



## Tax Depreciation Report

B908/8 Grosvenor Street,  
Abbotsford VIC 3067

Yuanqing Jiang  
14 Innellan Road  
MURRUMBEENA, VIC 3163

Issue Schedule	
Issue Date:	Issued by:
03 December 2018	Mark Kilroy Bsc (Hons) MRICS

Yuanqing Jiang  
14 Innellan Road  
MURRUMBEENA, VIC 3163

December 2018  
Job No: RES3067002

**Tax Depreciation Report – B908/8 Grosvenor Street, Abbotsford VIC 3067**

We thank you for choosing Koste Pty Ltd to prepare the attached Tax Depreciation report and schedule for the above property.

This report has been prepared to provide an independent review of Tax Depreciation entitlements available on the subject property, under The Income Tax Assessment Act 1997.

Koste Pty Ltd are a registered tax agent (24836767) who comply with the Tax Agent Services Act 2009. The attached schedule is based on an apportionment of the total expenditure, together with the Tax Commissioners current intentions in preparing this document.

As you continue to grow your portfolio, we would be pleased to provide you with free estimates of tax depreciation allowances on purchases. We can also provide updates for \$100+GST on any revised depreciation reports which may include new capital works and write-offs on disposed assets over the coming years.

The majority of our custom is based on repeat customers and from word of mouth. Testimonials are important to our business especially on social media including Google+, LinkedIn and Facebook. If you are pleased with our service and have some time to write a short testimonial on either social media or via an email, this would be greatly appreciated.

If you or your accountant require any further clarification on the contents of this report, please do not hesitate in contacting a member of our team on 1300 669 400 where they would be more than happy to assist.

Yours Sincerely

*Koste Pty Ltd*

Koste Pty Ltd  
Tax Depreciation Quantity Surveyors



## TABLE OF CONTENTS

1. Property Information .....	2
2. Report Details .....	3
3. Capital Allowances .....	4
4. Capital Works .....	6
5. Summary of Entitlements – Diminishing Value Method .....	7
6. Summary of Entitlements – Prime Cost Method.....	8
7. Comparison Graphs.....	9
8. Capital Expenditure Analysed .....	10
9. Reconciliation of Capital Expenditure .....	10
10. Diminishing Value Depreciation Schedule.....	11
11. Prime Cost Depreciation Schedule .....	13
12. Division 43 Capital Works Schedule .....	16
13. Definition of Terms .....	17
14. Contact Details .....	18
15. Disclaimer.....	19

