



## Tax Depreciation Report

1002/8C Evergreen Mews,  
Armadale VIC 3143

CHI Lai Man Jocelyn  
Flat D 21/F Tower 3 Les Saisons  
28 Tai On Street  
HONG KONG

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

CHI Lai Man Jocelyn  
Flat D 21/F Tower 3 Les Saisons  
28 Tai On Street  
HONG KONG

November 2018  
Job No: RES3143004

### **Tax Depreciation Report – 1002/8C Evergreen Mews, Armadale VIC 3143**

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 November 2018

### Purchaser

CHI Lai Man Jocelyn

### Property Address

1002/8C Evergreen Mews, Armadale VIC 3143

### Property Type

Residential Unit

### Date of Construction

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

## **4. Capital Works**

### **4.1 Entitlement**

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

### **4.2 Method of Depreciation**

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

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

### **4.3 Method of Depreciation**

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



## 5. Summary of Entitlements – Diminishing Value Method

Year	Financial Year	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	9 June 17 to 30 June 17	1,435	2,496	3,931	269	4,200
2	1 July 17 to 30 June 18	10,867	4,056	14,923	4,689	19,612
3	1 July 18 to 30 June 19	8,890	2,889	11,779	4,689	16,468
4	1 July 19 to 30 June 20	7,443	1,806	9,248	4,689	13,937
5	1 July 20 to 30 June 21	5,384	2,771	8,155	4,689	12,844
6	1 July 21 to 30 June 22	4,611	1,732	6,343	4,689	11,032
7	1 July 22 to 30 June 23	3,968	1,082	5,051	4,689	9,740
8	1 July 23 to 30 June 24	3,160	1,361	4,521	4,689	9,210
9	1 July 24 to 30 June 25	2,614	1,167	3,781	4,689	8,470
10	1 July 25 to 30 June 26	2,176	1,065	3,241	4,689	7,930
11	1 July 26 to 30 June 27	1,759	1,032	2,791	4,689	7,480
12	1 July 27 to 30 June 28	1,477	992	2,469	4,689	7,158
13	1 July 28 to 30 June 29	1,323	620	1,943	4,689	6,632
14	1 July 29 to 30 June 30	1,191	388	1,579	4,689	6,268
15	1 July 30 to 30 June 31	1,077	242	1,319	4,689	6,008
16	1 July 31 to 30 June 32	808	468	1,276	4,689	5,965
17	1 July 32 to 30 June 33	754	293	1,046	4,689	5,735
18	1 July 33 to 30 June 34	703	183	886	4,689	5,575
19	1 July 34 to 30 June 35	657	114	771	4,689	5,460
20	1 July 35 to 30 June 36	613	71	684	4,689	5,373
21	1 July 36 to 30 June 37	572	45	617	4,689	5,306
22	1 July 37 to 30 June 38	534	28	562	4,689	5,251
23	1 July 38 to 30 June 39	498	17	516	4,689	5,205
24	1 July 39 to 30 June 40	465	11	476	4,689	5,165
25	1 July 40 to 30 June 41	434	7	441	4,689	5,130
26	1 July 41 to 30 June 42	405	4	409	4,689	5,098
27	1 July 42 to 30 June 43	378	3	381	4,689	5,070
28	1 July 43 to 30 June 44	353	2	355	4,689	5,044
29	1 July 44 to 30 June 45	329	1	330	4,689	5,019
30	1 July 45 to 30 June 46	307	1	308	4,689	4,997
