



Tax Depreciation Report

8 Paragon Street,
Rochedale QLD 4123

Zun Feng and Meili Liu
9 Warrington Street
ROBERTSON, QLD 4109

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

Zun Feng and Meili Liu
9 Warrington Street
ROBERTSON, QLD 4109

November 2018
Job No: RES4123007

Tax Depreciation Report – 8 Paragon Street, Rochedale QLD 4123

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

7 November 2018

Purchaser

Zun Feng and Meili Liu

Property Address

8 Paragon Street, Rochedale QLD 4123

Real Property Description

Lot 544 SP290411

Property Type

Residential House

Date of Construction

15 March 2018

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"> • Cash-flow during initial years of asset ownership • Ability to use Low Value Pool for assets less than \$1000 (Note: unable to write off these assets) 					<ul style="list-style-type: none"> • Write off assets when they are demolished or disposed. 				
Calculation Example					Calculation Example				
<p>Under Diminishing Value method, the effective life is dividing by 200.</p> <p>200 / 10 Years = 20% (Adjusted Value)</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>100 / 10 Years = 10% (Straight Line)</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	15 March 18 to 30 June 18	1,889	6,547	8,436	2,491	10,927
2	1 July 18 to 30 June 19	8,940	6,355	15,295	8,979	24,274
3	1 July 19 to 30 June 20	6,921	4,305	11,226	8,979	20,205
4	1 July 20 to 30 June 21	5,320	3,048	8,368	8,979	17,347
5	1 July 21 to 30 June 22	4,267	1,905	6,171	8,979	15,150
6	1 July 22 to 30 June 23	3,445	1,191	4,635	8,979	13,614
7	1 July 23 to 30 June 24	2,230	1,674	3,903	8,979	12,882
8	1 July 24 to 30 June 25	1,730	1,409	3,139	8,979	12,118
9	1 July 25 to 30 June 26	1,242	1,252	2,494	8,979	11,473
10	1 July 26 to 30 June 27	1,042	782	1,825	8,979	10,804
11	1 July 27 to 30 June 28	875	489	1,364	8,979	10,343
12	1 July 28 to 30 June 29	736	306	1,042	8,979	10,021
13	1 July 29 to 30 June 30	439	531	970	8,979	9,949
14	1 July 30 to 30 June 31	249	654	903	8,979	9,882
15	1 July 31 to 30 June 32	216	409	625	8,979	9,604
16	1 July 32 to 30 June 33	187	256	442	8,979	9,421
17	1 July 33 to 30 June 34	162	160	322	8,979	9,301
18	1 July 34 to 30 June 35	140	100	240	8,979	9,219
19	1 July 35 to 30 June 36	0	404	404	8,979	9,383
20	1 July 36 to 30 June 37	0	253	253	8,979	9,232
21	1 July 37 to 30 June 38	0	158	158	8,979	9,137
22	1 July 38 to 30 June 39	0	99	99	8,979	9,078
23	1 July 39 to 30 June 40	0	62	62	8,979	9,041
24	1 July 40 to 30 June 41	0	39	39	8,979	9,018
25	1 July 41 to 30 June 42	0	24	24	8,979	9,003
26	1 July 42 to 30 June 43	0	15	15	8,979	8,994
27	1 July 43 to 30 June 44	0	9	9	8,979	8,988
28	1 July 44 to 30 June 45	0	6	6	8,979	8,985
29	1 July 45 to 30 June 46	0	4	4	8,979	8,983
30	1 July 46 to 30 June 47	0	2	2	8,979	8,981
31	1 July 47 to 30 June 48	0	1	1	8,979	8,980
32	1 July 48 to 30 June 49	0	1	1	8,979	8,980
33	1 July 49 to 30 June 50	0	1	1	8,979	8,980
34	1 July 50 to 30 June 51	0	0	0	8,979	8,979
35	1 July 51 to 30 June 52	0	0	0	8,979	8,979
36	1 July 52 to 30 June 53	0	0	0	8,979	8,979
37	1 July 53 to 30 June 54	0	0	0	8,979	8,979
38	1 July 54 to 30 June 55	0	0	0	8,979	8,979
39	1 July 55 to 30 June 56	0	0	0	8,979	8,979
40	2056+	0	0	0	15,429	15,429
Totals		40,029	32,449	72,478	359,122	431,600