## 1. Property Information

### Date of Report

3 December 2018

### Purchaser

Yuanqing Jiang

### Property Address

B908/8 Grosvenor Street, Abbotsford VIC 3067

### Real Property Description

LOT B908 PS630844

### Property Type

Residential Unit

### Date of Construction

30 October 2013

### 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.

<b>Diminishing Value Method</b>					<b>Prime Cost Method</b>				
<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>				
<b>Benefits</b>					<b>Benefits</b>				
<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>				
<b>Calculation Example</b>					<b>Calculation Example</b>				
<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	Original Assets **			Post Expenditure			Division 43	Totals
		Effective Life	Pooled Plant	Total Div 40	Effective Life	Pooled Plant	Total Div 40		
1	17 February 14 to 30 June 14	4,288	0	4,288	25	0	25	1,890	1,915
2	1 July 14 to 30 June 15	10,898	0	10,898	909	0	909	5,186	6,095
3	1 July 15 to 30 June 16	8,715	0	8,715	760	0	760	5,186	5,946
4	1 July 16 to 30 June 17	7,040	0	7,040	636	0	636	5,186	5,822
5	1 July 17 to 30 June 18	5,736	0	5,736	533	0	533	5,186	5,719
6	1 July 18 to 30 June 19	3,725	2,108	5,833	197	563	761	5,186	5,947
7	1 July 19 to 30 June 20	2,976	1,635	4,611	168	352	520	5,186	5,706
8	1 July 20 to 30 June 21	2,307	1,383	3,690	0	576	576	5,186	5,762
9	1 July 21 to 30 June 22	1,809	1,189	2,999	0	360	360	5,186	5,546
10	1 July 22 to 30 June 23	1,364	1,075	2,440	0	225	225	5,186	5,411
11	1 July 23 to 30 June 24	502	2,084	2,586	0	141	141	5,186	5,327
12	1 July 24 to 30 June 25	468	1,303	1,771	0	88	88	5,186	5,274
13	1 July 25 to 30 June 26	437	814	1,251	0	55	55	5,186	5,241
14	1 July 26 to 30 June 27	408	509	917	0	34	34	5,186	5,220
15	1 July 27 to 30 June 28	381	318	699	0	21	21	5,186	5,207
16	1 July 28 to 30 June 29	355	199	554	0	13	13	5,186	5,199
17	1 July 29 to 30 June 30	332	124	456	0	8	8	5,186	5,194
18	1 July 30 to 30 June 31	309	78	387	0	5	5	5,186	5,191
19	1 July 31 to 30 June 32	289	49	337	0	3	3	5,186	5,189
20	1 July 32 to 30 June 33	270	30	300	0	2	2	5,186	5,188
21	1 July 33 to 30 June 34	252	19	271	0	1	1	5,186	5,187
22	1 July 34 to 30 June 35	235	12	247	0	1	1	5,186	5,187
23	1 July 35 to 30 June 36	219	7	227	0	0	0	5,186	5,186
24	1 July 36 to 30 June 37	205	5	209	0	0	0	5,186	5,186
25	1 July 37 to 30 June 38	191	3	194	0	0	0	5,186	5,186
26	1 July 38 to 30 June 39	178	2	180	0	0	0	5,186	5,186
27	1 July 39 to 30 June 40	166	1	167	0	0	0	5,186	5,186
28	1 July 40 to 30 June 41	155	1	156	0	0	0	5,186	5,186
29	1 July 41 to 30 June 42	145	0	145	0	0	0	5,186	5,186
30	1 July 42 to 30 June 43	135	0	135	0	0	0	5,186	5,186
31	1 July 43 to 30 June 44	126	0	126	0	0	0	5,186	5,186
32	1 July 44 to 30 June 45	118	0	118	0	0	0	5,186	5,186
33	1 July 45 to 30 June 46	110	0	110	0	0	0	5,186	5,186
34	1 July 46 to 30 June 47	103	0	103	0	0	0	5,186	5,186
35	1 July 47 to 30 June 48	96	0	96	0	0	0	5,186	5,186
36	1 July 48 to 30 June 49	89	0	89	0	0	0	5,186	5,186
37	1 July 49 to 30 June 50	83	0	83	0	0	0	5,186	5,186
38	1 July 50 to 30 June 51	78	0	78	0	0	0	5,186	5,186
39	1 July 51 to 30 June 52	73	0	73	0	0	0	5,186	5,186
40	2052+	1,017	0	1,017	0	0	0	6,911	6,911
<b>Totals</b>		<b>56,383</b>	<b>12,949</b>	<b>69,331</b>	<b>3,203</b>	<b>2,452</b>	<b>5,680</b>	<b>205,869</b>	<b>211,549</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	Original Assets **			Post Expenditure			Division 43	Totals
		Effective Life	Pooled Plant	Total Div 40	Effective Life	Pooled Plant	Total Div 40		
1	17 February 14 to 30 June 14	2,144	0	2,144	13	0	13	1,890	1,903
2	1 July 14 to 30 June 15	5,880	0	5,880	457	0	457	5,186	5,643
3	1 July 15 to 30 June 16	5,880	0	5,880	457	0	457	5,186	5,643
4	1 July 16 to 30 June 17	5,880	0	5,880	457	0	457	5,186	5,643
5	1 July 17 to 30 June 18	5,880	0	5,880	457	0	457	5,186	5,643
6	1 July 18 to 30 June 19	5,659	0	5,659	457	0	457	5,186	5,643
7	1 July 19 to 30 June 20	5,271	0	5,271	457	0	457	5,186	5,643
8	1 July 20 to 30 June 21	5,073	0	5,073	457	0	457	5,186	5,643
9	1 July 21 to 30 June 22	4,987	0	4,987	457	0	457	5,186	5,643
10	1 July 22 to 30 June 23	4,987	0	4,987	457	0	457	5,186	5,643
11	1 July 23 to 30 June 24	3,924	0	3,924	454	0	454	5,186	5,640
12	1 July 24 to 30 June 25	2,067	0	2,067	347	0	347	5,186	5,533
13	1 July 25 to 30 June 26	1,688	0	1,688	344	0	344	5,186	5,530
14	1 July 26 to 30 June 27	970	0	970	247	0	247	5,186	5,433
15	1 July 27 to 30 June 28	638	0	638	112	0	112	5,186	5,298
16	1 July 28 to 30 June 29	638	0	638	50	0	50	5,186	5,236
17	1 July 29 to 30 June 30	638	0	638	0	0	0	5,186	5,186
18	1 July 30 to 30 June 31	638	0	638	0	0	0	5,186	5,186
19	1 July 31 to 30 June 32	638	0	638	0	0	0	5,186	5,186
20	1 July 32 to 30 June 33	638	0	638	0	0	0	5,186	5,186
21	1 July 33 to 30 June 34	596	0	596	0	0	0	5,186	5,186
22	1 July 34 to 30 June 35	478	0	478	0	0	0	5,186	5,186
23	1 July 35 to 30 June 36	478	0	478	0	0	0	5,186	5,186
24	1 July 36 to 30 June 37	478	0	478	0	0	0	5,186	5,186
25	1 July 37 to 30 June 38	478	0	478	0	0	0	5,186	5,186
26	1 July 38 to 30 June 39	478	0	478	0	0	0	5,186	5,186
27	1 July 39 to 30 June 40	478	0	478	0	0	0	5,186	5,186
28	1 July 40 to 30 June 41	478	0	478	0	0	0	5,186	5,186
29	1 July 41 to 30 June 42	478	0	478	0	0	0	5,186	5,186
30	1 July 42 to 30 June 43	478	0	478	0	0	0	5,186	5,186
31	1 July 43 to 30 June 44	310	0	310	0	0	0	5,186	5,186
32	1 July 44 to 30 June 45	0	0	0	0	0	0	5,186	5,186
33	1 July 45 to 30 June 46	0	0	0	0	0	0	5,186	5,186
34	1 July 46 to 30 June 47	0	0	0	0	0	0	5,186	5,186
35	1 July 47 to 30 June 48	0	0	0	0	0	0	5,186	5,186
36	1 July 48 to 30 June 49	0	0	0	0	0	0	5,186	5,186
37	1 July 49 to 30 June 50	0	0	0	0	0	0	5,186	5,186
38	1 July 50 to 30 June 51	0	0	0	0	0	0	5,186	5,186
39	1 July 51 to 30 June 52	0	0	0	0	0	0	5,186	5,186
40	2052+	5	0	5	0	0	0	6,911	6,911
<b>Totals</b>		<b>69,331</b>	<b>0</b>	<b>69,331</b>	<b>5,680</b>	<b>0</b>	<b>5,680</b>	<b>205,869</b>	<b>211,549</b>

