



## Tax Depreciation Report

802/11 Playfield Street,  
Chermside QLD 4032

Zejian Qin  
PO Box 91  
EASTWOOD, NSW 2122

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

Zejian Qin  
PO Box 91  
EASTWOOD, NSW 2122

October 2018  
Job No: RES4032001

**Tax Depreciation Report – 802/11 Playfield Street, Chermside QLD 4032**

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



## TABLE OF CONTENTS

1. Property Information .....	2
2. Report Details .....	3
3. Capital Allowances .....	4
4. Capital Works .....	6
5. Summary of Entitlements – Diminishing Value Method .....	7
6. Summary of Entitlements – Prime Cost Method.....	8
7. Comparison Graphs.....	9
8. Capital Expenditure Analysed .....	10
9. Reconciliation of Capital Expenditure .....	10
10. Diminishing Value Depreciation Schedule.....	11
11. Prime Cost Depreciation Schedule .....	13
12. Division 43 Capital Works Schedule .....	15
13. Definition of Terms .....	16
14. Contact Details .....	17
15. Disclaimer.....	18

## 1. Property Information

### Date of Report

29 October 2018

### Purchaser

Zejian Qin

### Property Address

802/11 Playfield Street, Chermside QLD 4032

### Real Property Description

LOT 802 SP280719

### Property Type

Residential Unit

### Date of Construction

13 December 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	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"> <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	12 January 18 to 30 June 18	5,471	2,668	8,139	2,527	10,666
2	1 July 18 to 30 June 19	8,906	4,633	13,539	5,457	18,996
3	1 July 19 to 30 June 20	6,541	4,260	10,801	5,457	16,258
4	1 July 20 to 30 June 21	5,037	3,388	8,425	5,457	13,882
5	1 July 21 to 30 June 22	4,168	2,117	6,285	5,457	11,742
6	1 July 22 to 30 June 23	3,304	1,675	4,979	5,457	10,436
7	1 July 23 to 30 June 24	2,576	1,379	3,955	5,457	9,412
8	1 July 24 to 30 June 25	1,888	1,511	3,400	5,457	8,857
9	1 July 25 to 30 June 26	1,593	945	2,537	5,457	7,994
10	1 July 26 to 30 June 27	1,178	913	2,092	5,457	7,549
11	1 July 27 to 30 June 28	838	901	1,739	5,457	7,196
12	1 July 28 to 30 June 29	737	563	1,300	5,457	6,757
13	1 July 29 to 30 June 30	652	352	1,004	5,457	6,461
14	1 July 30 to 30 June 31	407	545	951	5,457	6,408
15	1 July 31 to 30 June 32	379	340	720	5,457	6,177
16	1 July 32 to 30 June 33	354	213	567	5,457	6,024
17	1 July 33 to 30 June 34	331	133	463	5,457	5,920
18	1 July 34 to 30 June 35	308	83	392	5,457	5,849
19	1 July 35 to 30 June 36	288	52	340	5,457	5,797
20	1 July 36 to 30 June 37	269	32	301	5,457	5,758
21	1 July 37 to 30 June 38	251	20	271	5,457	5,728
22	1 July 38 to 30 June 39	234	13	247	5,457	5,704
23	1 July 39 to 30 June 40	218	8	226	5,457	5,683
24	1 July 40 to 30 June 41	204	5	209	5,457	5,666
25	1 July 41 to 30 June 42	190	3	193	5,457	5,650
26	1 July 42 to 30 June 43	178	2	180	5,457	5,637
27	1 July 43 to 30 June 44	166	1	167	5,457	5,624