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	15 March 18 to 30 June 18	1,050	6,547	7,597	2,491	10,088
2	1 July 18 to 30 June 19	4,632	6,355	10,987	8,979	19,966
3	1 July 19 to 30 June 20	4,632	3,972	8,604	8,979	17,583
4	1 July 20 to 30 June 21	4,632	2,482	7,114	8,979	16,093
5	1 July 21 to 30 June 22	4,632	1,551	6,183	8,979	15,162
6	1 July 22 to 30 June 23	4,632	970	5,602	8,979	14,581
7	1 July 23 to 30 June 24	4,552	606	5,158	8,979	14,137
8	1 July 24 to 30 June 25	3,632	379	4,011	8,979	12,990
9	1 July 25 to 30 June 26	3,632	237	3,869	8,979	12,848
10	1 July 26 to 30 June 27	3,632	148	3,780	8,979	12,759
11	1 July 27 to 30 June 28	3,198	92	3,291	8,979	12,270
12	1 July 28 to 30 June 29	1,624	58	1,682	8,979	10,661
13	1 July 29 to 30 June 30	1,540	36	1,577	8,979	10,556
14	1 July 30 to 30 June 31	1,333	23	1,356	8,979	10,335
15	1 July 31 to 30 June 32	872	14	886	8,979	9,865
16	1 July 32 to 30 June 33	759	9	768	8,979	9,747
17	1 July 33 to 30 June 34	0	6	6	8,979	8,985
18	1 July 34 to 30 June 35	0	3	3	8,979	8,982
19	1 July 35 to 30 June 36	0	2	2	8,979	8,981
20	1 July 36 to 30 June 37	0	1	1	8,979	8,980
21	1 July 37 to 30 June 38	0	1	1	8,979	8,980
22	1 July 38 to 30 June 39	0	1	1	8,979	8,980
23	1 July 39 to 30 June 40	0	0	0	8,979	8,979
24	1 July 40 to 30 June 41	0	0	0	8,979	8,979
25	1 July 41 to 30 June 42	0	0	0	8,979	8,979
26	1 July 42 to 30 June 43	0	0	0	8,979	8,979
27	1 July 43 to 30 June 44	0	0	0	8,979	8,979
28	1 July 44 to 30 June 45	0	0	0	8,979	8,979
29	1 July 45 to 30 June 46	0	0	0	8,979	8,979
30	1 July 46 to 30 June 47	0	0	0	8,979	8,979
31	1 July 47 to 30 June 48	0	0	0	8,979	8,979
32	1 July 48 to 30 June 49	0	0	0	8,979	8,979
33	1 July 49 to 30 June 50	0	0	0	8,979	8,979
34	1 July 50 to 30 June 51	0	0	0	8,979	8,979
35	1 July 51 to 30 June 52	0	0	0	8,979	8,979
36	1 July 52 to 30 June 53	0	0	0	8,979	8,979
37	1 July 53 to 30 June 54	0	0	0	8,979	8,979
38	1 July 54 to 30 June 55	0	0	0	8,979	8,979
39	1 July 55 to 30 June 56	0	0	0	8,979	8,979
40	2056+	0	0	0	15,429	15,429
Totals		48,985	23,493	72,478	359,122	431,600

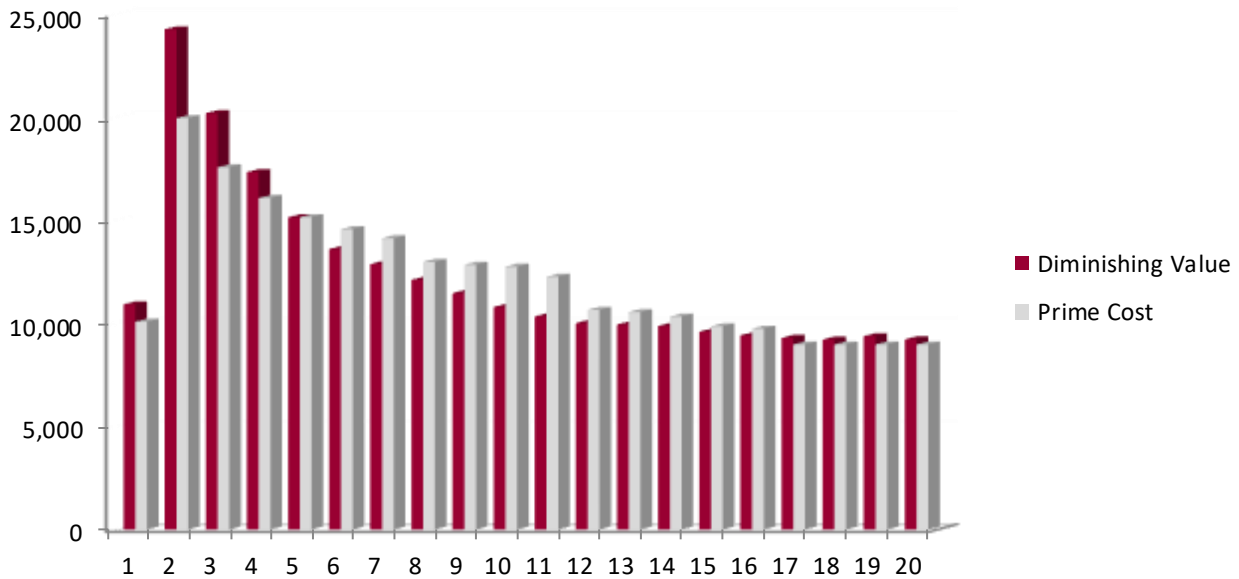
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

