



## Tax Depreciation Report

17/288 Edward Street,  
Brisbane, Qld

Quadra Pacific (Aust.) Corp. Pty Ltd  
GPO Box 1168  
BRISBANE, QLD 4001

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



Quadra Pacific (Aust.) Corp. Pty Ltd  
GPO Box 1168  
BRISBANE, QLD 4001

November 2018  
Job No: COM4000011

### **Tax Depreciation Report – 17/288 Edward Street, Brisbane, Qld**

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

Quadra Pacific (Aust.) Corp. Pty Ltd

### Property Address

17/288 Edward Street, Brisbane, Qld

### Property Type

Commercial Office

### Date of Construction

16 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"> <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	16 March 18 to 31 December 18	58,502	14,504	73,006	14,196	87,202
2	1 January 19 to 31 December 19	58,968	23,568	82,537	17,868	100,405
3	1 January 20 to 31 December 20	45,236	14,730	59,966	17,868	77,834
4	1 January 21 to 31 December 21	35,723	9,206	44,929	17,868	62,797
5	1 January 22 to 31 December 22	28,922	5,754	34,676	17,868	52,544
6	1 January 23 to 31 December 23	23,900	3,596	27,496	17,868	45,364
7	1 January 24 to 31 December 24	20,074	2,248	22,322	17,868	40,190
8	1 January 25 to 31 December 25	16,720	1,739	18,459	17,868	36,327
9	1 January 26 to 31 December 26	13,873	1,810	15,683	17,868	33,551
10	1 January 27 to 31 December 27	12,179	1,131	13,310	17,868	31,178
11	1 January 28 to 31 December 28	10,709	707	11,416	17,868	29,284
12	1 January 29 to 31 December 29	9,288	764	10,052	17,868	27,920
13	1 January 30 to 31 December 30	7,840	1,210	9,051	17,868	26,919
14	1 January 31 to 31 December 31	6,754	1,131	7,885	17,868	25,753
15	1 January 32 to 31 December 32	6,014	707	6,721	17,868	24,589
16	1 January 33 to 31 December 33	5,189	758	5,947	17,868	23,815
17	1 January 34 to 31 December 34	4,641	474	5,115	17,868	22,983
18	1 January 35 to 31 December 35	4,152	296	4,448	17,868	22,316
19	1 January 36 to 31 December 36	3,715	185	3,900	17,868	21,768
20	1 January 37 to 31 December 37	3,324	116	3,440	17,868	21,308
21	1 January 38 to 31 December 38	2,976	72	3,048	17,868	20,916
22	1 January 39 to 31 December 39	2,664	45	2,709	17,868	20,577
23	1 January 40 to 31 December 40	2,385	28	2,413	17,868	20,281
24	1 January 41 to 31 December 41	2,136	18	2,154	17,868	20,022
25	1 January 42 to 31 December 42	1,818	366	2,184	17,868	20,052
26	1 January 43 to 31 December 43	1,629	229	1,857	17,868	19,725
27	1 January 44 to 31 December 44	1,459	143	1,602	17,868	19,470
28	1 January 45 to 31 December 45	1,307	89	1,396	17,868	19,264
29	1 January 46 to 31 December 46	1,171	56	1,227	17,868	19,095
30	1 January 47 to 31 December 47	932	366	1,297	17,868	19,165
31	1 January 48 to 31 December 48	839	228	1,067	17,868	18,935
32	1 January 49 to 31 December 49	755	143	898	17,868	18,766
33	1 January 50 to 31 December 50	679	89	769	17,868	18,637
34	1 January 51 to 31 December 51	611	56	667	17,868	18,535
35	1 January 52 to 31 December 52	550	35	585	17,868	18,453
36	1 January 53 to 31 December 53	398	385	784	17,868	18,652
37	1 January 54 to 31 December 54	358	241	599	17,868	18,467
38	1 January 55 to 31 December 55	323	151	473	17,868	18,341
39	1 January 56 to 31 December 56	290	94	384	17,868	18,252
40	2057+	261	2,508	2,770	21,521	24,291
<b>Totals</b>		<b>399,265</b>	<b>89,977</b>	<b>489,242</b>	<b>714,701</b>	<b>1,203,943</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	6 March 18 to 31 December 1	26,387	21,262	47,649	14,196	61,845
2	January 19 to 31 December 1	47,393	34,550	81,943	17,868	99,811
3	January 20 to 31 December 2	31,484	21,594	53,078	17,868	70,946
4	January 21 to 31 December 2	31,484	13,496	44,980	17,868	62,848
5	January 22 to 31 December 2	31,484	8,435	39,919	17,868	57,787
6	January 23 to 31 December 2	18,880	5,272	24,152	17,868	42,020
7	January 24 to 31 December 2	15,624	3,295	18,919	17,868	36,787
8	January 25 to 31 December 2	15,624	2,059	17,683	17,868	35,551
9	January 26 to 31 December 2	15,624	1,287	16,911	17,868	34,779
10	January 27 to 31 December 2	15,624	804	16,428	17,868	34,296
11	January 28 to 31 December 2	15,201	503	15,704	17,868	33,572
12	January 29 to 31 December 2	15,087	314	15,401	17,868	33,269
13	January 30 to 31 December 3	14,116	196	14,312	17,868	32,180
14	January 31 to 31 December 3	13,865	123	13,988	17,868	31,856
15	January 32 to 31 December 3	13,865	77	13,942	17,868	31,810
16	January 33 to 31 December 3	10,997	48	11,045	17,868	28,913
17	January 34 to 31 December 3	10,251	30	10,281	17,868	28,149
18	January 35 to 31 December 3	10,251	19	10,270	17,868	28,138
19	January 36 to 31 December 3	10,251	12	10,263	17,868	28,131
20	January 37 to 31 December 3	10,251	7	10,258	17,868	28,126
21	January 38 to 31 December 3	2,103	5	2,108	17,868	19,976
22	January 39 to 31 December 3	0	3	3	17,868	17,871
23	January 40 to 31 December 4	0	2	2	17,868	17,870
24	January 41 to 31 December 4	0	1	1	17,868	17,869
25	January 42 to 31 December 4	0	1	1	17,868	17,869
26	January 43 to 31 December 4	0	0	0	17,868	17,868
27	January 44 to 31 December 4	0	0	0	17,868	17,868
28	January 45 to 31 December 4	0	0	0	17,868	17,868
29	January 46 to 31 December 4	0	0	0	17,868	17,868
30	January 47 to 31 December 4	0	0	0	17,868	17,868
31	January 48 to 31 December 4	0	0	0	17,868	17,868
32	January 49 to 31 December 4	0	0	0	17,868	17,868
33	January 50 to 31 December 5	0	0	0	17,868	17,868
34	January 51 to 31 December 5	0	0	0	17,868	17,868
35	January 52 to 31 December 5	0	0	0	17,868	17,868
36	January 53 to 31 December 5	0	0	0	17,868	17,868
37	January 54 to 31 December 5	0	0	0	17,868	17,868
38	January 55 to 31 December 5	0	0	0	17,868	17,868
39	January 56 to 31 December 5	0	0	0	17,868	17,868
40	2057+	0	0	0	21,521	21,521
<b>Totals</b>		<b>375,846</b>	<b>113,396</b>	<b>489,242</b>	<b>714,701</b>	<b>1,203,943</b>