28	1 July 44 to 30 June 45	155	1	155	5,457	5,612
29	1 July 45 to 30 June 46	144	0	145	5,457	5,602
30	1 July 46 to 30 June 47	135	0	135	5,457	5,592
31	1 July 47 to 30 June 48	126	0	126	5,457	5,583
32	1 July 48 to 30 June 49	117	0	118	5,457	5,575
33	1 July 49 to 30 June 50	110	0	110	5,457	5,567
34	1 July 50 to 30 June 51	102	0	102	5,457	5,559
35	1 July 51 to 30 June 52	95	0	95	5,457	5,552
36	1 July 52 to 30 June 53	89	0	89	5,457	5,546
37	1 July 53 to 30 June 54	83	0	83	5,457	5,540
38	1 July 54 to 30 June 55	78	0	78	5,457	5,535
39	1 July 55 to 30 June 56	72	0	72	5,457	5,529
40	2056+	1,014	0	1,014	31,278	32,292
<b>Totals</b>		<b>48,988</b>	<b>26,758</b>	<b>75,746</b>	<b>241,171</b>	<b>316,917</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	12 January 18 to 30 June 18	3,127	2,668	5,795	2,527	8,322
2	1 July 18 to 30 June 19	5,063	4,335	9,398	5,457	14,855
3	1 July 19 to 30 June 20	5,063	2,710	7,773	5,457	13,230
4	1 July 20 to 30 June 21	5,063	1,693	6,756	5,457	12,213
5	1 July 21 to 30 June 22	5,063	1,058	6,121	5,457	11,578
6	1 July 22 to 30 June 23	4,971	662	5,632	5,457	11,089
7	1 July 23 to 30 June 24	4,868	413	5,281	5,457	10,738
8	1 July 24 to 30 June 25	4,677	258	4,935	5,457	10,392
9	1 July 25 to 30 June 26	4,628	162	4,790	5,457	10,247
10	1 July 26 to 30 June 27	4,628	101	4,729	5,457	10,186
11	1 July 27 to 30 June 28	3,173	63	3,236	5,457	8,693
12	1 July 28 to 30 June 29	1,492	39	1,531	5,457	6,988
13	1 July 29 to 30 June 30	1,120	25	1,144	5,457	6,601
14	1 July 30 to 30 June 31	645	15	660	5,457	6,117
15	1 July 31 to 30 June 32	480	10	490	5,457	5,947
16	1 July 32 to 30 June 33	480	6	486	5,457	5,943
17	1 July 33 to 30 June 34	480	4	484	5,457	5,941
18	1 July 34 to 30 June 35	480	2	482	5,457	5,939
19	1 July 35 to 30 June 36	480	1	481	5,457	5,938
20	1 July 36 to 30 June 37	480	1	481	5,457	5,938
21	1 July 37 to 30 June 38	480	1	481	5,457	5,938
22	1 July 38 to 30 June 39	480	0	480	5,457	5,937
23	1 July 39 to 30 June 40	480	0	480	5,457	5,937
24	1 July 40 to 30 June 41	480	0	480	5,457	5,937
25	1 July 41 to 30 June 42	480	0	480	5,457	5,937
26	1 July 42 to 30 June 43	480	0	480	5,457	5,937
27	1 July 43 to 30 June 44	480	0	480	5,457	5,937
28	1 July 44 to 30 June 45	480	0	480	5,457	5,937
29	1 July 45 to 30 June 46	480	0	480	5,457	5,937
30	1 July 46 to 30 June 47	480	0	480	5,457	5,937
31	1 July 47 to 30 June 48	257	0	257	5,457	5,714
32	1 July 48 to 30 June 49	0	0	0	5,457	5,457
33	1 July 49 to 30 June 50	0	0	0	5,457	5,457
34	1 July 50 to 30 June 51	0	0	0	5,457	5,457
35	1 July 51 to 30 June 52	0	0	0	5,457	5,457
36	1 July 52 to 30 June 53	0	0	0	5,457	5,457
37	1 July 53 to 30 June 54	0	0	0	5,457	5,457
38	1 July 54 to 30 June 55	0	0	0	5,457	5,457
39	1 July 55 to 30 June 56	0	0	0	5,457	5,457
40	2056+	0	0	0	31,278	31,278
<b>Totals</b>		<b>61,517</b>	<b>14,229</b>	<b>75,746</b>	<b>241,171</b>	<b>316,917</b>

