



Tax Depreciation Report

Glasswing Aka Easthill, 7/305 Easthill Drive,
Robina QLD 4226

Yu-Yu Chen
U10710/22 Railway Tce
MILTON , QLD 4064

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

Yu-Yu Chen
U10710/22 Railway Tce
MILTON , QLD 4064

November 2018
Job No: RES4226049

Tax Depreciation Report – Glasswing Aka Easthill, 7/305 Easthill Drive, Robina QLD 4226

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

26 November 2018

Purchaser

Yu-Yu Chen

Property Address

Glasswing Aka Easthill, 7/305 Easthill Drive, Robina QLD 4226

Real Property Description

LOT 7 SP162759

Property Type

Residential Unit

Date of Construction

1 June 2005

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	Original Assets **			Post Expenditure			Division 43	Totals
		Effective Life	Pooled Plant	Total Div 40	Effective Life	Pooled Plant	Total Div 40		
1	7 January 13 to 30 June 13	4,302	8	4,310	0	0	0	1,914	1,914
2	1 July 13 to 30 June 14	8,220	0	8,220	0	0	0	4,013	4,013
3	1 July 14 to 30 June 15	6,692	0	6,692	41	0	41	4,013	4,054
4	1 July 15 to 30 June 16	5,513	0	5,513	412	0	412	4,013	4,425
5	1 July 16 to 30 June 17	4,587	0	4,587	329	0	329	4,013	4,342
6	1 July 17 to 30 June 18	4,997	2,070	7,067	415	0	415	4,013	4,428
7	1 July 18 to 30 June 19	2,065	1,294	3,359	740	0	740	4,013	4,753
8	1 July 19 to 30 June 20	1,632	1,151	2,783	424	316	740	4,013	4,753
9	1 July 20 to 30 June 21	1,457	719	2,176	339	198	537	4,013	4,550
10	1 July 21 to 30 June 22	1,305	450	1,754	271	124	395	4,013	4,408
11	1 July 22 to 30 June 23	1,013	581	1,594	217	77	294	4,013	4,307
12	1 July 23 to 30 June 24	930	363	1,293	0	374	374	4,013	4,387
13	1 July 24 to 30 June 25	720	562	1,283	0	234	234	4,013	4,247
14	1 July 25 to 30 June 26	672	351	1,024	0	146	146	4,013	4,159
15	1 July 26 to 30 June 27	628	220	847	0	91	91	4,013	4,104
16	1 July 27 to 30 June 28	586	137	723	0	57	57	4,013	4,070
17	1 July 28 to 30 June 29	547	86	632	0	36	36	4,013	4,049
18	1 July 29 to 30 June 30	510	54	564	0	22	22	4,013	4,035
19	1 July 30 to 30 June 31	476	34	510	0	14	14	4,013	4,027
20	1 July 31 to 30 June 32	444	21	465	0	9	9	4,013	4,022
21	1 July 32 to 30 June 33	415	13	428	0	5	5	4,013	4,018
22	1 July 33 to 30 June 34	387	8	395	0	3	3	4,013	4,016
23	1 July 34 to 30 June 35	361	5	366	0	2	2	4,013	4,015
24	1 July 35 to 30 June 36	337	3	340	0	1	1	4,013	4,014
25	1 July 36 to 30 June 37	315	2	317	0	1	1	4,013	4,014
26	1 July 37 to 30 June 38	294	1	295	0	1	1	4,013	4,014
27	1 July 38 to 30 June 39	274	1	275	0	0	0	4,013	4,013
28	1 July 39 to 30 June 40	256	0	256	0	0	0	4,013	4,013
29	1 July 40 to 30 June 41	239	0	239	0	0	0	4,013	4,013
30	1 July 41 to 30 June 42	223	0	223	0	0	0	4,013	4,013
31	1 July 42 to 30 June 43	208	0	208	0	0	0	4,013	4,013
32	1 July 43 to 30 June 44	194	0	194	0	0	0	4,013	4,013
33	1 July 44 to 30 June 45	181	0	181	0	0	0	3,696	3,696
34	1 July 45 to 30 June 46	169	0	169	0	0	0	353	353
35	1 July 46 to 30 June 47	158	0	158	0	0	0	353	353
36	1 July 47 to 30 June 48	147	0	147	0	0	0	353	353
37	1 July 48 to 30 June 49	138	0	138	0	0	0	353	353
38	1 July 49 to 30 June 50	128	0	128	0	0	0	353	353
39	1 July 50 to 30 June 51	120	0	120	0	0	0	353	353
40	2051+	1,677	0	1,677	0	0	0	418	418
Totals		53,516	8,136	61,653	3,189	1,711	4,900	132,549	137,449

