



## Tax Depreciation Report

3/70 Auburn Road,  
Hawthorn VIC 3122

Amelia Mun Yi Yong  
No. 42 Jalan Taman Seputeh  
3 Taman Seputeh  
58000, KUALA LUMPUR Malaysia

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

Amelia Mun Yi Yong  
No. 42 Jalan Taman Seputeh  
3 Taman Seputeh  
58000, KUALA LUMPUR Malaysia

November 2018  
Job No: RES3122001

### **Tax Depreciation Report – 3/70 Auburn Road, Hawthorn VIC 3122**

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

22 November 2018

### Purchaser

Amelia Mun Yi Yong

### Property Address

3/70 Auburn Road, Hawthorn VIC 3122

### Real Property Description

LOT 3 PS749422

### Property Type

Residential Unit

### Date of Construction

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

## **4. Capital Works**

### **4.1 Entitlement**

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

### **4.2 Method of Depreciation**

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

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

### **4.3 Method of Depreciation**

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



## 5. Summary of Entitlements – Diminishing Value Method

Year	Financial Year	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	25 July 18 to 30 June 19	12,011	4,142	16,153	10,793	26,946
2	1 July 19 to 30 June 20	10,537	6,731	17,268	11,586	28,854
3	1 July 20 to 30 June 21	8,256	4,481	12,737	11,586	24,323
4	1 July 21 to 30 June 22	6,489	3,140	9,629	11,586	21,215
5	1 July 22 to 30 June 23	5,098	2,295	7,393	11,586	18,979
6	1 July 23 to 30 June 24	3,926	1,796	5,722	11,586	17,308
7	1 July 24 to 30 June 25	3,011	1,492	4,503	11,586	16,089
8	1 July 25 to 30 June 26	1,956	1,975	3,931	11,586	15,517
9	1 July 26 to 30 June 27	1,571	1,234	2,806	11,586	14,392
10	1 July 27 to 30 June 28	929	1,450	2,380	11,586	13,966
11	1 July 28 to 30 June 29	743	906	1,650	11,586	13,236
12	1 July 29 to 30 June 30	595	567	1,161	11,586	12,747
13	1 July 30 to 30 June 31	284	714	998	11,586	12,584
14	1 July 31 to 30 June 32	227	446	673	11,586	12,259
15	1 July 32 to 30 June 33	0	619	619	11,586	12,205
16	1 July 33 to 30 June 34	0	387	387	11,586	11,973
17	1 July 34 to 30 June 35	0	242	242	11,586	11,828
18	1 July 35 to 30 June 36	0	151	151	11,586	11,737
19	1 July 36 to 30 June 37	0	95	95	11,586	11,681
20	1 July 37 to 30 June 38	0	59	59	11,586	11,645
21	1 July 38 to 30 June 39	0	37	37	11,586	11,623
22	1 July 39 to 30 June 40	0	23	23	11,586	11,609
23	1 July 40 to 30 June 41	0	14	14	11,586	11,600
24	1 July 41 to 30 June 42	0	9	9	11,586	11,595
25	1 July 42 to 30 June 43	0	6	6	11,586	11,592
26	1 July 43 to 30 June 44	0	4	4	11,586	11,590
27	1 July 44 to 30 June 45	0	2	2	11,586	11,588
28	1 July 45 to 30 June 46	0	1	1	11,586	11,587
29	1 July 46 to 30 June 47	0	1	1	11,586	11,587