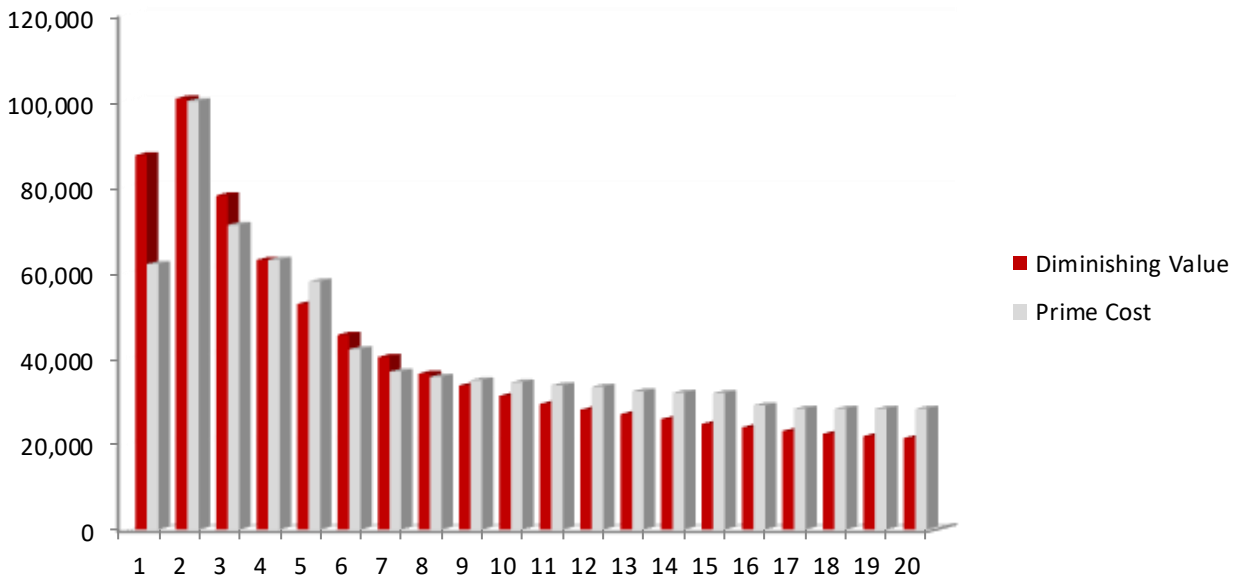
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