31	1 July 46 to 30 June 47	287	0	287	4,689	4,976
32	1 July 47 to 30 June 48	268	0	268	4,689	4,957
33	1 July 48 to 30 June 49	250	0	250	4,689	4,939
34	1 July 49 to 30 June 50	233	0	233	4,689	4,922
35	1 July 50 to 30 June 51	218	0	218	4,689	4,907
36	1 July 51 to 30 June 52	203	0	203	4,689	4,892
37	1 July 52 to 30 June 53	190	0	190	4,689	4,879
38	1 July 53 to 30 June 54	177	0	177	4,689	4,866
39	1 July 54 to 30 June 55	165	0	165	4,689	4,854
40	2055+	2,313	0	2,313	8,742	11,055
<b>Totals</b>		<b>69,488</b>	<b>24,947</b>	<b>94,435</b>	<b>187,193</b>	<b>281,628</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	9 June 17 to 30 June 17	1,120	2,496	3,616	269	3,885
2	1 July 17 to 30 June 18	5,487	4,056	9,543	4,689	14,232
3	1 July 18 to 30 June 19	5,487	2,535	8,022	4,689	12,711
4	1 July 19 to 30 June 20	5,487	1,584	7,071	4,689	11,760
5	1 July 20 to 30 June 21	5,487	990	6,477	4,689	11,166
6	1 July 21 to 30 June 22	5,487	619	6,106	4,689	10,795
7	1 July 22 to 30 June 23	5,487	387	5,874	4,689	10,563
8	1 July 23 to 30 June 24	5,350	242	5,592	4,689	10,281
9	1 July 24 to 30 June 25	5,141	151	5,292	4,689	9,981
10	1 July 25 to 30 June 26	5,141	94	5,235	4,689	9,924
11	1 July 26 to 30 June 27	4,988	59	5,047	4,689	9,736
12	1 July 27 to 30 June 28	2,479	37	2,516	4,689	7,205
13	1 July 28 to 30 June 29	2,435	23	2,458	4,689	7,147
14	1 July 29 to 30 June 30	1,582	14	1,596	4,689	6,285
15	1 July 30 to 30 June 31	1,504	9	1,513	4,689	6,202
16	1 July 31 to 30 June 32	1,468	6	1,474	4,689	6,163
17	1 July 32 to 30 June 33	1,288	4	1,292	4,689	5,981
18	1 July 33 to 30 June 34	1,288	2	1,290	4,689	5,979
19	1 July 34 to 30 June 35	1,288	1	1,289	4,689	5,978
20	1 July 35 to 30 June 36	1,288	1	1,289	4,689	5,978
21	1 July 36 to 30 June 37	1,257	1	1,258	4,689	5,947
22	1 July 37 to 30 June 38	1,065	0	1,065	4,689	5,754
23	1 July 38 to 30 June 39	1,065	0	1,065	4,689	5,754
24	1 July 39 to 30 June 40	1,065	0	1,065	4,689	5,754
25	1 July 40 to 30 June 41	1,065	0	1,065	4,689	5,754
26	1 July 41 to 30 June 42	1,065	0	1,065	4,689	5,754
27	1 July 42 to 30 June 43	1,065	0	1,065	4,689	5,754
28	1 July 43 to 30 June 44	1,065	0	1,065	4,689	5,754
29	1 July 44 to 30 June 45	1,065	0	1,065	4,689	5,754
30	1 July 45 to 30 June 46	1,065	0	1,065	4,689	5,754
31	1 July 46 to 30 June 47	999	0	999	4,689	5,688
32	1 July 47 to 30 June 48	0	0	0	4,689	4,689
33	1 July 48 to 30 June 49	0	0	0	4,689	4,689
34	1 July 49 to 30 June 50	0	0	0	4,689	4,689
35	1 July 50 to 30 June 51	0	0	0	4,689	4,689
36	1 July 51 to 30 June 52	0	0	0	4,689	4,689
37	1 July 52 to 30 June 53	0	0	0	4,689	4,689
38	1 July 53 to 30 June 54	0	0	0	4,689	4,689
39	1 July 54 to 30 June 55	0	0	0	4,689	4,689
40	2055+	0	0	0	8,742	8,742
<b>Totals</b>		<b>81,123</b>	<b>13,312</b>	<b>94,435</b>	<b>187,193</b>	<b>281,628</b>