30	1 July 47 to 30 June 48	0	1	1	11,586	11,587
31	1 July 48 to 30 June 49	0	0	0	11,586	11,586
32	1 July 49 to 30 June 50	0	0	0	11,586	11,586
33	1 July 50 to 30 June 51	0	0	0	11,586	11,586
34	1 July 51 to 30 June 52	0	0	0	11,586	11,586
35	1 July 52 to 30 June 53	0	0	0	11,586	11,586
36	1 July 53 to 30 June 54	0	0	0	11,586	11,586
37	1 July 54 to 30 June 55	0	0	0	11,586	11,586
38	1 July 55 to 30 June 56	0	0	0	11,586	11,586
39	1 July 56 to 30 June 57	0	0	0	11,586	11,586
40	2057+	0	0	0	11,089	11,089
<b>Totals</b>		<b>55,632</b>	<b>33,022</b>	<b>88,655</b>	<b>462,150</b>	<b>550,805</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	25 July 18 to 30 June 19	6,006	4,142	10,148	10,793	20,941
2	1 July 19 to 30 June 20	6,447	6,731	13,178	11,586	24,764
3	1 July 20 to 30 June 21	6,447	4,207	10,654	11,586	22,240
4	1 July 21 to 30 June 22	6,447	2,629	9,076	11,586	20,662
5	1 July 22 to 30 June 23	6,447	1,643	8,090	11,586	19,676
6	1 July 23 to 30 June 24	6,447	1,027	7,474	11,586	19,060
7	1 July 24 to 30 June 25	6,392	642	7,034	11,586	18,620
8	1 July 25 to 30 June 26	6,230	401	6,631	11,586	18,217
9	1 July 26 to 30 June 27	6,230	251	6,481	11,586	18,067
10	1 July 27 to 30 June 28	6,230	157	6,387	11,586	17,973
11	1 July 28 to 30 June 29	1,601	98	1,699	11,586	13,285
12	1 July 29 to 30 June 30	1,264	61	1,325	11,586	12,911
13	1 July 30 to 30 June 31	284	38	322	11,586	11,908
14	1 July 31 to 30 June 32	92	24	116	11,586	11,702
15	1 July 32 to 30 June 33	0	15	15	11,586	11,601
16	1 July 33 to 30 June 34	0	9	9	11,586	11,595
17	1 July 34 to 30 June 35	0	6	6	11,586	11,592
18	1 July 35 to 30 June 36	0	4	4	11,586	11,590
19	1 July 36 to 30 June 37	0	2	2	11,586	11,588
20	1 July 37 to 30 June 38	0	1	1	11,586	11,587
21	1 July 38 to 30 June 39	0	1	1	11,586	11,587
22	1 July 39 to 30 June 40	0	1	1	11,586	11,587
23	1 July 40 to 30 June 41	0	0	0	11,586	11,586
24	1 July 41 to 30 June 42	0	0	0	11,586	11,586
25	1 July 42 to 30 June 43	0	0	0	11,586	11,586
26	1 July 43 to 30 June 44	0	0	0	11,586	11,586
27	1 July 44 to 30 June 45	0	0	0	11,586	11,586
28	1 July 45 to 30 June 46	0	0	0	11,586	11,586
29	1 July 46 to 30 June 47	0	0	0	11,586	11,586
30	1 July 47 to 30 June 48	0	0	0	11,586	11,586
31	1 July 48 to 30 June 49	0	0	0	11,586	11,586
32	1 July 49 to 30 June 50	0	0	0	11,586	11,586
33	1 July 50 to 30 June 51	0	0	0	11,586	11,586
34	1 July 51 to 30 June 52	0	0	0	11,586	11,586
35	1 July 52 to 30 June 53	0	0	0	11,586	11,586
36	1 July 53 to 30 June 54	0	0	0	11,586	11,586
37	1 July 54 to 30 June 55	0	0	0	11,586	11,586
38	1 July 55 to 30 June 56	0	0	0	11,586	11,586
39	1 July 56 to 30 June 57	0	0	0	11,586	11,586
40	2057+	0	0	0	11,089	11,089
<b>Totals</b>		<b>66,563</b>	<b>22,091</b>	<b>88,655</b>	<b>462,150</b>	<b>550,805</b>