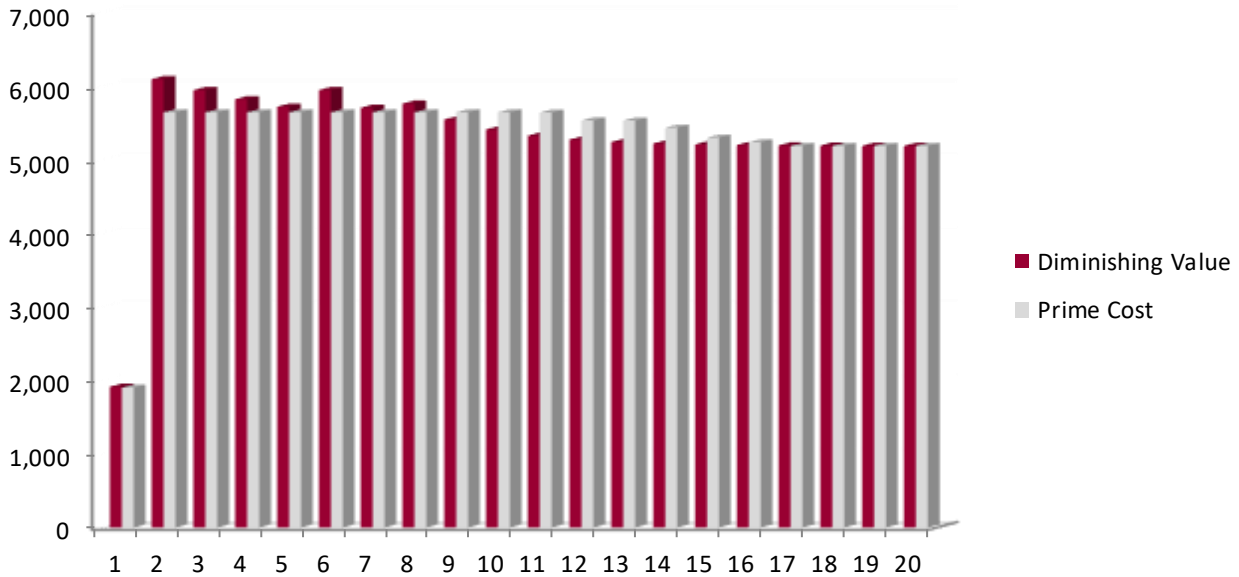
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