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	Original Assets **			Post Expenditure			Division 43	Totals
		Effective Life	Pooled Plant	Total Div 40	Effective Life	Pooled Plant	Total Div 40		
1	7 January 13 to 30 June 13	2,151	8	2,159	0	0	0	1,914	1,914
2	1 July 13 to 30 June 14	4,511	13	4,524	0	0	0	4,013	4,013
3	1 July 14 to 30 June 15	4,511	8	4,519	21	0	21	4,013	4,034
4	1 July 15 to 30 June 16	4,511	5	4,516	210	0	210	4,013	4,223
5	1 July 16 to 30 June 17	4,511	3	4,514	210	0	210	4,013	4,223
6	1 July 17 to 30 June 18	7,501	2	7,503	286	0	286	4,013	4,299
7	1 July 18 to 30 June 19	3,310	1	3,311	490	0	490	4,013	4,503
8	1 July 19 to 30 June 20	3,238	1	3,239	490	0	490	4,013	4,503
9	1 July 20 to 30 June 21	3,221	0	3,221	490	0	490	4,013	4,503
10	1 July 21 to 30 June 22	3,221	0	3,221	490	0	490	4,013	4,503
11	1 July 22 to 30 June 23	2,539	0	2,539	490	0	490	4,013	4,503
12	1 July 23 to 30 June 24	1,779	0	1,779	490	0	490	4,013	4,503
13	1 July 24 to 30 June 25	1,584	0	1,584	469	0	469	4,013	4,482
14	1 July 25 to 30 June 26	1,301	0	1,301	280	0	280	4,013	4,293
15	1 July 26 to 30 June 27	888	0	888	280	0	280	4,013	4,293
16	1 July 27 to 30 June 28	888	0	888	204	0	204	4,013	4,217
17	1 July 28 to 30 June 29	888	0	888	0	0	0	4,013	4,013
18	1 July 29 to 30 June 30	888	0	888	0	0	0	4,013	4,013
19	1 July 30 to 30 June 31	888	0	888	0	0	0	4,013	4,013
20	1 July 31 to 30 June 32	883	0	883	0	0	0	4,013	4,013
21	1 July 32 to 30 June 33	839	0	839	0	0	0	4,013	4,013
22	1 July 33 to 30 June 34	795	0	795	0	0	0	4,013	4,013
23	1 July 34 to 30 June 35	795	0	795	0	0	0	4,013	4,013
24	1 July 35 to 30 June 36	795	0	795	0	0	0	4,013	4,013
25	1 July 36 to 30 June 37	795	0	795	0	0	0	4,013	4,013
26	1 July 37 to 30 June 38	795	0	795	0	0	0	4,013	4,013
27	1 July 38 to 30 June 39	795	0	795	0	0	0	4,013	4,013
28	1 July 39 to 30 June 40	795	0	795	0	0	0	4,013	4,013
29	1 July 40 to 30 June 41	795	0	795	0	0	0	4,013	4,013
30	1 July 41 to 30 June 42	795	0	795	0	0	0	4,013	4,013
31	1 July 42 to 30 June 43	404	0	404	0	0	0	4,013	4,013
32	1 July 43 to 30 June 44	0	0	0	0	0	0	4,013	4,013
33	1 July 44 to 30 June 45	0	0	0	0	0	0	3,696	3,696
34	1 July 45 to 30 June 46	0	0	0	0	0	0	353	353
35	1 July 46 to 30 June 47	0	0	0	0	0	0	353	353
36	1 July 47 to 30 June 48	0	0	0	0	0	0	353	353
37	1 July 48 to 30 June 49	0	0	0	0	0	0	353	353
38	1 July 49 to 30 June 50	0	0	0	0	0	0	353	353
39	1 July 50 to 30 June 51	0	0	0	0	0	0	353	353
40	2051+	0	0	0	0	0	0	418	418
Totals		61,610	43	61,653	4,900	0	4,900	132,549	137,449

