



Tax Depreciation Report

5203/52 Harbourview Drive,
Hope Island QLD 4212

Yuhe Wang
PO Box 366
FORBES , NSW 2871

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

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FORBES , NSW 2871

November 2018
Job No: RES4212026

Tax Depreciation Report – 5203/52 Harbourview Drive, Hope Island QLD 4212

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

19 November 2018

Purchaser

Yuhe Wang

Property Address

5203/52 Harbourview Drive, Hope Island QLD 4212

Real Property Description

LOT 24 BUP107457

Property Type

Residential Unit

Date of Construction

30 July 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	9 October 18 to 30 June 19	6,589	4,609	11,198	4,386	15,584
2	1 July 19 to 30 June 20	5,947	8,502	14,449	6,064	20,513
3	1 July 20 to 30 June 21	4,180	6,308	10,487	6,064	16,551
4	1 July 21 to 30 June 22	3,258	4,600	7,858	6,064	13,922
5	1 July 22 to 30 June 23	2,403	3,532	5,935	6,064	11,999
6	1 July 23 to 30 June 24	1,845	2,541	4,386	6,064	10,450
7	1 July 24 to 30 June 25	1,425	1,909	3,334	6,064	9,398
8	1 July 25 to 30 June 26	1,218	1,193	2,411	6,064	8,475
9	1 July 26 to 30 June 27	1,046	746	1,792	6,064	7,856
10	1 July 27 to 30 June 28	902	466	1,368	6,064	7,432
11	1 July 28 to 30 June 29	782	291	1,073	6,064	7,137
12	1 July 29 to 30 June 30	681	182	863	6,064	6,927
13	1 July 30 to 30 June 31	417	447	865	6,064	6,929
14	1 July 31 to 30 June 32	263	611	873	6,064	6,937
15	1 July 32 to 30 June 33	245	382	627	6,064	6,691
16	1 July 33 to 30 June 34	229	239	467	6,064	6,531
17	1 July 34 to 30 June 35	214	149	363	6,064	6,427
18	1 July 35 to 30 June 36	199	93	293	6,064	6,357
19	1 July 36 to 30 June 37	186	58	244	6,064	6,308
20	1 July 37 to 30 June 38	174	36	210	6,064	6,274
21	1 July 38 to 30 June 39	162	23	185	6,064	6,249
22	1 July 39 to 30 June 40	151	14	166	6,064	6,230
23	1 July 40 to 30 June 41	141	9	150	6,064	6,214
24	1 July 41 to 30 June 42	132	6	137	6,064	6,201
25	1 July 42 to 30 June 43	123	3	126	6,064	6,190
26	1 July 43 to 30 June 44	115	2	117	6,064	6,181
27	1 July 44 to 30 June 45	107	1	109	6,064	6,173
28	1 July 45 to 30 June 46	100	1	101	6,064	6,165
29	1 July 46 to 30 June 47	93	1	94	6,064	6,158
30	1 July 47 to 30 June 48	87	0	87	6,064	6,151
31	1 July 48 to 30 June 49	81	0	82	6,064	6,146
32	1 July 49 to 30 June 50	76	0	76	6,064	6,140
33	1 July 50 to 30 June 51	71	0	71	6,064	6,135
34	1 July 51 to 30 June 52	0	372	372	6,064	6,436
35	1 July 52 to 30 June 53	0	232	232	6,064	6,296
36	1 July 53 to 30 June 54	0	145	145	6,064	6,209
37	1 July 54 to 30 June 55	0	91	91	6,064	6,155
38	1 July 55 to 30 June 56	0	57	57	6,064	6,121
39	1 July 56 to 30 June 57	0	35	35	6,064	6,099
40	2057+	0	59	59	6,553	6,612
Totals		33,642	37,945	71,587	241,371	312,958

