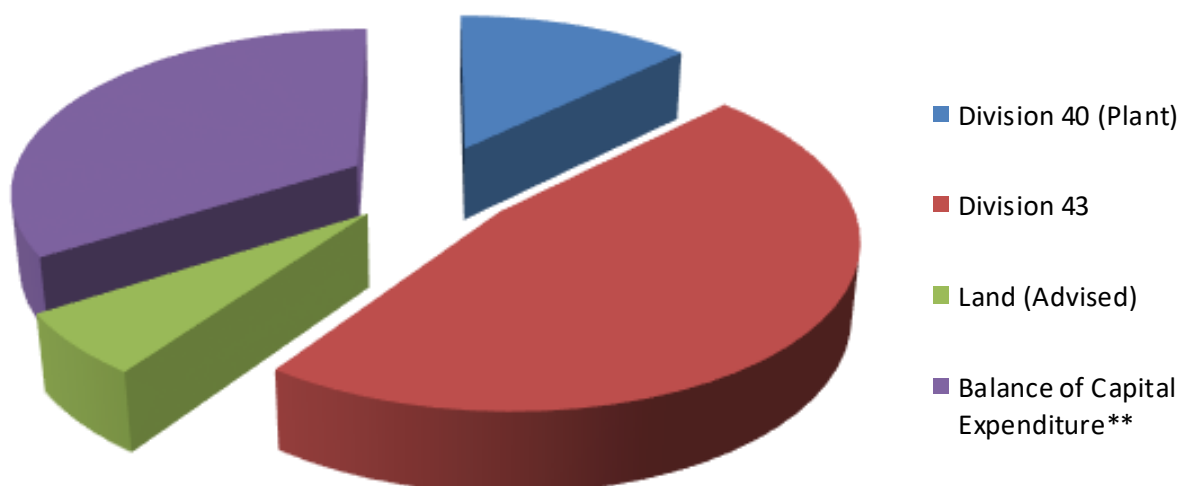
Apportionment of cost relating to:

Division 40 (Plant)	\$86,946
Division 43	\$320,810
Land (Advised)	\$41,625
Balance of Capital Expenditure**	\$232,456
Total Expenditure Analysed	\$681,837

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%	7-Apr-17	9,948	458	1,898	1,518	1,215	972	777	622	498	398	318
Bathroom assets													
Exhaust fans (including light/heating)	18.75%	7-Apr-17	1,554	291	474	296	185	116	72	45	28	18	11
Blinds Residential	20.00%	7-Apr-17	1,741	80	332	266	213	319	199	125	78	49	30
Blinds Residential	18.75%	7-Apr-17	2,736	513	834	521	326	204	127	79	50	31	19
Computer systems													
General	18.75%	7-Apr-17	725	136	221	138	86	54	34	21	13	8	5
Building management system	40.00%	7-Apr-17	117	11	40	25	16	10	6	4	2	1	1
Door closers	18.75%	7-Apr-17	568	107	173	108	68	42	26	17	10	6	4
Fire control assets													
Detection & alarm systems, detectors	18.75%	7-Apr-17	1,653	310	504	315	197	123	77	48	30	19	12
Detection & alarm systems, fire indicator panel	18.75%	7-Apr-17	147	28	45	28	17	11	7	4	3	2	1
Emergency warning & intercommunication system	18.75%	7-Apr-17	3,500	656	1,066	666	417	260	163	102	64	40	25
Hoses and nozzles	20.00%	7-Apr-17	513	24	184	115	72	45	28	18	11	7	4
Floor coverings (removable without damage)													
Carpets	20.00%	7-Apr-17	17,549	808	3,348	2,679	2,143	1,714	1,371	1,097	878	702	562
Furniture	15.00%	7-Apr-17	5,043	174	731	621	528	449	381	324	275	234	199
Furniture	18.75%	7-Apr-17	2,785	522	848	530	331	207	129	81	51	32	20
Hot water systems (excluding piping)													
Gas or electric	16.67%	7-Apr-17	1,526	59	245	204	170	318	199	124	78	49	30
Kitchen assets													
Cooktops	16.67%	7-Apr-17	2,642	101	424	353	294	245	204	170	319	199	125
Dishwashers	20.00%	7-Apr-17	3,731	172	712	569	456	364	292	233	350	219	137
Ovens	16.67%	7-Apr-17	3,420	131	548	457	381	317	264	220	184	344	215
Rangehoods	16.67%	7-Apr-17	1,399	54	224	187	350	219	137	86	53	33	21
Lifts (including hydraulic & tractions lifts)	6.67%	7-Apr-17	18,709	287	1,228	1,146	1,070	999	932	870	812	758	707
Lights													
Shades, removable	18.75%	7-Apr-17	4,407	826	1,343	839	524	328	205	128	80	50	31
MATV - amplifiers & modulators	20.00%	7-Apr-17	954	44	341	213	133	83	52	33	20	13	8
Security systems & equipment													
Electronic	30.00%	7-Apr-17	1,324	91	370	324	202	126	79	49	31	19	12
\$300 items	100.00%	7-Apr-17	256	256									
Pooled Plant Total				3,389	6,072	4,119	2,924	2,465	1,541	963	1,271	1,138	712
Effective Life Plant Total				2,749	10,059	8,000	6,468	5,060	4,222	3,537	2,646	2,092	1,786
Total Division 40			86,946	6,138	16,131	12,118	9,392	7,525	5,763	4,500	3,917	3,230	2,498

Diminishing Value Depreciation Schedule (cont.)