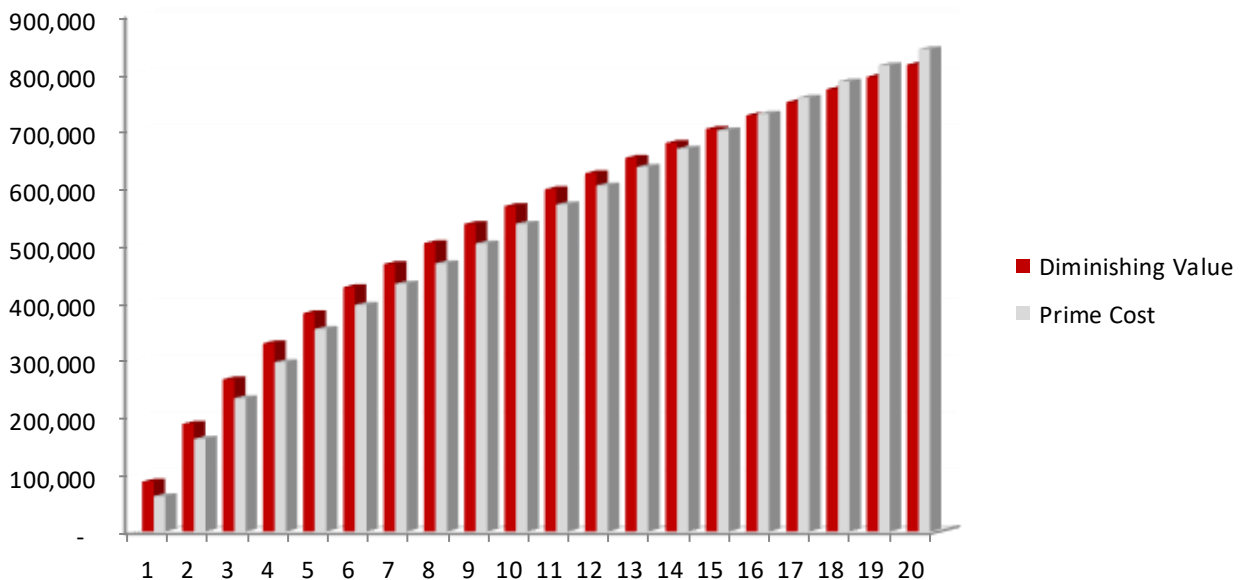
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	1 February 2018
Fit Out Completion Date	16 March 2018