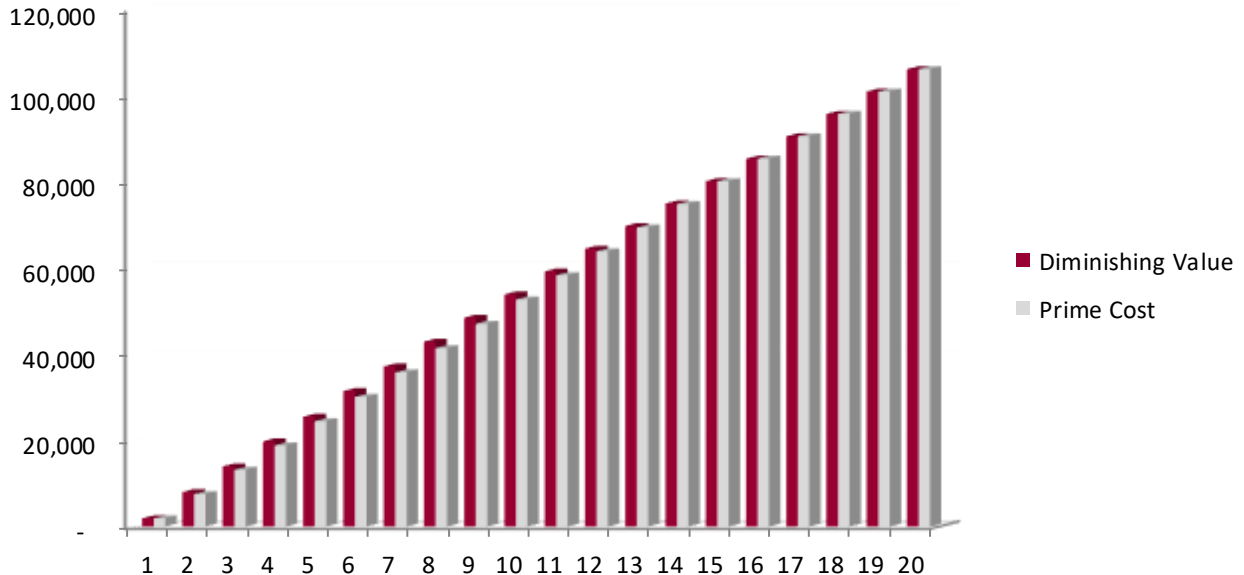
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	5 December 2013
Settlement Date	17 February 2014