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 October 18 to 30 June 19	3,838	4,609	8,447	4,386	12,833
2	1 July 19 to 30 June 20	3,805	7,490	11,295	6,064	17,359
3	1 July 20 to 30 June 21	3,805	4,681	8,486	6,064	14,550
4	1 July 21 to 30 June 22	3,805	2,926	6,731	6,064	12,795
5	1 July 22 to 30 June 23	3,805	1,829	5,634	6,064	11,698
6	1 July 23 to 30 June 24	3,503	1,143	4,646	6,064	10,710
7	1 July 24 to 30 June 25	3,375	714	4,089	6,064	10,153
8	1 July 25 to 30 June 26	3,225	446	3,671	6,064	9,735
9	1 July 26 to 30 June 27	3,225	279	3,504	6,064	9,568
10	1 July 27 to 30 June 28	3,225	174	3,399	6,064	9,463
11	1 July 28 to 30 June 29	2,021	109	2,130	6,064	8,194
12	1 July 29 to 30 June 30	1,567	68	1,635	6,064	7,699
13	1 July 30 to 30 June 31	1,026	43	1,068	6,064	7,132
14	1 July 31 to 30 June 32	794	27	821	6,064	6,885
15	1 July 32 to 30 June 33	740	17	757	6,064	6,821
16	1 July 33 to 30 June 34	477	10	487	6,064	6,551
17	1 July 34 to 30 June 35	377	6	383	6,064	6,447
18	1 July 35 to 30 June 36	377	4	381	6,064	6,445
19	1 July 36 to 30 June 37	377	3	380	6,064	6,444
20	1 July 37 to 30 June 38	377	2	379	6,064	6,443
21	1 July 38 to 30 June 39	332	1	333	6,064	6,397
22	1 July 39 to 30 June 40	316	1	317	6,064	6,381
23	1 July 40 to 30 June 41	316	0	316	6,064	6,380
24	1 July 41 to 30 June 42	316	0	316	6,064	6,380
25	1 July 42 to 30 June 43	316	0	316	6,064	6,380
26	1 July 43 to 30 June 44	316	0	316	6,064	6,380
27	1 July 44 to 30 June 45	316	0	316	6,064	6,380
28	1 July 45 to 30 June 46	316	0	316	6,064	6,380
29	1 July 46 to 30 June 47	316	0	316	6,064	6,380
30	1 July 47 to 30 June 48	316	0	316	6,064	6,380
31	1 July 48 to 30 June 49	84	0	84	6,064	6,148
32	1 July 49 to 30 June 50	0	0	0	6,064	6,064
33	1 July 50 to 30 June 51	0	0	0	6,064	6,064
34	1 July 51 to 30 June 52	0	0	0	6,064	6,064
35	1 July 52 to 30 June 53	0	0	0	6,064	6,064
36	1 July 53 to 30 June 54	0	0	0	6,064	6,064
37	1 July 54 to 30 June 55	0	0	0	6,064	6,064
38	1 July 55 to 30 June 56	0	0	0	6,064	6,064
39	1 July 56 to 30 June 57	0	0	0	6,064	6,064
40	2057+	0	0	0	6,553	6,553
Totals		47,004	24,583	71,587	241,371	312,958

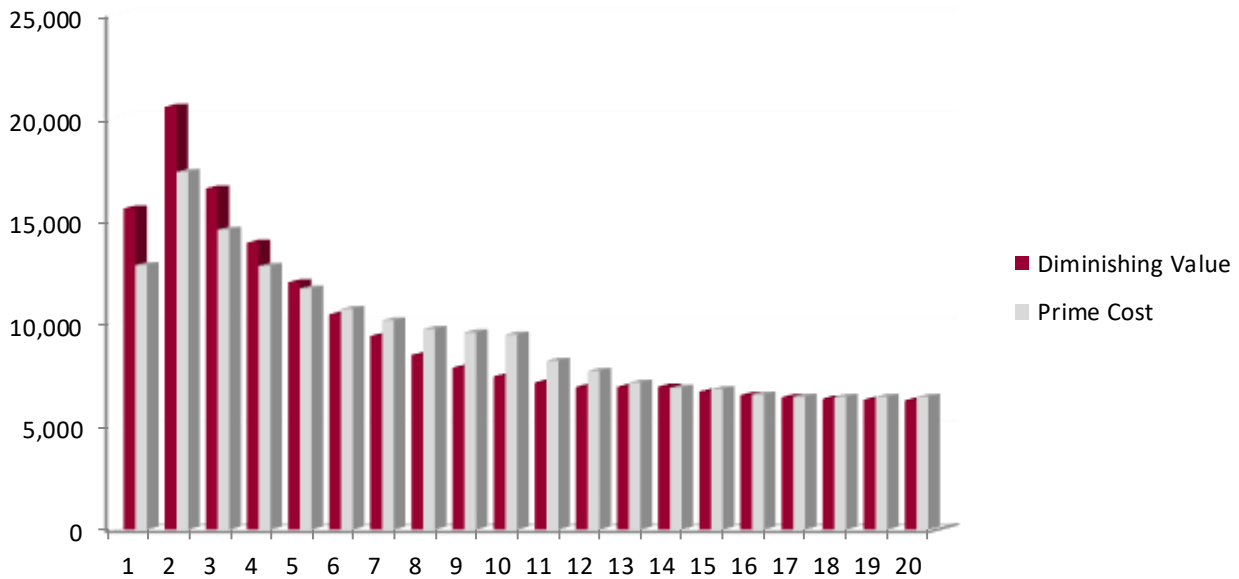
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