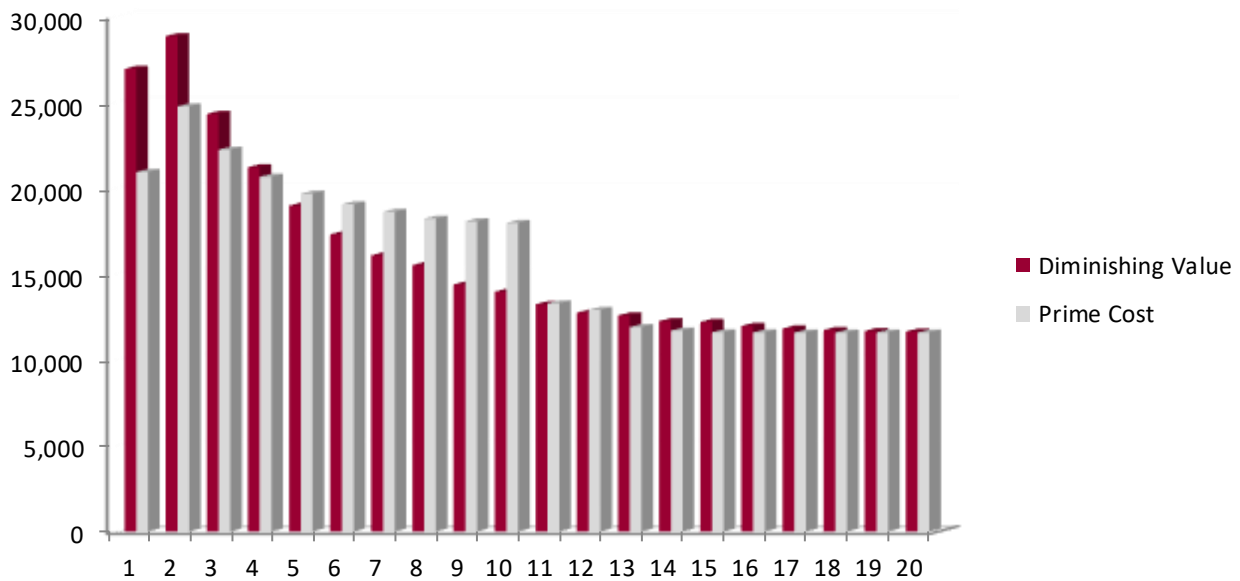
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

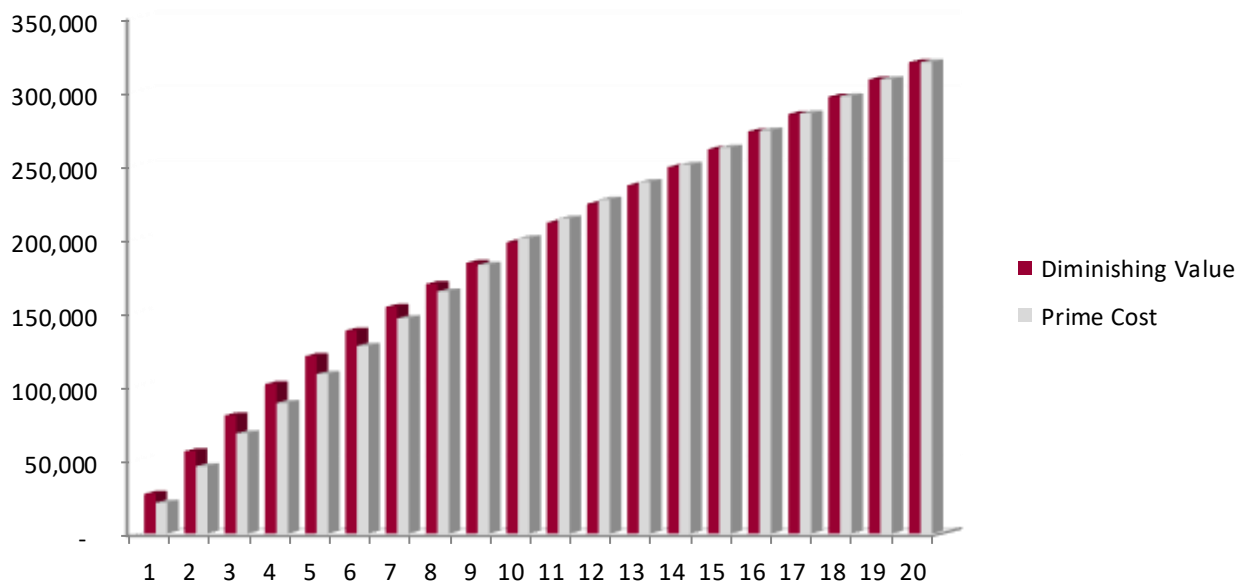
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	29 May 2017
Settlement Date	25 July 2018