### Expenditure Analysed

Purchase Price	\$622,000
Legals	\$1,476
Post Expenditure	\$5,680
<b>Total Expenditure Analysed</b>	<b>\$629,156</b>

### Historical Construction Details

Construction Start Date	5 September 2012
Construction Completion Date	30 October 2013
Historical Construction Cost (Estimated)*	\$239,376

## 9. Reconciliation of Capital Expenditure

### Apportionment of cost relating to:

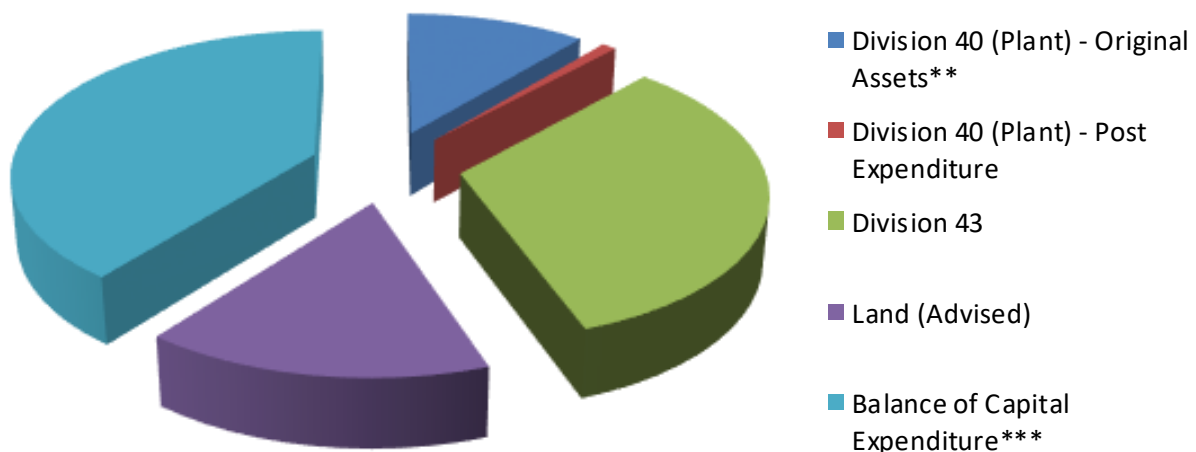
Division 40 (Plant) - Original Assets**	\$69,331
Division 40 (Plant) - Post Expenditure	\$5,680
Division 43	\$205,869
Land (Advised)	\$100,000
Balance of Capital Expenditure***	\$248,276
<b>Total Expenditure Analysed</b>	<b>\$629,156</b>