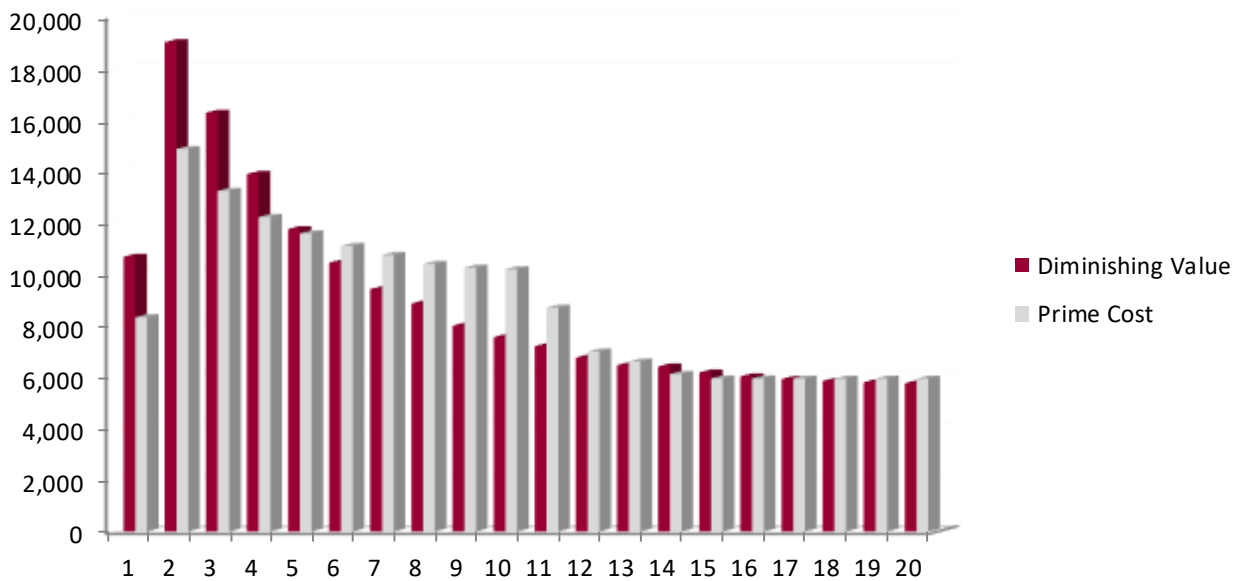
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

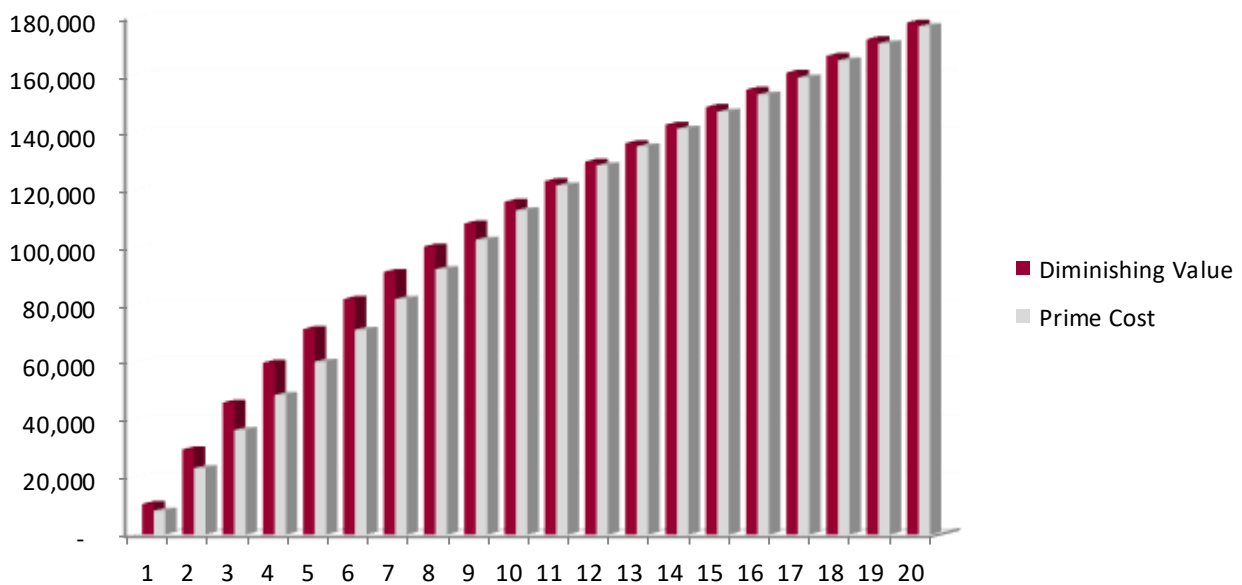
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	16 May 2016
Settlement Date	12 January 2018

### Expenditure Analysed

Purchase Price	\$504,000
Stamp Duty	\$16,065
Legals	\$990
Post Expenditure	\$0
<b>Total Expenditure Analysed</b>	<b>\$521,055</b>

### Historical Construction Details

Construction Start Date	26 February 2017
Construction Completion Date	13 December 2017
Historical Construction Cost (Estimated)*	\$292,593