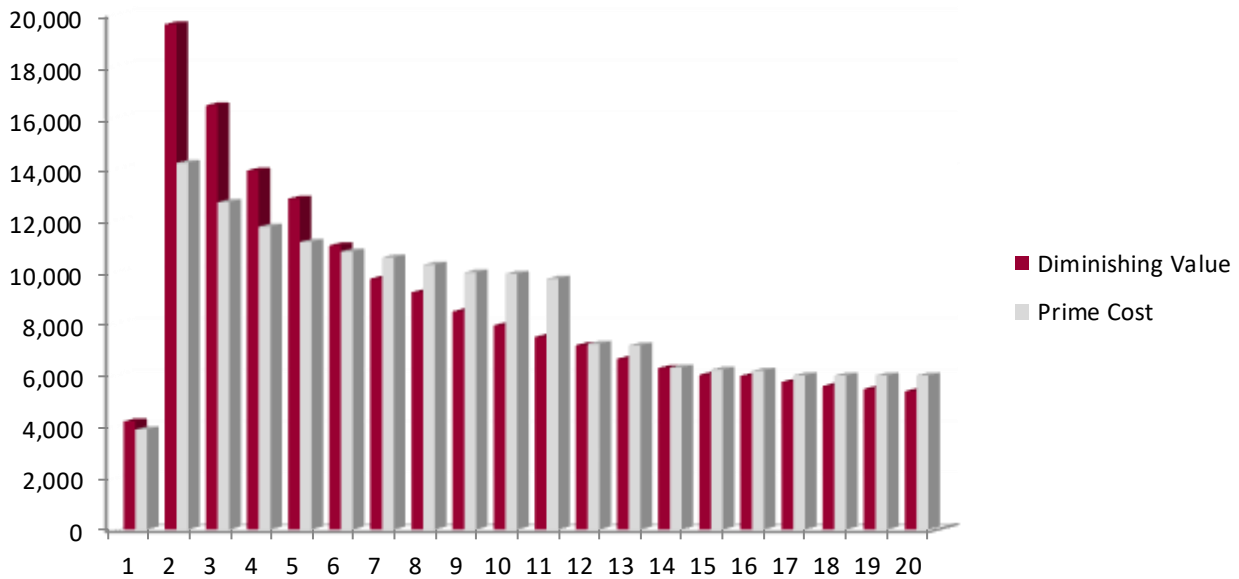
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

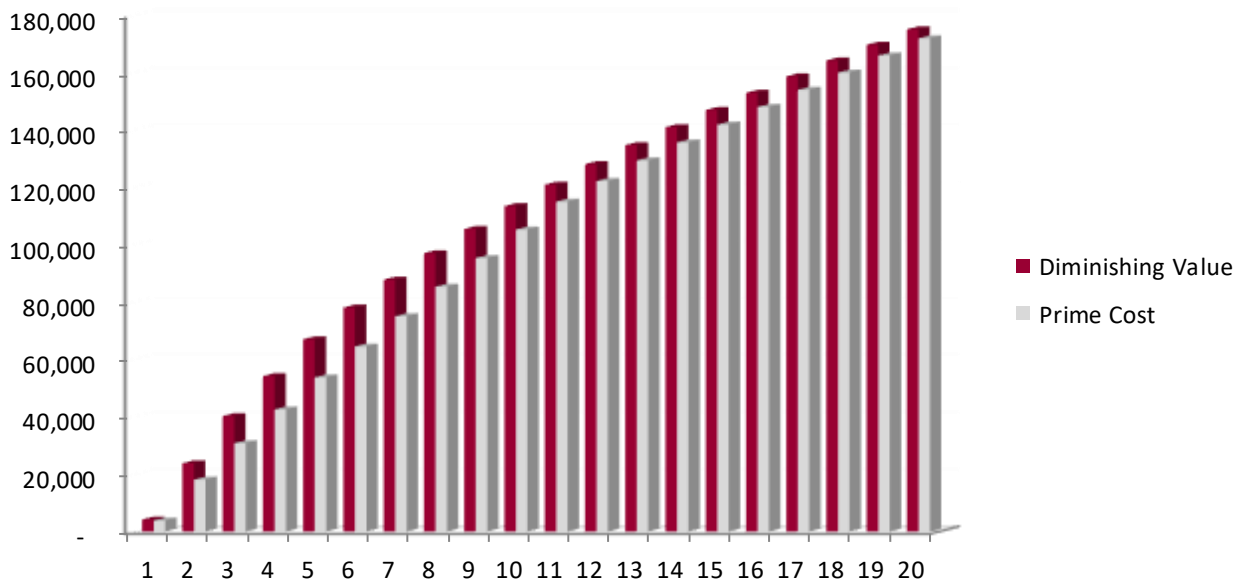
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	2 March 2015
Settlement Date	9 June 2017