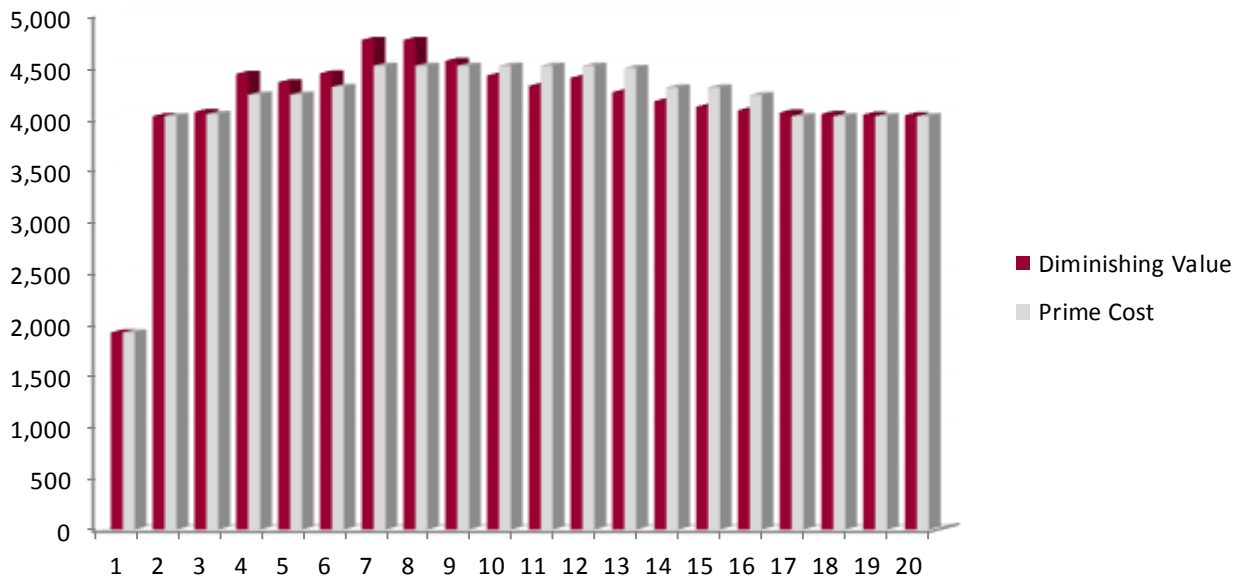
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

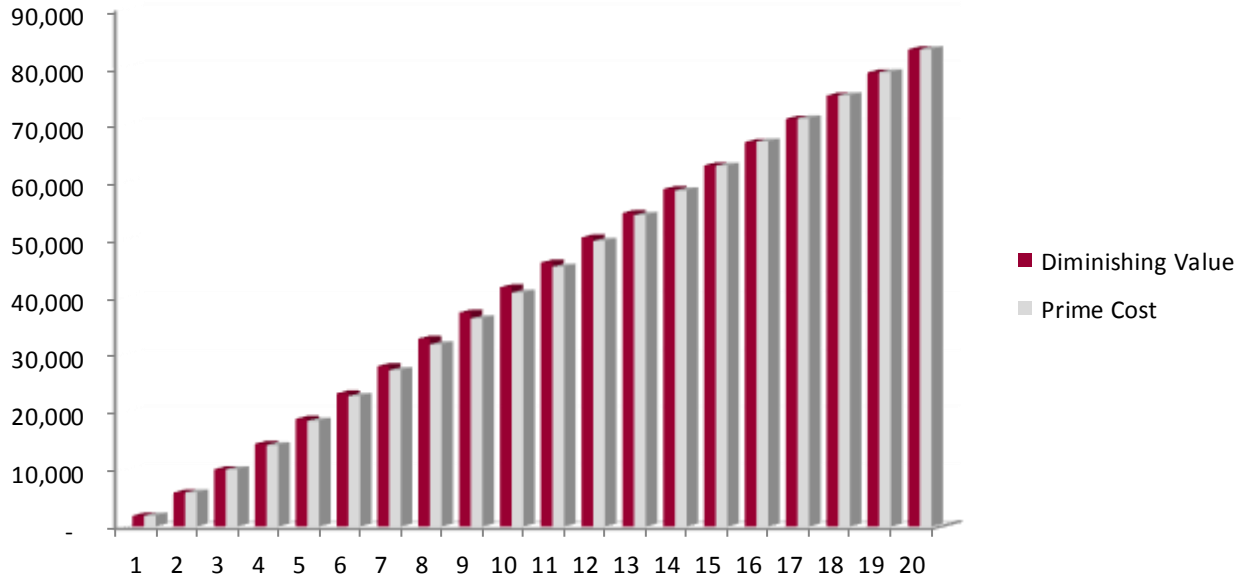
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	17 November 2012
Settlement Date	7 January 2013