## 9. Reconciliation of Capital Expenditure

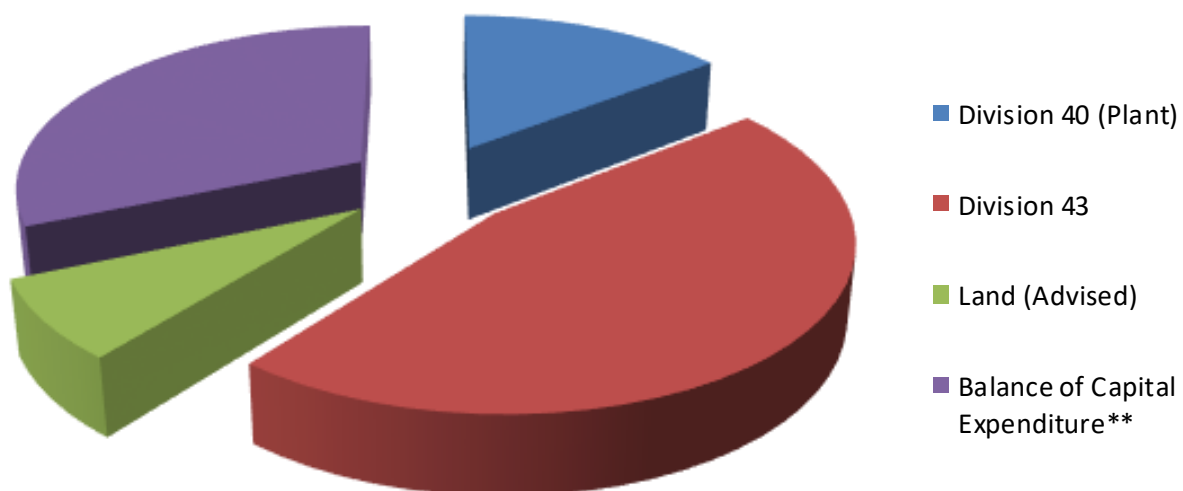
### Apportionment of cost relating to:

Division 40 (Plant)	\$75,746
Division 43	\$241,171
Land (Advised)	\$40,466
Balance of Capital Expenditure**	\$163,672
<b>Total Expenditure Analysed</b>	<b>\$521,055</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 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
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>													
Mini split system upto 20KW	20.00%	12-Jan-18	13,878	1,285	2,519	2,015	1,612	1,290	1,032	825	660	528	423
<b>Blinds Residential</b>													
Blinds Residential	20.00%	12-Jan-18	5,657	524	1,027	821	657	526	420	336	269	215	323
Blinds Residential	18.75%	12-Jan-18	744	140	227	142	89	55	35	22	14	8	5
<b>Computer systems</b>													
Building management system	40.00%	12-Jan-18	973	180	297	186	116	73	45	28	18	11	7
Door closers	18.75%	12-Jan-18	511	96	156	97	61	38	24	15	9	6	4
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	12-Jan-18	1,113	209	339	212	132	83	52	32	20	13	8
Detection & alarm systems, fire indicator panel	16.67%	12-Jan-18	1,216	94	187	351	219	137	86	54	33	21	13
Emergency warning & intercommunication system	16.67%	12-Jan-18	1,145	88	176	330	206	129	81	50	32	20	12
Hoses and nozzles	18.75%	12-Jan-18	665	125	203	127	79	50	31	19	12	8	5
Pumps, diesel & electric	18.75%	12-Jan-18	414	78	126	79	49	31	19	12	8	5	3
Fire sprinklers - pumps only	18.75%	12-Jan-18	414	78	126	79	49	31	19	12	8	5	3
<b>Floor coverings ( removable without damage)</b>													
Carpets	20.00%	12-Jan-18	7,232	670	1,312	1,050	840	672	538	430	344	275	220
Furniture	15.00%	12-Jan-18	2,533	176	354	301	255	217	185	157	333	208	130
Furniture	18.75%	12-Jan-18	3,799	712	1,158	723	452	283	177	110	69	43	27
<b>Hot water systems (excluding piping)</b>													
Gas or electric	16.67%	12-Jan-18	1,557	120	239	200	374	234	146	91	57	36	22
<b>Kitchen assets</b>													
Cooktops	16.67%	12-Jan-18	2,109	163	324	270	225	188	352	220	137	86	54
Dishwashers	20.00%	12-Jan-18	2,977	276	540	432	346	277	221	332	207	130	81
Ovens	16.67%	12-Jan-18	2,729	211	420	350	291	243	202	169	316	198	124
Rangehoods	16.67%	12-Jan-18	1,116	86	172	322	201	126	79	49	31	19	12
<b>Laundry assets</b>													
Clothes dryers	20.00%	12-Jan-18	1,613	149	293	234	351	219	137	86	54	33	21
Lifts (including hydraulic & tractions lifts)	6.67%	12-Jan-18	14,400	444	930	868	810	756	706	659	615	574	536
<b>Lights</b>													
Shades, removable	18.75%	12-Jan-18	5,004	938	1,525	953	596	372	233	145	91	57	35
MATV - amplifiers & modulators	18.75%	12-Jan-18	973	182	296	185	116	72	45	28	18	11	7
<b>Security systems &amp; equipment</b>													
Electronic	30.00%	12-Jan-18	1,600	222	413	362	226	141	88	55	34	22	13
Carried forward			74,372	7,245	13,359	10,688	8,355	6,241	4,952	3,938	3,389	2,531	2,088