### Expenditure Analysed

Purchase Price	\$1,358,000
Stamp Duty	\$27,662
Legals	\$2,741
<b>Total Expenditure Analysed</b>	<b>\$1,388,403</b>

### Historical Construction Details

Construction Start Date	30 July 2017
Construction Completion Date	15 June 2018
Historical Construction Cost (Estimated)*	\$520,061
Lot Entitlement	50
Overall Lot Entitlement	450

## 9. Reconciliation of Capital Expenditure

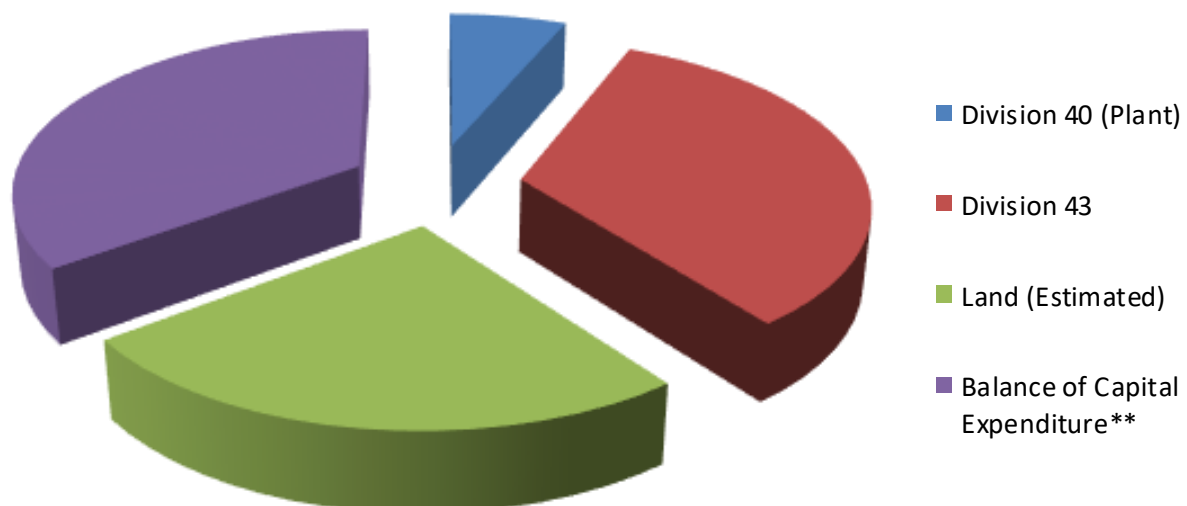
### Apportionment of cost relating to:

Division 40 (Plant)	\$88,655
Division 43	\$462,150
Land (Estimated)	\$348,966
Balance of Capital Expenditure**	\$488,632
<b>Total Expenditure Analysed</b>	<b>\$1,388,403</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	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	Value Rate												
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>													
Mini split system upto 20KW	20.00%	25-Jul-18	20,288	3,780	3,302	2,641	2,113	1,690	1,352	1,082	865	692	554
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	25-Jul-18	4,106	770	1,251	782	489	305	191	119	75	47	29
<b>Blinds Residential</b>													
Blinds Residential	20.00%	25-Jul-18	1,739	324	283	226	340	212	133	83	52	32	20
Blinds Residential	18.75%	25-Jul-18	2,521	473	768	480	300	188	117	73	46	29	18
<b>Cleaning equipment</b>													
Vacuum cleaner, ducted system, hoses, motors & wands	20.00%	25-Jul-18	7,004	1,305	1,140	912	730	584	467	374	299	239	359
<b>Door closers</b>													
Door closers	18.75%	25-Jul-18	435	82	132	83	52	32	20	13	8	5	3
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	25-Jul-18	2,125	399	648	405	253	158	99	62	39	24	15
<b>Floor coverings ( removable without damage)</b>													
Carpets	20.00%	25-Jul-18	13,743	2,560	2,236	1,789	1,431	1,145	916	733	586	469	375
<b>Furniture</b>													
Furniture	15.00%	25-Jul-18	2,898	405	374	318	270	230	195	166	353	220	138
Furniture	18.75%	25-Jul-18	6,002	1,125	1,829	1,143	714	446	279	174	109	68	43
<b>Garage doors, automatic</b>													
Motors	20.00%	25-Jul-18	2,898	540	472	377	302	241	362	226	141	88	55
<b>Garbage disposal</b>													
Garbage bins	18.75%	25-Jul-18	386	72	118	74	46	29	18	11	7	4	3
<b>Hot water systems (excluding piping)</b>													
Gas or electric	16.67%	25-Jul-18	4,347	675	612	510	425	354	295	246	205	171	320
<b>Kitchen assets</b>													
Cooktops	16.67%	25-Jul-18	2,898	450	408	340	283	236	197	369	231	144	90
Dishwashers	20.00%	25-Jul-18	3,985	742	649	519	415	332	266	213	319	199	125
Ovens	16.67%	25-Jul-18	3,502	544	493	411	342	285	238	198	372	232	145
Rangehoods	16.67%	25-Jul-18	1,811	281	255	213	177	332	208	130	81	51	32
<b>Lights</b>													
Shades, removable	18.75%	25-Jul-18	6,516	1,222	1,985	1,241	775	485	303	189	118	74	46
<b>Security systems &amp; equipment</b>													
Electronic	30.00%	25-Jul-18	1,449	405	313	274	171	107	67	42	26	16	10
<b>Pooled Plant Total</b>				<b>4,142</b>	<b>6,731</b>	<b>4,481</b>	<b>3,140</b>	<b>2,295</b>	<b>1,796</b>	<b>1,492</b>	<b>1,975</b>	<b>1,234</b>	<b>1,450</b>
<b>Effective Life Plant Total</b>				<b>12,011</b>	<b>10,537</b>	<b>8,256</b>	<b>6,489</b>	<b>5,098</b>	<b>3,926</b>	<b>3,011</b>	<b>1,956</b>	<b>1,571</b>	<b>929</b>
<b>Total Division 40</b>			<b>88,655</b>	<b>16,153</b>	<b>17,268</b>	<b>12,737</b>	<b>9,629</b>	<b>7,393</b>	<b>5,722</b>	<b>4,503</b>	<b>3,931</b>	<b>2,806</b>	<b>2,380</b>

## 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
<b>Building Works - Completed 2018</b>	2.50%	25-Jul-18	455,067	10,627	11,408	11,408	11,408	11,408	11,408	11,408	11,408	11,408	11,408
<b>Structural Improvements - Completed 2018</b>	2.50%	25-Jul-18	7,083	166	178	178	178	178	178	178	178	178	178
<b>Total Division 43</b>			462,150	10,793	11,586	11,586	11,586	11,586	11,586	11,586	11,586	11,586	11,586
<b>Total Depreciation</b>			550,805	26,946	28,854	24,323	21,215	18,979	17,308	16,089	15,517	14,392	13,966