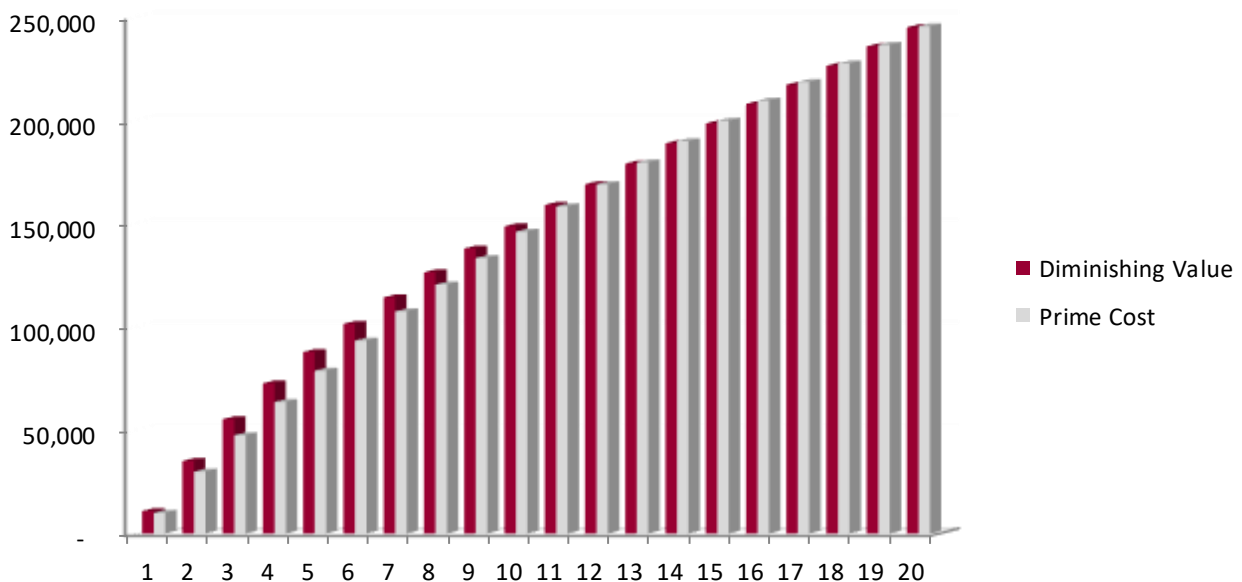
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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

Construction Details

Contract Date	16 September 2017
Handover Date	15 March 2018

Expenditure Analysed

Construction Cost	\$370,000
Post Expenditure	\$86,800
Total Expenditure Analysed	\$456,800

Historical Construction Details

Construction Start Date	16 September 2017
Construction Completion Date	15 March 2018
Historical Construction Cost (Estimated)*	\$370,000