Expenditure Analysed

Purchase Price	\$362,100
Stamp Duty	\$11,099
Post Expenditure	\$4,900
Total Expenditure Analysed	\$378,099

Historical Construction Details

Construction Start Date	4 October 2004
Construction Completion Date	1 June 2005
Historical Construction Cost (Estimated)*	\$201,838

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

Division 40 (Plant) - Original Assets**	\$61,653
Division 40 (Plant) - Post Expenditure	\$4,900
Division 43	\$132,549
Land (Estimated)	\$74,640
Balance of Capital Expenditure***	\$104,357
Total Expenditure Analysed	\$378,099

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

** Division 40 (Plant) - Original Assets has been excluded as the property was purchased post 9 May 2017 or as the property was available for rent after 1 July 2017

*** 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%	7-Jan-13	6,597	629	1,194	955	764	611	489	391	313	250	200
Bathroom assets													
Exhaust fans (including light/heating)	20.00%	7-Jan-13	687	66	124	99	80	64	95	60	37	23	15
Blinds Residential													
	20.00%	7-Jan-13	3,848	367	696	557	446	357	285	228	342	214	134
Ceiling Fans													
	40.00%	7-Jan-13	687	131	222	133	80	48	27	17	11	7	4
Door closers													
	20.00%	7-Jan-13	541	52	98	78	63	50	75	47	29	18	11
Electrical Machinery & Equipment :													
Motors	20.00%	7-Jan-13	103	10	19	15	12	10	14	9	6	3	2
Fire control assets													
Detection & alarm systems, detectors	10.00%	7-Jan-13	643	31	61	55	50	45	151	94	59	37	23
Emergency warning & intercommunication system	16.67%	7-Jan-13	412	33	63	53	44	37	69	43	27	17	10
Hoses and nozzles	20.00%	7-Jan-13	354	34	64	51	41	33	49	31	19	12	8
Fire extinguishers	15.00%	7-Jan-13	387	28	54	46	39	33	70	44	27	17	11
Fire sprinklers - pumps only													
	10.00%	7-Jan-13	730	35	70	63	56	51	171	107	67	42	26
Floor coverings (removable without damage)													
Carpets	20.00%	7-Jan-13	7,115	678	1,287	1,030	824	659	2,636				
Furniture													
Furniture	15.00%	7-Jan-13	5,756	412	802	681	579	492	418	356	302	257	218
Furniture	18.75%	7-Jan-13	43	8	13	8	5	3	2	1	1	0	0
Garbage disposal													
Garbage bins	30.00%	7-Jan-13	220	31	57	40	28	19	17	11	7	4	3
Hot water systems (excluding piping)													
Gas or electric	16.67%	7-Jan-13	1,160	92	178	148	124	103	193	121	75	47	29
Kitchen assets													
Cooktops	16.67%	7-Jan-13	1,168	93	179	149	124	104	194	122	76	47	30
Dishwashers	20.00%	7-Jan-13	1,649	157	298	239	191	153	229	143	90	56	35
Ovens	16.67%	7-Jan-13	1,512	120	232	193	161	134	252	157	98	61	38
Rangehoods	16.67%	7-Jan-13	619	49	95	79	66	55	103	64	40	25	16
Lifts (including hydraulic & tractions lifts)													
	6.67%	7-Jan-13	23,838	758	1,539	1,436	1,340	1,251	1,168	1,090	1,017	949	886
Lights													
Shades, removable	40.00%	7-Jan-13	1,766	337	572	343	206	123	69	43	27	17	11
MATV - amplifiers & modulators													
	20.00%	7-Jan-13	644	61	117	93	75	60	90	56	35	22	14
Carried forward			60,480	4,210	8,033	6,546	5,396	4,494	6,868	3,234	2,706	2,127	1,724