### 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

\*\* 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
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>													
Mini split system upto 20KW	20.00%	17-Feb-14	7,928	578	1,470	1,176	941	753	602	482	385	308	247
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	20.00%	17-Feb-14	661	48	122	98	78	63	94	59	37	23	14
<b>Blinds Residential</b>													
	20.00%	17-Feb-14	5,692	415	1,055	844	675	540	432	346	277	221	332
<b>Door closers</b>													
	20.00%	17-Feb-14	550	40	102	82	65	52	78	49	31	19	12
<b>Electrical Machinery &amp; Equipment :</b>													
Motors	20.00%	17-Feb-14	38	3	7	6	5	4	5	3	2	1	1
<b>Fire control assets</b>													
Detection & alarm systems, detectors	10.00%	17-Feb-14	1,041	38	100	90	81	73	247	154	96	60	38
Detection & alarm systems, fire indicator panel	16.67%	17-Feb-14	923	56	144	120	100	84	157	98	61	38	24
Emergency warning & intercommunication system	16.67%	17-Feb-14	1,157	70	181	151	126	105	197	123	77	48	30
Hoses and nozzles	20.00%	17-Feb-14	344	25	64	51	41	33	49	31	19	12	7
Fire extinguishers	15.00%	17-Feb-14	133	7	19	16	14	12	25	15	10	6	4
<b>Fire sprinklers - pumps only</b>													
	10.00%	17-Feb-14	1,187	43	114	103	93	83	281	176	110	69	43
<b>Floor coverings ( removable without damage)</b>													
Carpets	20.00%	17-Feb-14	264	19	49	39	31	25	38	23	15	9	6
Carpets	20.00%	17-Feb-14	7,525	548	1,395	1,116	893	714	572	457	366	293	234
<b>Furniture</b>													
	15.00%	17-Feb-14	4,351	238	617	525	446	379	322	274	233	198	168
<b>Gymnasium equipment</b>													
Electronic	20.00%	17-Feb-14	74	5	14	11	9	7	11	7	4	3	2
Mechanical	20.00%	17-Feb-14	47	3	9	7	6	5	7	4	3	2	1
Static	20.00%	17-Feb-14	5	0	1	1	1	0	1	0	0	0	0
<b>Hot water systems (excluding piping)</b>													
Gas or electric	16.67%	17-Feb-14	570	35	89	74	62	52	97	60	38	24	15
<b>Kitchen assets</b>													
Cooktops	16.67%	17-Feb-14	3,303	201	517	431	359	299	249	208	173	325	203
Dishwashers	20.00%	17-Feb-14	3,964	289	735	588	470	376	301	241	361	226	141
Ovens	16.67%	17-Feb-14	4,889	297	765	638	531	443	369	308	256	214	178
Rangehoods	16.67%	17-Feb-14	2,246	136	352	293	244	203	170	318	199	124	78
<b>Laundry assets</b>													
Washing machines	20.00%	17-Feb-14	1,718	125	318	255	204	163	245	153	96	60	37
<b>Lifts (including hydraulic &amp; tractions lifts)</b>													
	6.67%	17-Feb-14	14,346	349	933	871	813	759	708	661	617	576	537
Carried forward			62,955	3,569	9,175	7,586	6,288	5,226	5,255	4,250	3,464	2,858	2,351