9. Reconciliation of Capital Expenditure

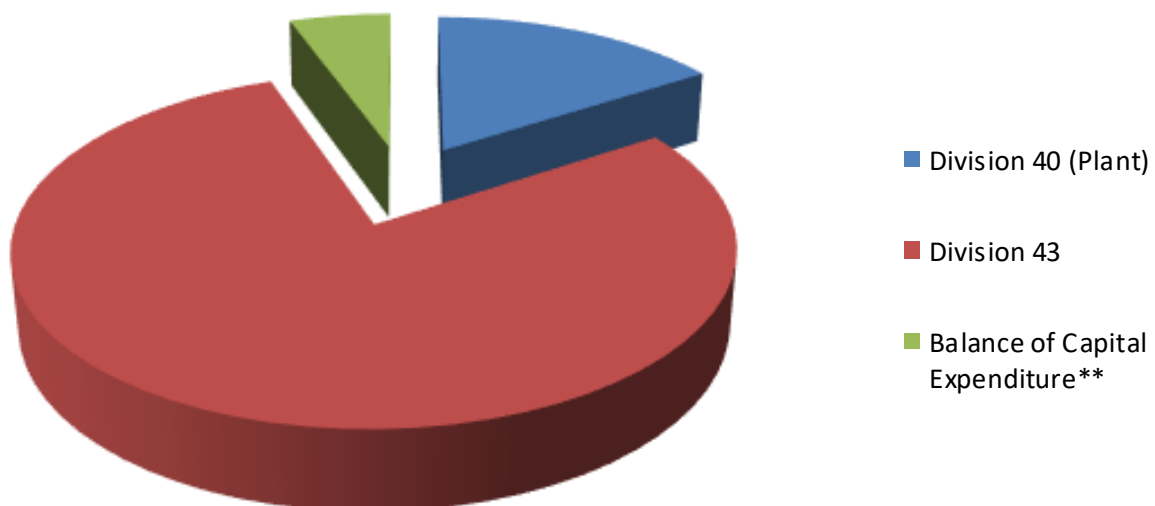
Apportionment of cost relating to:

Division 40 (Plant)	\$72,478
Division 43	\$359,122
Balance of Capital Expenditure**	\$25,200
Total Expenditure Analysed	\$456,800

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%	15-Mar-18	11,206	657	2,110	1,688	1,350	1,080	864	691	553	442	354
Bathroom assets													
Exhaust fans (including light/heating)	18.75%	15-Mar-18	1,049	197	320	200	125	78	49	30	19	12	7
Ceiling Fans	18.75%	15-Mar-18	763	143	233	145	91	57	35	22	14	9	5
Computer systems													
General	18.75%	15-Mar-18	461	87	141	88	55	34	21	13	8	5	3
Fire control assets													
Detection & alarm systems, detectors	18.75%	15-Mar-18	2,030	381	619	387	242	151	94	59	37	23	14
Furniture	15.00%	15-Mar-18	6,328	278	908	772	656	557	474	403	342	291	247
Furniture	18.75%	15-Mar-18	5,043	946	1,537	960	600	375	234	147	92	57	36
Garage doors, automatic													
Motors	20.00%	15-Mar-18	1,582	93	298	238	357	223	140	87	55	34	21
Hot water systems (excluding piping)													
Gas or electric	16.67%	15-Mar-18	2,373	116	376	313	261	218	181	340	213	133	83
Kitchen assets													
Rangehoods	16.67%	15-Mar-18	1,121	55	178	333	208	130	81	51	32	20	12
Stoves	13.33%	15-Mar-18	2,373	93	304	264	228	198	172	149	362	226	142
Lights													
Shades, removable	18.75%	15-Mar-18	2,637	2,637									
\$300 items	100.00%	15-Mar-18	211	211									
Additional Items (Post Expenditure)				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Blinds Residential	20.00%	1-Jun-18	2,491	40	490	392	314	251	201	301	188	118	74
Blinds Residential	18.75%	1-Jun-18	8,509	1,595	2,593	1,620	1,013	633	396	247	155	97	60
Curtains and drapes	33.33%	1-Jun-18	6,000	159	1,947	1,298	865	577	385	288	180	113	70
Floor coverings (removable without damage)													
Artificial grass	20.00%	1-Jun-18	4,800	76	945	756	605	484	387	310	248	371	232
Floating timber	13.33%	1-Jun-18	10,500	111	1,385	1,200	1,040	902	781	677	587	509	441
Lights													
Shades, removable	18.75%	1-Jun-18	3,000	563	914	571	357	223	139	87	54	34	21
Pooled Plant Total				6,547	6,355	4,305	3,048	1,905	1,191	1,674	1,409	1,252	782
Effective Life Plant Total				1,889	8,940	6,921	5,320	4,267	3,445	2,230	1,730	1,242	1,042
Total Division 40			72,478	8,436	15,295	11,226	8,368	6,171	4,635	3,903	3,139	2,494	1,825