## 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			74,372	7,245	13,359	10,688	8,355	6,241	4,952	3,938	3,389	2,531	2,088
<b>Ventilating plant</b>													
Ventilation plant - fans only	18.75%	12-Jan-18	592	111	180	113	70	44	28	17	11	7	4
\$300 items	100.00%	12-Jan-18	783	783									
Pooled Plant Total				2,668	4,633	4,260	3,388	2,117	1,675	1,379	1,511	945	913
Effective Life Plant Total				5,471	8,906	6,541	5,037	4,168	3,304	2,576	1,888	1,593	1,178
Total Division 40			75,746	8,139	13,539	10,801	8,425	6,285	4,979	3,955	3,400	2,537	2,092
<b>Division 43 - Capital Works Allowance</b>													
	Rate		Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Building Works - Completed 2017	2.50%	12-Jan-18	203,956	2,366	5,109	5,109	5,109	5,109	5,109	5,109	5,109	5,109	5,109
Building Works - Completed 1900			10,601										
Building Works - Completed 1900			12,722										
Structural Improvements - Completed 2017	2.50%	12-Jan-18	13,892	161	348	348	348	348	348	348	348	348	348
Total Division 43			241,171	2,527	5,457	5,457	5,457	5,457	5,457	5,457	5,457	5,457	5,457
Total Depreciation			316,917	10,666	18,996	16,258	13,882	11,742	10,436	9,412	8,857	7,994	7,549

## 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%	12-Jan-18	13,878	643	1,388	1,388	1,388	1,388	1,388	1,388	1,388	1,388	1,388
<b>Blinds Residential</b>													
Blinds Residential	10.00%	12-Jan-18	5,657	262	566	566	566	566	566	566	566	566	566
Blinds Residential	18.75%	12-Jan-18	744	140	227	142	89	55	35	22	14	8	5
<b>Computer systems</b>													
Building management system	20.00%	12-Jan-18	973	90	195	195	195	195	103				
<b>Door closers</b>													
Door closers	18.75%	12-Jan-18	511	96	156	97	61	38	24	15	9	6	4
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	12-Jan-18	1,113	209	339	212	132	83	52	32	20	13	8
Detection & alarm systems, fire indicator panel	8.33%	12-Jan-18	1,216	47	101	101	101	101	101	101	101	101	101
Emergency warning & intercommunication system	8.33%	12-Jan-18	1,145	44	95	95	95	95	95	95	95	95	95
Hoses and nozzles	18.75%	12-Jan-18	665	125	203	127	79	50	31	19	12	8	5
Pumps, diesel & electric	18.75%	12-Jan-18	414	78	126	79	49	31	19	12	8	5	3
Fire sprinklers - pumps only	18.75%	12-Jan-18	414	78	126	79	49	31	19	12	8	5	3
<b>Floor coverings ( removable without damage)</b>													
Carpets	10.00%	12-Jan-18	7,232	335	723	723	723	723	723	723	723	723	723
<b>Furniture</b>													
Furniture	7.50%	12-Jan-18	2,533	88	190	190	190	190	190	190	190	190	190
Furniture	18.75%	12-Jan-18	3,799	712	1,158	723	452	283	177	110	69	43	27
<b>Hot water systems (excluding piping)</b>													
Gas or electric	8.33%	12-Jan-18	1,557	60	130	130	130	130	130	130	130	130	130
<b>Kitchen assets</b>													
Cooktops	8.33%	12-Jan-18	2,109	81	176	176	176	176	176	176	176	176	176
Dishwashers	10.00%	12-Jan-18	2,977	138	298	298	298	298	298	298	298	298	298
Ovens	8.33%	12-Jan-18	2,729	105	227	227	227	227	227	227	227	227	227
Rangehoods	8.33%	12-Jan-18	1,116	43	93	93	93	93	93	93	93	93	93
<b>Laundry assets</b>													
Clothes dryers	10.00%	12-Jan-18	1,613	75	161	161	161	161	161	161	161	161	161
<b>Lifts (including hydraulic &amp; tractions lifts)</b>													
Lifts	3.33%	12-Jan-18	14,400	222	480	480	480	480	480	480	480	480	480
<b>Lights</b>													
Shades, removable	18.75%	12-Jan-18	5,004	938	1,525	953	596	372	233	145	91	57	35
<b>MATV - amplifiers &amp; modulators</b>													
MATV - amplifiers & modulators	18.75%	12-Jan-18	973	182	296	185	116	72	45	28	18	11	7
<b>Security systems &amp; equipment</b>													
Electronic	15.00%	12-Jan-18	1,600	111	240	240	240	240	240	240	49		
<b>Carried forward</b>			<b>74,372</b>	<b>4,901</b>	<b>9,218</b>	<b>7,660</b>	<b>6,686</b>	<b>6,077</b>	<b>5,605</b>	<b>5,264</b>	<b>4,925</b>	<b>4,783</b>	<b>4,725</b>