Division 43 - Capital Works Allowance													
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 2017	2.50%	07-Apr-17	320,265	1,851	8,042	8,042	8,042	8,042	8,042	8,042	8,042	8,042	8,042
Structural Improvements - Completed 2017	2.50%	07-Apr-17	545	3	14	14	14	14	14	14	14	14	14
Total Division 43			320,810	1,854	8,056	8,056	8,056	8,056	8,056	8,056	8,056	8,056	8,056
Total Depreciation			407,756	7,992	24,187	20,174	17,448	15,581	13,819	12,556	11,973	11,286	10,554

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%	07-Apr-17	9,948	229	995	995	995	995	995	995	995	995	995
Bathroom assets													
Exhaust fans (including light/heating)	18.75%	07-Apr-17	1,554	291	474	296	185	116	72	45	28	18	11
Blinds Residential	10.00%	07-Apr-17	1,741	40	174	174	174	174	174	174	174	174	174
Blinds Residential	18.75%	07-Apr-17	2,736	513	834	521	326	204	127	79	50	31	19
Computer systems													
General	18.75%	07-Apr-17	725	136	221	138	86	54	34	21	13	8	5
Building management system	20.00%	07-Apr-17	117	5	23	23	23	23	20				
Door closers	18.75%	07-Apr-17	568	107	173	108	68	42	26	17	10	6	4
Fire control assets													
Detection & alarm systems, detectors	18.75%	07-Apr-17	1,653	310	504	315	197	123	77	48	30	19	12
Detection & alarm systems, fire indicator panel	18.75%	07-Apr-17	147	28	45	28	17	11	7	4	3	2	1
Emergency warning & intercommunication system	18.75%	07-Apr-17	3,500	656	1,066	666	417	260	163	102	64	40	25
Hoses and nozzles	10.00%	07-Apr-17	513	12	51	51	51	51	51	51	51	51	51
Floor coverings (removable without damage)													
Carpets	10.00%	07-Apr-17	17,549	404	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755
Furniture	7.50%	07-Apr-17	5,043	87	378	378	378	378	378	378	378	378	378
Furniture	18.75%	07-Apr-17	2,785	522	848	530	331	207	129	81	51	32	20
Hot water systems (excluding piping)													
Gas or electric	8.33%	07-Apr-17	1,526	29	127	127	127	127	127	127	127	127	127
Kitchen assets													
Cooktops	8.33%	07-Apr-17	2,642	51	220	220	220	220	220	220	220	220	220
Dishwashers	10.00%	07-Apr-17	3,731	86	373	373	373	373	373	373	373	373	373
Ovens	8.33%	07-Apr-17	3,420	66	285	285	285	285	285	285	285	285	285
Rangehoods	8.33%	07-Apr-17	1,399	27	117	117	117	117	117	117	117	117	117
Lifts (including hydraulic & tractions lifts)	3.33%	07-Apr-17	18,709	144	624	624	624	624	624	624	624	624	624
Lights													
Shades, removable	18.75%	07-Apr-17	4,407	826	1,343	839	524	328	205	128	80	50	31
MATV - amplifiers & modulators	10.00%	07-Apr-17	954	22	95	95	95	95	95	95	95	95	95
Security systems & equipment													
Electronic	15.00%	07-Apr-17	1,324	46	199	199	199	199	199	199	85		
\$300 items	100.00%	07-Apr-17	256	256									
Pooled Plant Total				3,389	5,507	3,442	2,151	1,344	840	525	328	205	128
Effective Life Plant Total				1,502	5,416	5,416	5,416	5,416	5,413	5,393	5,279	5,194	5,194
Total Division 40			86,946	4,891	10,923	8,858	7,567	6,760	6,253	5,918	5,607	5,399	5,322

Prime Cost Depreciation Schedule (cont.)

Division 43 - Capital Works Allowance												
	Rate	Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 2017	2.50%	07-Apr-17	320,265	1,851	8,042	8,042	8,042	8,042	8,042	8,042	8,042	8,042
Structural Improvements - Completed 2017	2.50%	07-Apr-17	545	3	14	14	14	14	14	14	14	14
Total Division 43			320,810	1,854	8,056	8,056	8,056	8,056	8,056	8,056	8,056	8,056
Total Depreciation			407,756	6,745	18,979	16,914	15,623	14,816	14,309	13,974	13,663	13,455

12. Division 43 Capital Works Schedule

The table below outlines the amount of Division 43 building write-off available for this property. The building write-off is claimed over forty years from the construction date of the works completed and is the remaining value after plant and equipment has been taken out.

Qualifying Building Allowance

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Building Works - Completed 2017	9 Oct 16 to 1 Feb 17	321,697	2.50%	8,042	320,265
Sub-total		321,697		8,042	320,265

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2017	9 Oct 16 to 1 Feb 17	547	2.50%	14	545
Sub-total		547		14	545
Totals		322,245		8,056	320,810

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

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

13. Definition of Terms

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

14. Contact Details

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15. Disclaimer

This report has been prepared for the exclusive use of the parties named within this report, Koste Pty Ltd does not accept any contractual, tortious or other form of liability for any consequences that may arise from any other person acting upon or using this valuation.