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 2018	2.50%	15-Mar-18	327,638	2,401	8,191	8,191	8,191	8,191	8,191	8,191	8,191	8,191	8,191
Building Works - Completed 2018	2.50%	01-Jun-18	20,800	41	520	520	520	520	520	520	520	520	520
Structural Improvements - Completed 2018	2.50%	15-Mar-18	5,184	38	130	130	130	130	130	130	130	130	130
Structural Improvements - Completed 2018	2.50%	01-Jun-18	5,500	11	138	138	138	138	138	138	138	138	138
Total Division 43			359,122	2,491	8,979	8,979	8,979	8,979	8,979	8,979	8,979	8,979	8,979
Total Depreciation			431,600	10,927	24,274	20,205	17,347	15,150	13,614	12,882	12,118	11,473	10,804

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%	15-Mar-18	11,206	329	1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121
Bathroom assets													
Exhaust fans (including light/heating)	18.75%	15-Mar-18	1,049	197	320	200	125	78	49	30	19	12	7
Ceiling Fans	18.75%	15-Mar-18	763	143	233	145	91	57	35	22	14	9	5
Computer systems													
General	18.75%	15-Mar-18	461	87	141	88	55	34	21	13	8	5	3
Fire control assets													
Detection & alarm systems, detectors	18.75%	15-Mar-18	2,030	381	619	387	242	151	94	59	37	23	14
Furniture	7.50%	15-Mar-18	6,328	139	475	475	475	475	475	475	475	475	475
Furniture	18.75%	15-Mar-18	5,043	946	1,537	960	600	375	234	147	92	57	36
Garage doors, automatic													
Motors	10.00%	15-Mar-18	1,582	46	158	158	158	158	158	158	158	158	158
Hot water systems (excluding piping)													
Gas or electric	8.33%	15-Mar-18	2,373	58	198	198	198	198	198	198	198	198	198
Kitchen assets													
Rangehoods	8.33%	15-Mar-18	1,121	27	93	93	93	93	93	93	93	93	93
Stoves	6.67%	15-Mar-18	2,373	46	158	158	158	158	158	158	158	158	158
Lights													
Shades, removable	18.75%	15-Mar-18	2,637	2,637									
\$300 items	100.00%	15-Mar-18	211	211									
Additional Items (Post Expenditure)				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Blinds Residential	10.00%	01-Jun-18	2,491	20	249	249	249	249	249	249	249	249	249
Blinds Residential	18.75%	01-Jun-18	8,509	1,595	2,593	1,620	1,013	633	396	247	155	97	60
Curtains and drapes	16.67%	01-Jun-18	6,000	79	1,000	1,000	1,000	1,000	1,000	920			
Floor coverings (removable without damage)													
Artificial grass	10.00%	01-Jun-18	4,800	38	480	480	480	480	480	480	480	480	480
Floating timber	6.67%	01-Jun-18	10,500	56	700	700	700	700	700	700	700	700	700
Lights													
Shades, removable	18.75%	01-Jun-18	3,000	563	914	571	357	223	139	87	54	34	21
Pooled Plant Total				6,547	6,355	3,972	2,482	1,551	970	606	379	237	148
Effective Life Plant Total				1,050	4,632	4,632	4,632	4,632	4,632	4,552	3,632	3,632	3,632
Total Division 40			72,478	7,597	10,987	8,604	7,114	6,183	5,602	5,158	4,011	3,869	3,780

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 2018	2.50%	15-Mar-18	327,638	2,401	8,191	8,191	8,191	8,191	8,191	8,191	8,191	8,191	8,191
Building Works - Completed 2018	2.50%	01-Jun-18	20,800	41	520	520	520	520	520	520	520	520	520
Structural Improvements - Completed 2018	2.50%	15-Mar-18	5,184	38	130	130	130	130	130	130	130	130	130
Structural Improvements - Completed 2018	2.50%	01-Jun-18	5,500	11	138	138	138	138	138	138	138	138	138
Total Division 43			359,122	2,491	8,979	8,979	8,979	8,979	8,979	8,979	8,979	8,979	8,979
Total Depreciation			431,600	10,088	19,966	17,583	16,093	15,162	14,581	14,137	12,990	12,848	12,759

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 2018	16 Sep 17 to 15 Mar 18	327,638	2.50%	8,191	327,638
Building Works - Completed 2018	2 Apr 18 to 1 Jun 18	20,800	2.50%	520	20,800
Sub-total		348,438		8,711	348,438

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2018	16 Sep 17 to 15 Mar 18	5,184	2.50%	130	5,184
Structural Improvements - Completed 2018	2 Apr 18 to 1 Jun 18	5,500	2.50%	138	5,500
Sub-total		10,684		268	10,684
Totals		359,121		8,979	359,122

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

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

13. Definition of Terms

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

14. Contact Details

COMPANY DETAILS	
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15. Disclaimer

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