## 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
<b>Division 40 - Plant and Equipment</b>													
Brought forward			62,955	3,569	9,175	7,586	6,288	5,226	5,255	4,250	3,464	2,858	2,351
<b>Lights</b>													
Shades, removable	40.00%	17-Feb-14	3,046	444	1,041	625	375	225	126	79	49	31	19
MATV - amplifiers & modulators	20.00%	17-Feb-14	409	30	76	61	49	39	58	36	23	14	9
Pumps	10.00%	17-Feb-14	40	1	4	3	3	3	9	6	4	2	1
<b>Security systems &amp; equipment</b>													
Electronic	30.00%	17-Feb-14	1,893	207	506	354	248	173	152	95	59	37	23
<b>Swimming pools</b>													
Filtration equipment	15.00%	17-Feb-14	40	2	6	5	4	3	7	5	3	2	1
<b>Ventilating plant</b>													
Ventilation plant - fans only	10.00%	17-Feb-14	949	35	91	82	74	67	225	141	88	55	34
<b>Additional Items (Post Expenditure)</b>				<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
Furniture	15.00%	20-Jun-14	2,530	10	378	321	273	232	197	168	356	223	139
<b>Heating units</b>													
Electronic	13.33%	20-Jun-14	850	3	113	98	85	74	179	112	70	44	27
<b>Kitchen assets</b>													
Microwave ovens	20.00%	20-Jun-14	350	2	70	56	45	36	53	33	21	13	8
Refrigerators	16.67%	20-Jun-14	1,200	5	199	166	138	115	216	135	84	53	33
<b>Laundry assets</b>													
Washing machines	20.00%	20-Jun-14	750	4	149	119	95	76	115	72	45	28	17
Pooled Plant Total									2,671	1,987	1,960	1,549	1,300
Effective Life Plant Total				4,313	11,807	9,476	7,676	6,269	3,923	3,143	2,307	1,809	1,364
<b>Total Division 40</b>			<b>75,011</b>	<b>4,313</b>	<b>11,807</b>	<b>9,476</b>	<b>7,676</b>	<b>6,269</b>	<b>6,594</b>	<b>5,131</b>	<b>4,267</b>	<b>3,359</b>	<b>2,665</b>
<b>Division 43 - Capital Works Allowance</b>													
	<b>Rate</b>		<b>Opening Value</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
Building Works - Completed 2013	2.50%	17-Feb-14	205,240	1,884	5,170	5,170	5,170	5,170	5,170	5,170	5,170	5,170	5,170
Structural Improvements - Completed 2013	2.50%	17-Feb-14	629	6	16	16	16	16	16	16	16	16	16
<b>Total Division 43</b>			<b>205,869</b>	<b>1,890</b>	<b>5,186</b>	<b>5,186</b>	<b>5,186</b>	<b>5,186</b>	<b>5,186</b>	<b>5,186</b>	<b>5,186</b>	<b>5,186</b>	<b>5,186</b>
<b>Total Depreciation</b>			<b>280,880</b>	<b>6,203</b>	<b>16,993</b>	<b>14,662</b>	<b>12,862</b>	<b>11,455</b>	<b>11,780</b>	<b>10,317</b>	<b>9,453</b>	<b>8,545</b>	<b>7,851</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>														
Mini split system upto 20KW	10.00%	17-Feb-14	7,928	289	793	793	793	793	793	793	793	793	793	
<b>Bathroom assets</b>														
Exhaust fans (including light/heating)	10.00%	17-Feb-14	661	24	66	66	66	66	66	66	66	66	66	
<b>Blinds Residential</b>														
	10.00%	17-Feb-14	5,692	207	569	569	569	569	569	569	569	569	569	
<b>Door closers</b>														
	10.00%	17-Feb-14	550	20	55	55	55	55	55	55	55	55	55	
<b>Electrical Machinery &amp; Equipment :</b>														
Motors	10.00%	17-Feb-14	38	1	4	4	4	4	4	4	4	4	4	
<b>Fire control assets</b>														
Detection & alarm systems, detectors	5.00%	17-Feb-14	1,041	19	52	52	52	52	52	52	52	52	52	
Detection & alarm systems, fire indicator panel	8.33%	17-Feb-14	923	28	77	77	77	77	77	77	77	77	77	
Emergency warning & intercommunication system	8.33%	17-Feb-14	1,157	35	96	96	96	96	96	96	96	96	96	
Hoses and nozzles	10.00%	17-Feb-14	344	13	34	34	34	34	34	34	34	34	34	
Fire extinguishers	7.50%	17-Feb-14	133	4	10	10	10	10	10	10	10	10	10	
<b>Fire sprinklers - pumps only</b>														
	5.00%	17-Feb-14	1,187	22	59	59	59	59	59	59	59	59	59	
<b>Floor coverings ( removable without damage)</b>														
Carpets	10.00%	17-Feb-14	264	10	26	26	26	26	26	26	26	26	26	
Carpets	10.00%	17-Feb-14	7,525	274	753	753	753	753	753	753	753	753	753	
<b>Furniture</b>														
	7.50%	17-Feb-14	4,351	119	326	326	326	326	326	326	326	326	326	
<b>Gymnasium equipment</b>														
Electronic	10.00%	17-Feb-14	74	3	7	7	7	7	7	7	7	7	7	
Mechanical	10.00%	17-Feb-14	47	2	5	5	5	5	5	5	5	5	5	
Static	10.00%	17-Feb-14	5	0										
<b>Hot water systems (excluding piping)</b>														
Gas or electric	8.33%	17-Feb-14	570	17	47	47	47	47	47	47	47	47	47	
<b>Kitchen assets</b>														
Cooktops	8.33%	17-Feb-14	3,303	100	275	275	275	275	275	275	275	275	275	
Dishwashers	10.00%	17-Feb-14	3,964	144	396	396	396	396	396	396	396	396	396	
Ovens	8.33%	17-Feb-14	4,889	148	407	407	407	407	407	407	407	407	407	
Rangehoods	8.33%	17-Feb-14	2,246	68	187	187	187	187	187	187	187	187	187	
<b>Laundry assets</b>														
Washing machines	10.00%	17-Feb-14	1,718	63	172	172	172	172	172	172	172	172	172	
<b>Lifts (including hydraulic &amp; tractions lifts)</b>														
	3.33%	17-Feb-14	14,346	174	478	478	478	478	478	478	478	478	478	
Carried forward			62,955	1,785	4,894	4,894	4,894	4,894	4,894	4,894	4,894	4,894	4,894	