### Expenditure Analysed

Purchase Price	\$615,500
<b>Total Expenditure Analysed</b>	<b>\$615,500</b>

### Historical Construction Details

Construction Start Date	12 September 2016
Construction Completion Date	10 May 2017
Historical Construction Cost (Estimated)*	\$234,040

## 9. Reconciliation of Capital Expenditure

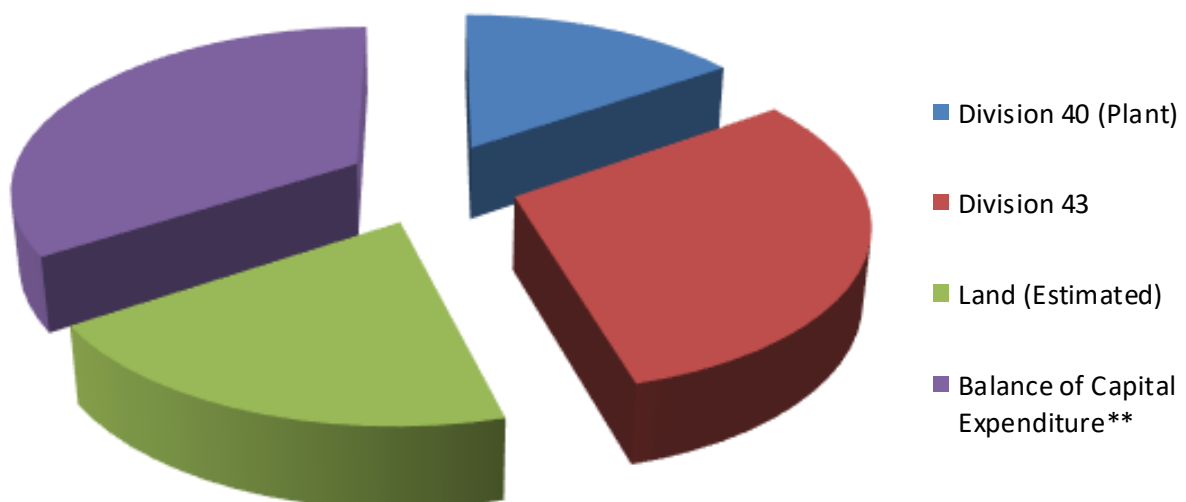
### Apportionment of cost relating to:

Division 40 (Plant)	\$94,435
Division 43	\$187,193
Land (Estimated)	\$123,100
Balance of Capital Expenditure**	\$210,772
<b>Total Expenditure Analysed</b>	<b>\$615,500</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%	9-Jun-17	19,441	224	3,843	3,075	2,460	1,968	1,574	1,259	1,008	806	645
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	9-Jun-17	636	119	194	121	76	47	30	18	12	7	5
<b>Blinds Residential</b>													
Blinds Residential	20.00%	9-Jun-17	1,930	22	381	305	244	366	229	143	89	56	35
Blinds Residential	18.75%	9-Jun-17	1,220	229	372	232	145	91	57	35	22	14	9
<b>Computer systems</b>													
Building management system	18.75%	9-Jun-17	553	104	168	105	66	41	26	16	10	6	4
<b>Door closers</b>													
Door closers	18.75%	9-Jun-17	1,019	191	311	194	121	76	47	30	19	12	7
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	9-Jun-17	1,164	218	355	222	139	87	54	34	21	13	8
Detection & alarm systems, fire indicator panel	18.75%	9-Jun-17	691	130	210	132	82	51	32	20	13	8	5
Emergency warning & intercommunication system	18.75%	9-Jun-17	1,412	265	430	269	168	105	66	41	26	16	10
<b>Fire sprinklers - pumps only</b>													
Fire sprinklers - pumps only	10.00%	9-Jun-17	2,671	15	266	239	215	194	174	157	141	127	114
<b>Floor coverings ( removable without damage)</b>													
Carpets	20.00%	9-Jun-17	1,817	21	359	287	230	345	216	135	84	53	33
Floating timber	13.33%	9-Jun-17	2,837	22	375	325	282	244	212	184	159	138	336
<b>Furniture</b>													
Furniture	15.00%	9-Jun-17	1,398	12	208	177	150	319	200	125	78	49	30
Furniture	18.75%	9-Jun-17	2,587	485	788	493	308	192	120	75	47	29	18
<b>Hot water systems (excluding piping)</b>													
Gas or electric	16.67%	9-Jun-17	1,492	14	246	205	171	321	200	125	78	49	31
<b>Kitchen assets</b>													
Cooktops	16.67%	9-Jun-17	3,051	29	504	420	350	291	243	202	169	316	198
Dishwashers	20.00%	9-Jun-17	3,432	39	679	543	434	347	278	222	334	208	130
Ovens	16.67%	9-Jun-17	5,085	49	839	699	583	486	405	337	281	234	195
Rangehoods	16.67%	9-Jun-17	1,144	11	189	354	221	138	86	54	34	21	13
<b>Lifts (including hydraulic &amp; tractions lifts)</b>													
Lifts (including hydraulic & tractions lifts)	6.67%	9-Jun-17	31,945	123	2,122	1,980	1,848	1,725	1,610	1,503	1,402	1,309	1,222
<b>Lights</b>													
Shades, removable	18.75%	9-Jun-17	3,409	639	1,039	649	406	254	158	99	62	39	24
<b>MATV - amplifiers &amp; modulators</b>													
MATV - amplifiers & modulators	18.75%	9-Jun-17	622	117	189	118	74	46	29	18	11	7	4
<b>Security systems &amp; equipment</b>													
Electronic	30.00%	9-Jun-17	2,305	40	679	476	333	291	182	114	71	44	28
Carried forward			91,860	3,117	14,747	11,620	9,106	8,026	6,228	4,947	4,170	3,562	3,104