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	60,480	4,210	8,033	6,546	5,396	4,494	6,868	3,234	2,706	2,127	1,724
Sauna & spa equipment														
Spa	10.00%	7-Jan-13	150	7	14	13	12	10	35	22	14	9	5	
Security systems & equipment														
Electronic	30.00%	7-Jan-13	374	53	96	67	47	33	29	18	11	7	4	
Swimming pools														
Filtration equipment	15.00%	7-Jan-13	322	23	45	38	32	28	59	37	23	14	9	
Ventilating plant														
Ventilation plant - fans only	10.00%	7-Jan-13	326	16	31	28	25	23	76	48	30	19	12	
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%	25-May-15	2,100			41	412	329	263	211	316	198	124	
Floor coverings (removable without damage)														
Carpets	20.00%	23-Mar-18	2,800						152	530	424	339	271	
Pooled Plant Total					8				2,070	1,294	1,467	917	573	
Effective Life Plant Total				4,302	8,220	6,734	5,924	4,917	5,412	2,805	2,056	1,796	1,576	
Total Division 40			66,553	4,310	8,220	6,734	5,924	4,917	7,482	4,099	3,523	2,713	2,149	
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 2005		2.50%	07-Jan-13	108,578	1,598	3,352	3,352	3,352	3,352	3,352	3,352	3,352	3,352	3,352
Building Works - Completed 2012		2.50%	07-Jan-13	11,606	140	293	293	293	293	293	293	293	293	293
Structural Improvements - Completed 2005		2.50%	07-Jan-13	9,970	147	308	308	308	308	308	308	308	308	308
Structural Improvements - Completed 2012		2.50%	07-Jan-13	2,395	29	60	60	60	60	60	60	60	60	60
Total Division 43			132,549	1,914	4,013	4,013	4,013	4,013	4,013	4,013	4,013	4,013	4,013	
Total Depreciation			199,102	6,224	12,233	10,747	9,937	8,930	11,495	8,112	7,536	6,726	6,162	