### Expenditure Analysed

Fit out cost	\$1,203,942
<b>Total Expenditure Analysed</b>	<b>\$1,203,942</b>

### Historical Construction Details

Construction Start Date	1 February 2018
Construction Completion Date	16 March 2018
Historical Construction Cost (Advised)*	\$1,203,942

## 9. Reconciliation of Capital Expenditure

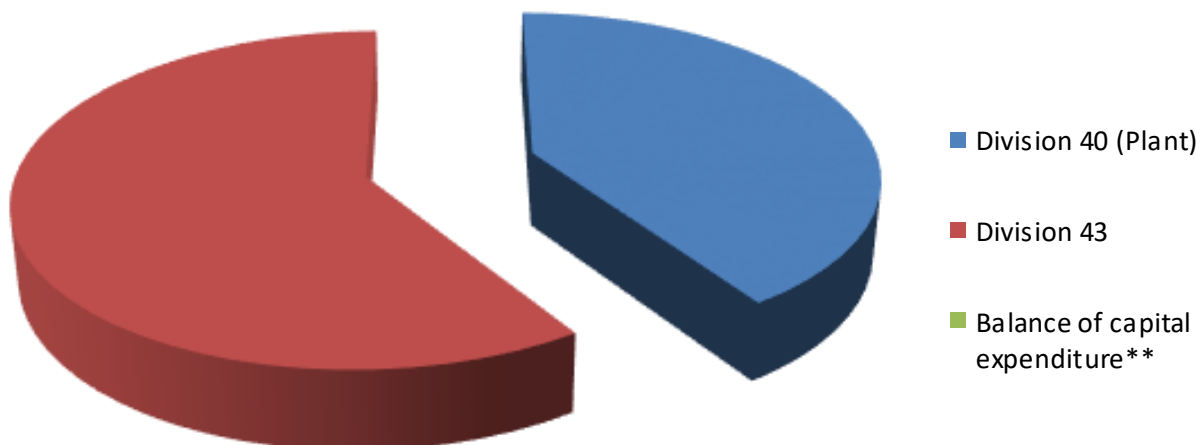
### Apportionment of cost relating to:

Division 40 (Plant)	\$489,242
Division 43	\$714,701
Balance of capital expenditure**	\$0
<b>Total Expenditure Analysed</b>	<b>\$1,203,943</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	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>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>													
Air handling units	10.00%	16-Mar-18	37,878	3,010	3,487	3,138	2,824	2,542	2,288	2,059	1,853	1,668	1,501
<b>Blinds</b>	18.75%	16-Mar-18	13,346	2,502	4,066	2,542	1,588	993	620	388	242	151	95
<b>Computer systems</b>													
General	40.00%	16-Mar-18	28,023	8,906	7,647	4,588	2,753	1,652	991	595	334	209	131
<b>Electrical Machinery &amp; Equipment :</b>													
Switchboards	10.00%	16-Mar-18	11,600	922	1,068	961	865	778	701	631	568	511	460
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	16-Mar-18	7,031	1,318	2,142	1,339	837	523	327	204	128	80	50
Emergency warning & intercommunication system	18.75%	16-Mar-18	5,303	994	1,616	1,010	631	394	247	154	96	60	38
<b>Floor coverings ( removable without damage)</b>													
Carpets	40.00%	16-Mar-18	51,273	16,295	13,991	8,395	5,037	3,022	1,813	1,088	653	367	229
<b>Furniture</b>	18.75%	16-Mar-18	5,756	1,079	1,754	1,096	685	428	268	167	105	65	41
<b>Hot water systems (excluding piping)</b>													
Gas or electric	16.67%	16-Mar-18	8,523	1,129	1,232	1,027	856	713	594	495	413	344	287
<b>Kitchen assets</b>													
Dishwashers	20.00%	16-Mar-18	5,374	854	904	723	579	463	370	296	237	355	222
Microwave ovens	18.75%	16-Mar-18	1,657	311	505	316	197	123	77	48	30	19	12
Refrigerators	16.67%	16-Mar-18	6,141	813	888	740	617	514	428	357	297	248	207
<b>Lights</b>													
Emergency	18.75%	16-Mar-18	15,211	2,852	4,634	2,897	1,810	1,131	707	442	276	173	108
Fittings	18.75%	16-Mar-18	29,048	5,446	8,851	5,532	3,457	2,161	1,350	844	528	330	206
<b>Office furniture, freestanding</b>													
Cabinets - timber/laminated	13.33%	16-Mar-18	54,213	5,743	6,463	5,601	4,854	4,207	3,646	3,160	2,739	2,373	2,057
Chairs	20.00%	16-Mar-18	22,786	3,621	3,833	3,066	2,453	1,963	1,570	1,256	1,005	804	643
Reception assets	20.00%	16-Mar-18	17,282	2,746	2,907	2,326	1,861	1,488	1,191	953	762	610	488
Tables	20.00%	16-Mar-18	13,257	2,107	2,230	1,784	1,427	1,142	913	731	585	468	374
Workstations	10.00%	16-Mar-18	155,538	12,358	14,318	12,886	11,598	10,438	9,394	8,455	7,609	6,848	6,163
<b>Pooled Plant Total</b>				<b>14,504</b>	<b>23,568</b>	<b>14,730</b>	<b>9,206</b>	<b>5,754</b>	<b>3,596</b>	<b>2,248</b>	<b>1,739</b>	<b>1,810</b>	<b>1,131</b>
<b>Effective Life Plant Total</b>				<b>58,502</b>	<b>58,968</b>	<b>45,236</b>	<b>35,723</b>	<b>28,922</b>	<b>23,900</b>	<b>20,074</b>	<b>16,720</b>	<b>13,873</b>	<b>12,179</b>
<b>Total Division 40</b>			<b>489,242</b>	<b>73,006</b>	<b>82,537</b>	<b>59,966</b>	<b>44,929</b>	<b>34,676</b>	<b>27,496</b>	<b>22,322</b>	<b>18,459</b>	<b>15,683</b>	<b>13,310</b>
<b>Division 43 - Capital Works Allowance</b>													
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
<b>Building Works - Completed 2018</b>	2.50%	16-Mar-18	714,701	14,196	17,868	17,868	17,868	17,868	17,868	17,868	17,868	17,868	17,868
<b>Total Division 43</b>			<b>714,701</b>	<b>14,196</b>	<b>17,868</b>	<b>17,868</b>	<b>17,868</b>	<b>17,868</b>	<b>17,868</b>	<b>17,868</b>	<b>17,868</b>	<b>17,868</b>	<b>17,868</b>
<b>Total Depreciation</b>			<b>1,203,943</b>	<b>87,202</b>	<b>100,405</b>	<b>77,834</b>	<b>62,797</b>	<b>52,544</b>	<b>45,364</b>	<b>40,190</b>	<b>36,327</b>	<b>33,551</b>	<b>31,178</b>