## 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>													
			<b>Brought forward</b>										
			91,860	3,117	14,747	11,620	9,106	8,026	6,228	4,947	4,170	3,562	3,104
<b>Ventilating plant</b>													
Ventilation plant - fans only	10.00%	9-Jun-17	1,771	10	176	158	143	128	116	104	351	219	137
\$300 items	100.00%	9-Jun-17	804	804									
<b>Pooled Plant Total</b>				2,496	4,056	2,889	1,806	2,771	1,732	1,082	1,361	1,167	1,065
<b>Effective Life Plant Total</b>				1,435	10,867	8,890	7,443	5,384	4,611	3,968	3,160	2,614	2,176
<b>Total Division 40</b>			94,435	3,931	14,923	11,779	9,248	8,155	6,343	5,051	4,521	3,781	3,241
<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>	2.50%	09-Jun-17	179,997	259	4,509	4,509	4,509	4,509	4,509	4,509	4,509	4,509	4,509
<b>Structural Improvements - Completed 2017</b>	2.50%	09-Jun-17	7,196	10	180	180	180	180	180	180	180	180	180
<b>Total Division 43</b>			187,193	269	4,689	4,689	4,689	4,689	4,689	4,689	4,689	4,689	4,689
<b>Total Depreciation</b>			281,628	4,200	19,612	16,468	13,937	12,844	11,032	9,740	9,210	8,470	7,930