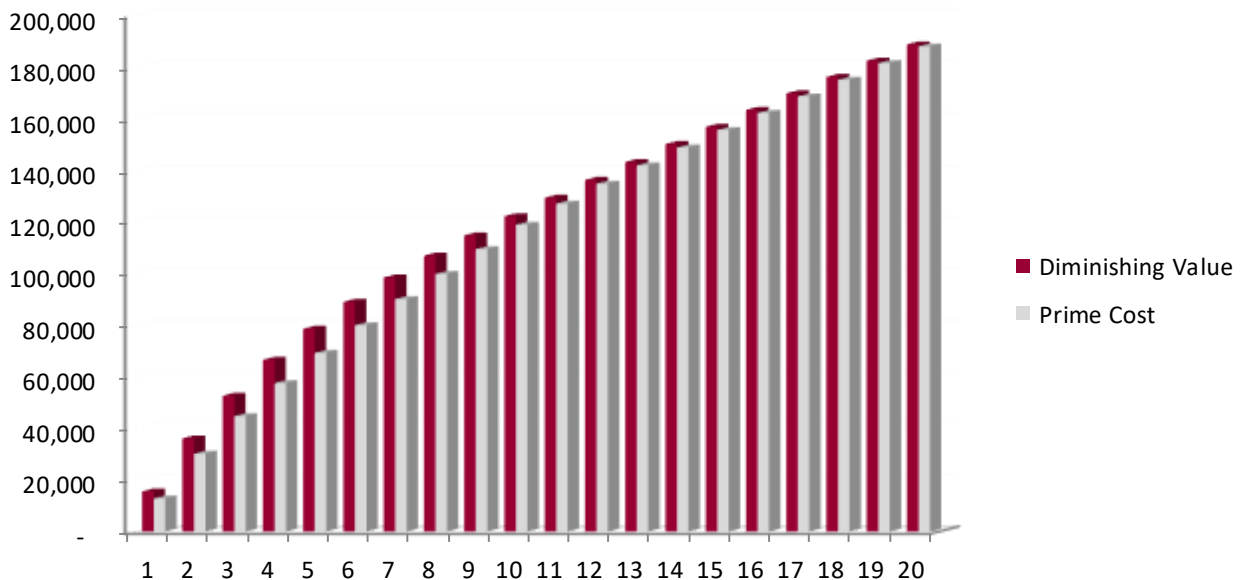
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	20 February 2017
Settlement Date	9 October 2018

Expenditure Analysed

Purchase Price	\$445,000
Stamp Duty	\$14,000
Legals	\$1,783
Total Expenditure Analysed	\$477,668

Historical Construction Details

Construction Start Date	2 December 2017
Construction Completion Date	30 July 2018
Historical Construction Cost (Estimated)*	\$284,380