## 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%	25-Jul-18	20,288	1,890	2,029	2,029	2,029	2,029	2,029	2,029	2,029	2,029	2,029
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	25-Jul-18	4,106	770	1,251	782	489	305	191	119	75	47	29
<b>Blinds Residential</b>													
Blinds Residential	10.00%	25-Jul-18	1,739	162	174	174	174	174	174	174	174	174	174
Blinds Residential	18.75%	25-Jul-18	2,521	473	768	480	300	188	117	73	46	29	18
<b>Cleaning equipment</b>													
Vacuum cleaner, ducted system, hoses, motors & wands	10.00%	25-Jul-18	7,004	652	700	700	700	700	700	700	700	700	700
<b>Door closers</b>													
Door closers	18.75%	25-Jul-18	435	82	132	83	52	32	20	13	8	5	3
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	25-Jul-18	2,125	399	648	405	253	158	99	62	39	24	15
<b>Floor coverings ( removable without damage)</b>													
Carpets	10.00%	25-Jul-18	13,743	1,280	1,374	1,374	1,374	1,374	1,374	1,374	1,374	1,374	1,374
<b>Furniture</b>													
Furniture	7.50%	25-Jul-18	2,898	203	217	217	217	217	217	217	217	217	217
Furniture	18.75%	25-Jul-18	6,002	1,125	1,829	1,143	714	446	279	174	109	68	43
<b>Garage doors, automatic</b>													
Motors	10.00%	25-Jul-18	2,898	270	290	290	290	290	290	290	290	290	290
<b>Garbage disposal</b>													
Garbage bins	18.75%	25-Jul-18	386	72	118	74	46	29	18	11	7	4	3
<b>Hot water systems (excluding piping)</b>													
Gas or electric	8.33%	25-Jul-18	4,347	337	362	362	362	362	362	362	362	362	362
<b>Kitchen assets</b>													
Cooktops	8.33%	25-Jul-18	2,898	225	242	242	242	242	242	242	242	242	242
Dishwashers	10.00%	25-Jul-18	3,985	371	399	399	399	399	399	399	399	399	399
Ovens	8.33%	25-Jul-18	3,502	272	292	292	292	292	292	292	292	292	292
Rangehoods	8.33%	25-Jul-18	1,811	141	151	151	151	151	151	151	151	151	151
<b>Lights</b>													
Shades, removable	18.75%	25-Jul-18	6,516	1,222	1,985	1,241	775	485	303	189	118	74	46
<b>Security systems &amp; equipment</b>													
Electronic	15.00%	25-Jul-18	1,449	202	217	217	217	217	217	162			
<b>Pooled Plant Total</b>				<b>4,142</b>	<b>6,731</b>	<b>4,207</b>	<b>2,629</b>	<b>1,643</b>	<b>1,027</b>	<b>642</b>	<b>401</b>	<b>251</b>	<b>157</b>
<b>Effective Life Plant Total</b>				<b>6,006</b>	<b>6,447</b>	<b>6,447</b>	<b>6,447</b>	<b>6,447</b>	<b>6,447</b>	<b>6,392</b>	<b>6,230</b>	<b>6,230</b>	<b>6,230</b>
<b>Total Division 40</b>			<b>88,655</b>	<b>10,148</b>	<b>13,178</b>	<b>10,654</b>	<b>9,076</b>	<b>8,090</b>	<b>7,474</b>	<b>7,034</b>	<b>6,631</b>	<b>6,481</b>	<b>6,387</b>

## 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
<b>Building Works - Completed 2018</b>	2.50%	25-Jul-18	455,067	10,627	11,408	11,408	11,408	11,408	11,408	11,408	11,408	11,408	11,408
<b>Structural Improvements - Completed 2018</b>	2.50%	25-Jul-18	7,083	166	178	178	178	178	178	178	178	178	178
<b>Total Division 43</b>			462,150	10,793	11,586	11,586	11,586	11,586	11,586	11,586	11,586	11,586	11,586
<b>Total Depreciation</b>			550,805	20,941	24,764	22,240	20,662	19,676	19,060	18,620	18,217	18,067	17,973



## 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	30 Jul 17 to 15 Jun 18	456,317	2.50%	11,408	455,067
<b>Sub-total</b>		<b>456,317</b>		<b>11,408</b>	<b>455,067</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2018	30 Jul 17 to 15 Jun 18	7,102	2.50%	178	7,083
<b>Sub-total</b>		<b>7,102</b>		<b>178</b>	<b>7,083</b>
<b>Totals</b>		<b>463,419</b>		<b>11,586</b>	<b>462,150</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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LEAD SURVEYOR 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.