## 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				62,955	1,785	4,894	4,894	4,894	4,894	4,894	4,894	4,894	4,894	4,894
<b>Lights</b>														
Shades, removable	20.00%	17-Feb-14	3,046	222	609	609	609	609	609	388				
MATV - amplifiers & modulators	10.00%	17-Feb-14	409	15	41	41	41	41	41	41	41	41	41	41
Pumps	5.00%	17-Feb-14	40	1	2	2	2	2	2	2	2	2	2	2
<b>Security systems &amp; equipment</b>														
Electronic	15.00%	17-Feb-14	1,893	103	284	284	284	284	284	284	284	86		
<b>Swimming pools</b>														
Filtration equipment	7.50%	17-Feb-14	40	1	3	3	3	3	3	3	3	3	3	3
<b>Ventilating plant</b>														
Ventilation plant - fans only	5.00%	17-Feb-14	949	17	47	47	47	47	47	47	47	47	47	47
<b>Additional Items (Post Expenditure)</b>					<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
Furniture	7.50%	20-Jun-14	2,530	5	190	190	190	190	190	190	190	190	190	190
<b>Heating units</b>														
Electronic	6.67%	20-Jun-14	850	2	57	57	57	57	57	57	57	57	57	57
<b>Kitchen assets</b>														
Microwave ovens	10.00%	20-Jun-14	350	1	35	35	35	35	35	35	35	35	35	35
Refrigerators	8.33%	20-Jun-14	1,200	3	100	100	100	100	100	100	100	100	100	100
<b>Laundry assets</b>														
Washing machines	10.00%	20-Jun-14	750	2	75	75	75	75	75	75	75	75	75	75
<b>Pooled Plant Total</b>														
<b>Effective Life Plant Total</b>					2,157	6,337	6,337	6,337	6,337	6,116	5,728	5,530	5,444	5,444
<b>Total Division 40</b>				75,011	2,157	6,337	6,337	6,337	6,337	6,116	5,728	5,530	5,444	5,444



## 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 2013</b>	2.50%	17-Feb-14	205,240	1,884	5,170	5,170	5,170	5,170	5,170	5,170	5,170	5,170	5,170
<b>Structural Improvements - Completed 2013</b>	2.50%	17-Feb-14	629	6	16	16	16	16	16	16	16	16	16
<b>Total Division 43</b>			205,869	1,890	5,186	5,186	5,186	5,186	5,186	5,186	5,186	5,186	5,186
<b>Total Depreciation</b>			280,880	4,047	11,523	11,523	11,523	11,523	11,302	10,914	10,716	10,630	10,630

## 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 2013	5 Sep 12 to 30 Oct 13	206,798	2.50%	5,170	205,240
<b>Sub-total</b>		<b>206,798</b>		<b>5,170</b>	<b>205,240</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2013	5 Sep 12 to 30 Oct 13	633	2.50%	16	629
<b>Sub-total</b>		<b>633</b>		<b>16</b>	<b>629</b>
<b>Totals</b>		<b>207,431</b>		<b>5,186</b>	<b>205,869</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	
<b>Company Name</b>	Koste Pty Ltd
<b>Postal Address</b>	Suite 1, L12/133 Mary Street, Brisbane, Qld 4000
<b>Office Number</b>	1300 669 400
<b>Office Email</b>	info@koste.com.au

LEAD SURVEYOR DETAILS	
<b>Surveyors Name</b>	Mark Kilroy
<b>Tax Agent Number</b>	24370523
<b>Contact Number</b>	1300 669 400
<b>Email</b>	mark@koste.com.au

## **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.