9. Reconciliation of Capital Expenditure

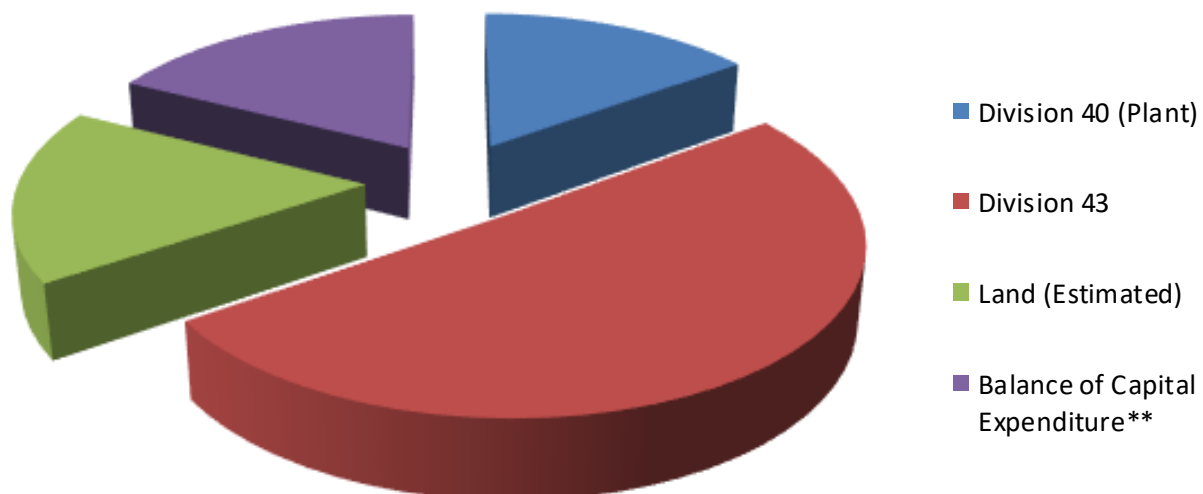
Apportionment of cost relating to:

Division 40 (Plant)	\$71,587
Division 43	\$241,371
Land (Estimated)	\$81,164
Balance of Capital Expenditure**	\$83,546
Total Expenditure Analysed	\$477,668

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%	9-Oct-18	12,098	1,750	2,070	1,656	1,325	1,060	848	678	543	434	347
Bathroom assets													
Exhaust fans (including light/heating)	18.75%	9-Oct-18	807	151	246	154	96	60	37	23	15	9	6
Computer systems													
Building management system	18.75%	9-Oct-18	807	151	246	154	96	60	37	23	15	9	6
Door closers	18.75%	9-Oct-18	655	123	200	125	78	49	30	19	12	7	5
Fire control assets													
Detection & alarm systems, detectors	18.75%	9-Oct-18	1,156	217	352	220	138	86	54	34	21	13	8
Detection & alarm systems, fire indicator panel	16.67%	9-Oct-18	1,008	122	332	208	130	81	51	32	20	12	8
Emergency warning & intercommunication system	16.67%	9-Oct-18	1,100	133	363	227	142	89	55	35	22	14	8
Pumps, diesel & electric	18.75%	9-Oct-18	343	64	104	65	41	25	16	10	6	4	2
Fire sprinklers - pumps only	18.75%	9-Oct-18	343	64	104	65	41	25	16	10	6	4	2
Floor coverings (removable without damage)													
Carpets	20.00%	9-Oct-18	2,541	368	435	348	278	223	334	209	130	81	51
Floating timber	13.33%	9-Oct-18	5,444	525	656	568	493	427	370	321	278	241	209
Furniture	15.00%	9-Oct-18	1,161	126	155	330	206	129	81	50	31	20	12
Furniture	18.75%	9-Oct-18	2,506	470	763	477	298	186	116	73	46	28	18
Garbage disposal													
Garbage bins	18.75%	9-Oct-18	605	113	184	115	72	45	28	18	11	7	4
Hot water systems (excluding piping)													
Gas or electric	16.67%	9-Oct-18	2,420	292	355	296	246	205	171	321	200	125	78
Kitchen assets													
Cooktops	16.67%	9-Oct-18	1,371	165	201	167	314	196	123	77	48	30	19
Dishwashers	20.00%	9-Oct-18	1,936	280	331	265	212	318	199	124	78	49	30
Ovens	16.67%	9-Oct-18	1,774	214	260	217	181	339	212	132	83	52	32
Rangehoods	18.75%	9-Oct-18	726	136	221	138	86	54	34	21	13	8	5
Laundry assets													
Clothes dryers	18.75%	9-Oct-18	726	136	221	138	86	54	34	21	13	8	5
Lifts (including hydraulic & tractions lifts)	6.67%	9-Oct-18	9,477	457	601	561	524	489	456	426	397	371	346
Lights													
Shades, removable	18.75%	9-Oct-18	2,332	437	711	444	278	173	108	68	42	26	17
MATV - amplifiers & modulators	18.75%	9-Oct-18	504	95	154	96	60	37	23	15	9	6	4
Carried forward			51,839	6,589	9,266	7,034	5,420	4,411	3,434	2,738	2,039	1,559	1,223