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%	07-Jan-13	6,597	315	660	660	660	660	660	660	660	660	660
Bathroom assets													
Exhaust fans (including light/heating)	10.00%	07-Jan-13	687	33	69	69	69	69	69	69	69	69	69
Blinds Residential													
	10.00%	07-Jan-13	3,848	183	385	385	385	385	385	385	385	385	385
Ceiling Fans													
	20.00%	07-Jan-13	687	66	137	137	137	137	74				
Door closers													
	10.00%	07-Jan-13	541	26	54	54	54	54	54	54	54	54	54
Electrical Machinery & Equipment :													
Motors	10.00%	07-Jan-13	103	5	10	10	10	10	10	10	10	10	10
Fire control assets													
Detection & alarm systems, detectors	5.00%	07-Jan-13	643	15	32	32	32	32	32	32	32	32	32
Emergency warning & intercommunication system	8.33%	07-Jan-13	412	16	34	34	34	34	34	34	34	34	34
Hoses and nozzles	10.00%	07-Jan-13	354	17	35	35	35	35	35	35	35	35	35
Fire extinguishers	7.50%	07-Jan-13	387	14	29	29	29	29	29	29	29	29	29
Fire sprinklers - pumps only													
	5.00%	07-Jan-13	730	17	37	37	37	37	37	37	37	37	37
Floor coverings (removable without damage)													
Carpets	10.00%	07-Jan-13	7,115	339	711	711	711	711	3,931				
Furniture													
	7.50%	07-Jan-13	5,756	206	432	432	432	432	432	432	432	432	432
Furniture	18.75%	07-Jan-13	43	8	13	8	5	3	2	1	1	0	0
Garbage disposal													
Garbage bins	15.00%	07-Jan-13	220	16	33	33	33	33	33	33	6		
Hot water systems (excluding piping)													
Gas or electric	8.33%	07-Jan-13	1,160	46	97	97	97	97	97	97	97	97	97
Kitchen assets													
Cooktops	8.33%	07-Jan-13	1,168	46	97	97	97	97	97	97	97	97	97
Dishwashers	10.00%	07-Jan-13	1,649	79	165	165	165	165	165	165	165	165	165
Ovens	8.33%	07-Jan-13	1,512	60	126	126	126	126	126	126	126	126	126
Rangehoods	8.33%	07-Jan-13	619	25	52	52	52	52	52	52	52	52	52
Lifts (including hydraulic & tractions lifts)													
	3.33%	07-Jan-13	23,838	379	795	795	795	795	795	795	795	795	795
Lights													
Shades, removable	20.00%	07-Jan-13	1,766	168	353	353	353	353	186				
MATV - amplifiers & modulators													
	10.00%	07-Jan-13	644	31	64	64	64	64	64	64	64	64	64
Carried forward			60,480	2,109	4,420	4,415	4,412	4,410	7,399	3,207	3,180	3,173	3,173

Prime Cost Depreciation Schedule (cont.)

Assets Generally		Prime Cost	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														
		Rate												
	Brought forward			60,480	2,109	4,420	4,415	4,412	4,410	7,399	3,207	3,180	3,173	3,173
Sauna & spa equipment														
Spa		5.00%	07-Jan-13	150	4	8	8	8	8	8	8	8	8	8
Security systems & equipment														
Electronic		15.00%	07-Jan-13	374	27	56	56	56	56	56	56	11		
Swimming pools														
Filtration equipment		7.50%	07-Jan-13	322	12	24	24	24	24	24	24	24	24	24
Ventilating plant														
Ventilation plant - fans only		5.00%	07-Jan-13	326	8	16	16	16	16	16	16	16	16	16
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%	25-May-15	2,100			21	210	210	210	210	210	210	210
Floor coverings (removable without damage)														
Carpets		10.00%	23-Mar-18	2,800						76	280	280	280	280
Pooled Plant Total					8	13	8	5	3	2	1	1	0	0
Effective Life Plant Total					2,151	4,511	4,532	4,721	4,721	7,787	3,800	3,728	3,711	3,711
Total Division 40				66,553	2,159	4,524	4,540	4,726	4,724	7,789	3,801	3,729	3,711	3,711
Division 43 - Capital Works Allowance														
		Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 2005					1,598	3,352	3,352	3,352	3,352	3,352	3,352	3,352	3,352	3,352
Building Works - Completed 2012					140	293	293	293	293	293	293	293	293	293
Structural Improvements - Completed 2005					147	308	308	308	308	308	308	308	308	308
Structural Improvements - Completed 2012					29	60	60	60	60	60	60	60	60	60
Total Division 43				132,549	1,914	4,013	4,013	4,013	4,013	4,013	4,013	4,013	4,013	4,013
Total Depreciation				199,102	4,073	8,537	8,553	8,739	8,737	11,802	7,814	7,742	7,724	7,724

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 2005	4 Oct 04 to 1 Jun 05	134,081	2.50%	3,352	108,578
Building Works - Completed 2012	1 Aug 12 to 31 Aug 12	11,709	2.50%	293	11,606
Sub-total		145,790		3,645	120,184

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2005	4 Oct 04 to 1 Jun 05	12,312	2.50%	308	9,970
Structural Improvements - Completed 2012	1 Aug 12 to 31 Aug 12	2,417	2.50%	60	2,395
Sub-total		14,729		368	12,365
Totals		160,519		4,013	132,549

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

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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.