## Prime Cost Depreciation Schedule (cont.)

Assets Generally	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
<b>Division 40 - Plant and Equipment</b>													
Brought forward			74,372	4,901	9,218	7,660	6,686	6,077	5,605	5,264	4,925	4,783	4,725
<b>Ventilating plant</b>													
Ventilation plant - fans only	18.75%	12-Jan-18	592	111	180	113	70	44	28	17	11	7	4
<b>\$300 items</b>													
	100.00%	12-Jan-18	783	783									
<b>Pooled Plant Total</b>				2,668	4,335	2,710	1,693	1,058	662	413	258	162	101
<b>Effective Life Plant Total</b>				3,127	5,063	5,063	5,063	5,063	4,971	4,868	4,677	4,628	4,628
<b>Total Division 40</b>			75,746	5,795	9,398	7,773	6,756	6,121	5,632	5,281	4,935	4,790	4,729
<b>Division 43 - Capital Works Allowance</b>													
	Rate	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
<b>Building Works - Completed 2017</b>			203,956	2,366	5,109	5,109	5,109	5,109	5,109	5,109	5,109	5,109	5,109
<b>Building Works - Completed 1900</b>			10,601										
<b>Building Works - Completed 1900</b>			12,722										
<b>Structural Improvements - Completed 2017</b>				13,892	161	348	348	348	348	348	348	348	348
<b>Total Division 43</b>			241,171	2,527	5,457	5,457	5,457	5,457	5,457	5,457	5,457	5,457	5,457
<b>Total Depreciation</b>			316,917	8,322	14,855	13,230	12,213	11,578	11,089	10,738	10,392	10,247	10,186



## 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	26 Feb 17 to 13 Dec 17	204,376	2.50%	5,109	203,956
Building Works - Completed 1900		10,601			10,601
Building Works - Completed 1900		12,722			12,722
<b>Sub-total</b>		<b>227,699</b>		<b>5,109</b>	<b>227,279</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2017	26 Feb 17 to 13 Dec 17	13,920	2.50%	348	13,892
<b>Sub-total</b>		<b>13,920</b>		<b>348</b>	<b>13,892</b>
<b>Totals</b>		<b>241,619</b>		<b>5,457</b>	<b>241,171</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	
<b>Company Name</b>	Koste Pty Ltd
<b>Postal Address</b>	Suite 1, L12/133 Mary Street, Brisbane, Qld 4000
<b>Office Number</b>	1300 669 400
<b>Office Email</b>	info@koste.com.au

LEAD SURVEYOR DETAILS	
<b>Surveyors Name</b>	Mark Kilroy
<b>Tax Agent Number</b>	24370523
<b>Contact Number</b>	1300 669 400
<b>Email</b>	mark@koste.com.au

## **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.