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
Division 40 - Plant and Equipment													
Brought forward			51,839	6,589	9,266	7,034	5,420	4,411	3,434	2,738	2,039	1,559	1,223
Security systems & equipment													
Electronic	30.00%	9-Oct-18	1,077	234	316	198	124	77	48	30	19	12	7
Ventilating plant													
Ventilation plant - fans only	10.00%	9-Oct-18	1,219	88	113	102	344	215	134	84	52	33	20
\$300 items	100.00%	9-Oct-18	567	567									
Additional Items (Post Expenditure)													
				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Curtains and drapes	18.75%	9-Oct-18	2,585	485	788	492	308	192	120	75	47	29	18
Furniture	18.75%	9-Oct-18	8,090	1,517	2,465	1,541	963	602	376	235	147	92	57
Kitchen assets													
Microwave ovens	18.75%	9-Oct-18	400	75	122	76	48	30	19	12	7	5	3
Refrigerators	16.67%	9-Oct-18	1,200	145	176	330	206	129	81	50	31	20	12
Laundry assets													
Washing machines	18.75%	9-Oct-18	650	122	198	124	77	48	30	19	12	7	5
Lights													
Freestanding	18.75%	9-Oct-18	450	84	137	86	54	33	21	13	8	5	3
Linen	40.00%	9-Oct-18	2,090	605	594	334	209	131	82	51	32	20	12
Televisions	18.75%	9-Oct-18	900	169	274	171	107	67	42	26	16	10	6
\$300 items	100.00%	9-Oct-18	520	520									
Pooled Plant Total				4,609	8,502	6,308	4,600	3,532	2,541	1,909	1,193	746	466
Effective Life Plant Total				6,589	5,947	4,180	3,258	2,403	1,845	1,425	1,218	1,046	902
Total Division 40			71,587	11,198	14,449	10,487	7,858	5,935	4,386	3,334	2,411	1,792	1,368
Division 43 - Capital Works Allowance													
	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 2018	2.50%	09-Oct-18	238,992	4,343	6,004	6,004	6,004	6,004	6,004	6,004	6,004	6,004	6,004
Structural Improvements - Completed 2018	2.50%	09-Oct-18	2,379	43	60	60	60	60	60	60	60	60	60
Total Division 43			241,371	4,386	6,064	6,064	6,064	6,064	6,064	6,064	6,064	6,064	6,064
Total Depreciation			312,958	15,584	20,513	16,551	13,922	11,999	10,450	9,398	8,475	7,856	7,432