## 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%	09-Jun-17	19,441	112	1,944	1,944	1,944	1,944	1,944	1,944	1,944	1,944	1,944
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	09-Jun-17	636	119	194	121	76	47	30	18	12	7	5
<b>Blinds Residential</b>	10.00%	09-Jun-17	1,930	11	193	193	193	193	193	193	193	193	193
<b>Blinds Residential</b>	18.75%	09-Jun-17	1,220	229	372	232	145	91	57	35	22	14	9
<b>Computer systems</b>													
Building management system	18.75%	09-Jun-17	553	104	168	105	66	41	26	16	10	6	4
<b>Door closers</b>	18.75%	09-Jun-17	1,019	191	311	194	121	76	47	30	19	12	7
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	09-Jun-17	1,164	218	355	222	139	87	54	34	21	13	8
Detection & alarm systems, fire indicator panel	18.75%	09-Jun-17	691	130	210	132	82	51	32	20	13	8	5
Emergency warning & intercommunication system	18.75%	09-Jun-17	1,412	265	430	269	168	105	66	41	26	16	10
<b>Fire sprinklers - pumps only</b>	5.00%	09-Jun-17	2,671	8	134	134	134	134	134	134	134	134	134
<b>Floor coverings ( removable without damage)</b>													
Carpets	10.00%	09-Jun-17	1,817	10	182	182	182	182	182	182	182	182	182
Floating timber	6.67%	09-Jun-17	2,837	11	189	189	189	189	189	189	189	189	189
<b>Furniture</b>	7.50%	09-Jun-17	1,398	6	105	105	105	105	105	105	105	105	105
<b>Furniture</b>	18.75%	09-Jun-17	2,587	485	788	493	308	192	120	75	47	29	18
<b>Hot water systems (excluding piping)</b>													
Gas or electric	8.33%	09-Jun-17	1,492	7	124	124	124	124	124	124	124	124	124
<b>Kitchen assets</b>													
Cooktops	8.33%	09-Jun-17	3,051	15	254	254	254	254	254	254	254	254	254
Dishwashers	10.00%	09-Jun-17	3,432	20	343	343	343	343	343	343	343	343	343
Ovens	8.33%	09-Jun-17	5,085	24	424	424	424	424	424	424	424	424	424
Rangehoods	8.33%	09-Jun-17	1,144	5	95	95	95	95	95	95	95	95	95
<b>Lifts (including hydraulic &amp; tractions lifts)</b>	3.33%	09-Jun-17	31,945	61	1,065	1,065	1,065	1,065	1,065	1,065	1,065	1,065	1,065
<b>Lights</b>													
Shades, removable	18.75%	09-Jun-17	3,409	639	1,039	649	406	254	158	99	62	39	24
<b>MATV - amplifiers &amp; modulators</b>	18.75%	09-Jun-17	622	117	189	118	74	46	29	18	11	7	4
<b>Security systems &amp; equipment</b>													
Electronic	15.00%	09-Jun-17	2,305	20	346	346	346	346	346	346	209		
<b>Carried forward</b>			<b>91,860</b>	<b>2,807</b>	<b>9,454</b>	<b>7,933</b>	<b>6,982</b>	<b>6,388</b>	<b>6,017</b>	<b>5,785</b>	<b>5,503</b>	<b>5,203</b>	<b>5,146</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			91,860	2,807	9,454	7,933	6,982	6,388	6,017	5,785	5,503	5,203	5,146
<b>Ventilating plant</b>													
Ventilation plant - fans only	5.00%	09-Jun-17	1,771	5	89	89	89	89	89	89	89	89	89
\$300 items	100.00%	09-Jun-17	804	804									
Pooled Plant Total				2,496	4,056	2,535	1,584	990	619	387	242	151	94
Effective Life Plant Total				1,120	5,487	5,487	5,487	5,487	5,487	5,487	5,350	5,141	5,141
<b>Total Division 40</b>			<b>94,435</b>	<b>3,616</b>	<b>9,543</b>	<b>8,022</b>	<b>7,071</b>	<b>6,477</b>	<b>6,106</b>	<b>5,874</b>	<b>5,592</b>	<b>5,292</b>	<b>5,235</b>
<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>	2.50%	09-Jun-17	179,997	259	4,509	4,509	4,509	4,509	4,509	4,509	4,509	4,509	4,509
<b>Structural Improvements - Completed 2017</b>	2.50%	09-Jun-17	7,196	10	180	180	180	180	180	180	180	180	180
<b>Total Division 43</b>			<b>187,193</b>	<b>269</b>	<b>4,689</b>	<b>4,689</b>	<b>4,689</b>	<b>4,689</b>	<b>4,689</b>	<b>4,689</b>	<b>4,689</b>	<b>4,689</b>	<b>4,689</b>
<b>Total Depreciation</b>			<b>281,628</b>	<b>3,885</b>	<b>14,232</b>	<b>12,711</b>	<b>11,760</b>	<b>11,166</b>	<b>10,795</b>	<b>10,563</b>	<b>10,281</b>	<b>9,981</b>	<b>9,924</b>



## 12. Division 43 Capital Works Schedule

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

### Qualifying Building Allowance

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Building Works - Completed 2017	12 Sep 16 to 10 May 17	180,368	2.50%	4,509	179,997
<b>Sub-total</b>		<b>180,368</b>		<b>4,509</b>	<b>179,997</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2017	12 Sep 16 to 10 May 17	7,211	2.50%	180	7,196
<b>Sub-total</b>		<b>7,211</b>		<b>180</b>	<b>7,196</b>
<b>Totals</b>		<b>187,579</b>		<b>4,689</b>	<b>187,193</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.