## 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>													
Air handling units	5.00%	16-Mar-18	37,878	1,505	1,894	1,894	1,894	1,894	1,894	1,894	1,894	1,894	1,894
Blinds	18.75%	16-Mar-18	13,346	2,502	4,066	2,542	1,588	993	620	388	242	151	95
<b>Computer systems</b>													
General	20.00%	16-Mar-18	28,023	4,453	5,605	5,605	5,605	5,605	1,150				
<b>Electrical Machinery &amp; Equipment :</b>													
Switchboards	5.00%	16-Mar-18	11,600	461	580	580	580	580	580	580	580	580	580
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	16-Mar-18	7,031	1,318	2,142	1,339	837	523	327	204	128	80	50
Emergency warning & intercommunication system	18.75%	16-Mar-18	5,303	994	1,616	1,010	631	394	247	154	96	60	38
<b>Floor coverings ( removable without damage)</b>													
Carpets	20.00%	16-Mar-18	51,273	8,148	10,255	10,255	10,255	10,255	2,106				
Furniture	18.75%	16-Mar-18	5,756	1,079	1,754	1,096	685	428	268	167	105	65	41
<b>Hot water systems (excluding piping)</b>													
Gas or electric	8.33%	16-Mar-18	8,523	564	710	710	710	710	710	710	710	710	710
<b>Kitchen assets</b>													
Dishwashers	10.00%	16-Mar-18	5,374	427	537	537	537	537	537	537	537	537	537
Microwave ovens	18.75%	16-Mar-18	1,657	311	505	316	197	123	77	48	30	19	12
Refrigerators	8.33%	16-Mar-18	6,141	407	512	512	512	512	512	512	512	512	512
<b>Lights</b>													
Emergency	18.75%	16-Mar-18	15,211	2,852	4,634	2,897	1,810	1,131	707	442	276	173	108
Fittings	18.75%	16-Mar-18	29,048	5,446	8,851	5,532	3,457	2,161	1,350	844	528	330	206
<b>Office furniture, freestanding</b>													
Cabinets - timber/laminated	6.67%	16-Mar-18	54,213	2,872	3,614	3,614	3,614	3,614	3,614	3,614	3,614	3,614	3,614
Chairs	18.75%	16-Mar-18	22,786	4,272	6,943	4,339	2,712	1,695	1,059	662	414	259	162
Reception assets	10.00%	16-Mar-18	17,282	1,373	15,909								
Tables	18.75%	16-Mar-18	13,257	2,486	4,039	2,525	1,578	986	616	385	241	150	94
Workstations	5.00%	16-Mar-18	155,538	6,179	7,777	7,777	7,777	7,777	7,777	7,777	7,777	7,777	7,777
<b>Pooled Plant Total</b>				<b>21,262</b>	<b>34,550</b>	<b>21,594</b>	<b>13,496</b>	<b>8,435</b>	<b>5,272</b>	<b>3,295</b>	<b>2,059</b>	<b>1,287</b>	<b>804</b>
<b>Effective Life Plant Total</b>				<b>26,387</b>	<b>47,393</b>	<b>31,484</b>	<b>31,484</b>	<b>31,484</b>	<b>18,880</b>	<b>15,624</b>	<b>15,624</b>	<b>15,624</b>	<b>15,624</b>
<b>Total Division 40</b>			<b>489,242</b>	<b>47,649</b>	<b>81,943</b>	<b>53,078</b>	<b>44,980</b>	<b>39,919</b>	<b>24,152</b>	<b>18,919</b>	<b>17,683</b>	<b>16,911</b>	<b>16,428</b>
<b>Division 43 - Capital Works Allowance</b>													
<b>Building Works - Completed 2018</b>	<b>2.50%</b>	<b>16-Mar-18</b>	<b>714,701</b>	<b>14,196</b>	<b>17,868</b>	<b>17,868</b>	<b>17,868</b>	<b>17,868</b>	<b>17,868</b>	<b>17,868</b>	<b>17,868</b>	<b>17,868</b>	<b>17,868</b>
<b>Total Division 43</b>			<b>714,701</b>	<b>14,196</b>	<b>17,868</b>	<b>17,868</b>	<b>17,868</b>	<b>17,868</b>	<b>17,868</b>	<b>17,868</b>	<b>17,868</b>	<b>17,868</b>	<b>17,868</b>
<b>Total Depreciation</b>			<b>1,203,943</b>	<b>61,845</b>	<b>99,811</b>	<b>70,946</b>	<b>62,848</b>	<b>57,787</b>	<b>42,020</b>	<b>36,787</b>	<b>35,551</b>	<b>34,779</b>	<b>34,296</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 2018	1 Feb 18 to 16 Mar 18	714,701	2.50%	17,868	714,701
<b>Sub-total</b>		<b>714,701</b>		<b>17,868</b>	<b>714,701</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
<b>Sub-total</b>					
<b>Totals</b>		<b>714,701</b>		<b>17,868</b>	<b>714,701</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	
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<b>Office Email</b>	info@koste.com.au

LEAD SURVEYOR DETAILS	
<b>Surveyors Name</b>	Mark Kilroy
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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.