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%	09-Oct-18	12,098	875	1,210	1,210	1,210	1,210	1,210	1,210	1,210	1,210	1,210
Bathroom assets													
Exhaust fans (including light/heating)	18.75%	09-Oct-18	807	151	246	154	96	60	37	23	15	9	6
Computer systems													
Building management system	18.75%	09-Oct-18	807	151	246	154	96	60	37	23	15	9	6
Door closers													
	18.75%	09-Oct-18	655	123	200	125	78	49	30	19	12	7	5
Fire control assets													
Detection & alarm systems, detectors	18.75%	09-Oct-18	1,156	217	352	220	138	86	54	34	21	13	8
Detection & alarm systems, fire indicator panel	8.33%	09-Oct-18	1,008	61	84	84	84	84	84	84	84	84	84
Emergency warning & intercommunication system	8.33%	09-Oct-18	1,100	66	92	92	92	92	92	92	92	92	92
Pumps, diesel & electric	18.75%	09-Oct-18	343	64	104	65	41	25	16	10	6	4	2
Fire sprinklers - pumps only													
	18.75%	09-Oct-18 only	343	64	104	65	41	25	16	10	6	4	2
Floor coverings (removable without damage)													
Carpets	10.00%	09-Oct-18	2,541	184	254	254	254	254	254	254	254	254	254
Floating timber	6.67%	09-Oct-18	5,444	263	363	363	363	363	363	363	363	363	363
Furniture													
Furniture	7.50%	09-Oct-18	1,161	63	87	87	87	87	87	87	87	87	87
Furniture	18.75%	09-Oct-18	2,506	470	763	477	298	186	116	73	46	28	18
Garbage disposal													
Garbage bins	18.75%	09-Oct-18	605	113	184	115	72	45	28	18	11	7	4
Hot water systems (excluding piping)													
Gas or electric	8.33%	09-Oct-18	2,420	146	202	202	202	202	202	202	202	202	202
Kitchen assets													
Cooktops	8.33%	09-Oct-18	1,371	83	114	114	114	114	114	114	114	114	114
Dishwashers	10.00%	09-Oct-18	1,936	140	194	194	194	194	194	194	194	194	194
Ovens	8.33%	09-Oct-18	1,774	107	148	148	148	148	148	148	148	148	148
Rangehoods	18.75%	09-Oct-18	726	136	221	138	86	54	34	21	13	8	5
Laundry assets													
Clothes dryers	18.75%	09-Oct-18	726	136	221	138	86	54	34	21	13	8	5
Lifts (including hydraulic & tractions lifts)													
	3.33%	09-Oct-18	9,477	228	316	316	316	316	316	316	316	316	316
Lights													
Shades, removable	18.75%	09-Oct-18	2,332	437	711	444	278	173	108	68	42	26	17
MATV - amplifiers & modulators													
	18.75%	09-Oct-18	504	95	154	96	60	37	23	15	9	6	4
Carried forward			51,839	4,373	6,571	5,256	4,434	3,920	3,599	3,398	3,273	3,195	3,146

Prime Cost Depreciation Schedule (cont.)

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	
Brought forward			51,839	4,373	6,571	5,256	4,434	3,920	3,599	3,398	3,273	3,195	3,146	
Security systems & equipment														
Electronic	15.00%	09-Oct-18	1,077	117	162	162	162	162	162	150				
Ventilating plant														
Ventilation plant - fans only	5.00%	09-Oct-18	1,219	44	61	61	61	61	61	61	61	61	61	
\$300 items	100.00%	09-Oct-18	567	567										
Additional Items (Post Expenditure)				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Curtains and drapes	18.75%	09-Oct-18	2,585	485	788	492	308	192	120	75	47	29	18	
Furniture	18.75%	09-Oct-18	8,090	1,517	2,465	1,541	963	602	376	235	147	92	57	
Kitchen assets														
Microwave ovens	18.75%	09-Oct-18	400	75	122	76	48	30	19	12	7	5	3	
Refrigerators	8.33%	09-Oct-18	1,200	72	100	100	100	100	100	100	100	100	100	
Laundry assets														
Washing machines	18.75%	09-Oct-18	650	122	198	124	77	48	30	19	12	7	5	
Lights														
Freestanding	18.75%	09-Oct-18	450	84	137	86	54	33	21	13	8	5	3	
Linen	20.00%	09-Oct-18	2,090	302	418	418	418	418	116					
Televisions	18.75%	09-Oct-18	900	169	274	171	107	67	42	26	16	10	6	
\$300 items	100.00%	09-Oct-18	520	520										
Pooled Plant Total				4,609	7,490	4,681	2,926	1,829	1,143	714	446	279	174	
Effective Life Plant Total				3,838	3,805	3,805	3,805	3,805	3,503	3,375	3,225	3,225	3,225	
Total Division 40			71,587	8,447	11,295	8,486	6,731	5,634	4,646	4,089	3,671	3,504	3,399	

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%	09-Oct-18	238,992	4,343	6,004	6,004	6,004	6,004	6,004	6,004	6,004	6,004	6,004
Structural Improvements - Completed 2018	2.50%	09-Oct-18	2,379	43	60	60	60	60	60	60	60	60	60
Total Division 43			241,371	4,386	6,064	6,064	6,064	6,064	6,064	6,064	6,064	6,064	6,064
Total Depreciation			312,958	12,833	17,359	14,550	12,795	11,698	10,710	10,153	9,735	9,568	9,463

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	2 Dec 17 to 30 Jul 18	240,160	2.50%	6,004	238,992
Sub-total		240,160		6,004	238,992

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2018	2 Dec 17 to 30 Jul 18	2,390	2.50%	60	2,379
Sub-total		2,390		60	2,379
Totals		242,550		6,064	241,371

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.