



## Tax Depreciation Report

39 Commercial Road,  
NEWSTEAD QLD 4006

Allergy Associates Pty Ltd  
87 Oxlade Drive  
NEW FARM, QLD 4005

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

Allergy Associates Pty Ltd  
87 Oxlade Drive  
NEW FARM, QLD 4005

December 2018  
Job No: COM4006007

### **Tax Depreciation Report – 39 Commercial Road, NEWSTEAD QLD 4006**

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

4 December 2018

### Purchaser

Allergy Associates Pty Ltd

### Property Address

39 Commercial Road, NEWSTEAD QLD 4006

### Real Property Description

L203 SP174949

### Property Type

Commercial

### Date of Construction

4 April 2010

### 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	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	24 September 18 to 30 June 19	16,967	9,437	26,404	5,839	32,243
2	1 July 19 to 30 June 20	16,132	16,244	32,376	7,639	40,015
3	1 July 20 to 30 June 21	11,065	10,407	21,471	7,639	29,110
4	1 July 21 to 30 June 22	7,913	6,827	14,740	7,639	22,379
5	1 July 22 to 30 June 23	5,925	4,626	10,551	7,639	18,190
6	1 July 23 to 30 June 24	4,176	3,460	7,636	7,639	15,275
7	1 July 24 to 30 June 25	3,436	2,162	5,598	7,639	13,237
8	1 July 25 to 30 June 26	2,831	1,351	4,183	7,639	11,822
9	1 July 26 to 30 June 27	2,158	1,178	3,336	7,639	10,975
10	1 July 27 to 30 June 28	1,788	736	2,524	7,639	10,163
11	1 July 28 to 30 June 29	1,483	460	1,943	7,639	9,582
12	1 July 29 to 30 June 30	905	991	1,897	7,639	9,536
13	1 July 30 to 30 June 31	419	1,252	1,671	7,639	9,310
14	1 July 31 to 30 June 32	363	783	1,146	7,639	8,785
15	1 July 32 to 30 June 33	315	489	804	7,639	8,443
16	1 July 33 to 30 June 34	273	306	579	7,639	8,218
17	1 July 34 to 30 June 35	237	191	428	7,639	8,067
18	1 July 35 to 30 June 36	205	119	324	7,639	7,963
19	1 July 36 to 30 June 37	178	75	252	7,639	7,891
20	1 July 37 to 30 June 38	154	47	201	7,639	7,840
21	1 July 38 to 30 June 39	133	29	163	7,639	7,802
22	1 July 39 to 30 June 40	0	343	343	7,639	7,982
23	1 July 40 to 30 June 41	0	215	215	7,639	7,854
24	1 July 41 to 30 June 42	0	134	134	7,639	7,773
25	1 July 42 to 30 June 43	0	84	84	7,639	7,723
26	1 July 43 to 30 June 44	0	52	52	7,639	7,691
27	1 July 44 to 30 June 45	0	33	33	7,639	7,672
28	1 July 45 to 30 June 46	0	20	20	7,639	7,659
29	1 July 46 to 30 June 47	0	13	13	7,639	7,652
30	1 July 47 to 30 June 48	0	8	8	7,639	7,647
31	1 July 48 to 30 June 49	0	5	5	7,639	7,644
32	1 July 49 to 30 June 50	0	3	3	5,761	5,764
33	1 July 50 to 30 June 51	0	2	2	0	2
34	1 July 51 to 30 June 52	0	1	1	0	1
35	1 July 52 to 30 June 53	0	1	1	0	1
36	1 July 53 to 30 June 54	0	0	0	0	0
37	1 July 54 to 30 June 55	0	0	0	0	0
38	1 July 55 to 30 June 56	0	0	0	0	0
39	1 July 56 to 30 June 57	0	0	0	0	0
40	2057+	0	0	0	0	0
<b>Totals</b>		<b>77,056</b>	<b>62,086</b>	<b>139,142</b>	<b>240,770</b>	<b>379,912</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	24 September 18 to 30 June 19	8,483	9,437	17,920	5,839	23,759
2	1 July 19 to 30 June 20	11,098	15,335	26,433	7,639	34,072
3	1 July 20 to 30 June 21	11,098	9,584	20,682	7,639	28,321
4	1 July 21 to 30 June 22	11,098	5,990	17,088	7,639	24,727
5	1 July 22 to 30 June 23	7,758	3,744	11,502	7,639	19,141
6	1 July 23 to 30 June 24	6,330	2,340	8,670	7,639	16,309
7	1 July 24 to 30 June 25	6,174	1,462	7,636	7,639	15,275
8	1 July 25 to 30 June 26	5,865	914	6,779	7,639	14,418
9	1 July 26 to 30 June 27	5,865	571	6,436	7,639	14,075
10	1 July 27 to 30 June 28	5,865	357	6,222	7,639	13,861
11	1 July 28 to 30 June 29	2,789	223	3,012	7,639	10,651
12	1 July 29 to 30 June 30	1,841	139	1,980	7,639	9,619
13	1 July 30 to 30 June 31	1,710	87	1,797	7,639	9,436
14	1 July 31 to 30 June 32	1,441	54	1,495	7,639	9,134
15	1 July 32 to 30 June 33	1,126	34	1,160	7,639	8,799
16	1 July 33 to 30 June 34	272	21	293	7,639	7,932
17	1 July 34 to 30 June 35	0	13	13	7,639	7,652
18	1 July 35 to 30 June 36	0	8	8	7,639	7,647
19	1 July 36 to 30 June 37	0	5	5	7,639	7,644
20	1 July 37 to 30 June 38	0	3	3	7,639	7,642
21	1 July 38 to 30 June 39	0	2	2	7,639	7,641
22	1 July 39 to 30 June 40	0	1	1	7,639	7,640
23	1 July 40 to 30 June 41	0	1	1	7,639	7,640
24	1 July 41 to 30 June 42	0	0	0	7,639	7,639
25	1 July 42 to 30 June 43	0	0	0	7,639	7,639
26	1 July 43 to 30 June 44	0	0	0	7,639	7,639
27	1 July 44 to 30 June 45	0	0	0	7,639	7,639
28	1 July 45 to 30 June 46	0	0	0	7,639	7,639
29	1 July 46 to 30 June 47	0	0	0	7,639	7,639
30	1 July 47 to 30 June 48	0	0	0	7,639	7,639
31	1 July 48 to 30 June 49	0	0	0	7,639	7,639
32	1 July 49 to 30 June 50	0	0	0	5,761	5,761
33	1 July 50 to 30 June 51	0	0	0	0	0
34	1 July 51 to 30 June 52	0	0	0	0	0
35	1 July 52 to 30 June 53	0	0	0	0	0
36	1 July 53 to 30 June 54	0	0	0	0	0
37	1 July 54 to 30 June 55	0	0	0	0	0
38	1 July 55 to 30 June 56	0	0	0	0	0
39	1 July 56 to 30 June 57	0	0	0	0	0
40	2057+	0	0	0	0	0
<b>Totals</b>		<b>88,811</b>	<b>50,330</b>	<b>139,142</b>	<b>240,770</b>	<b>379,912</b>

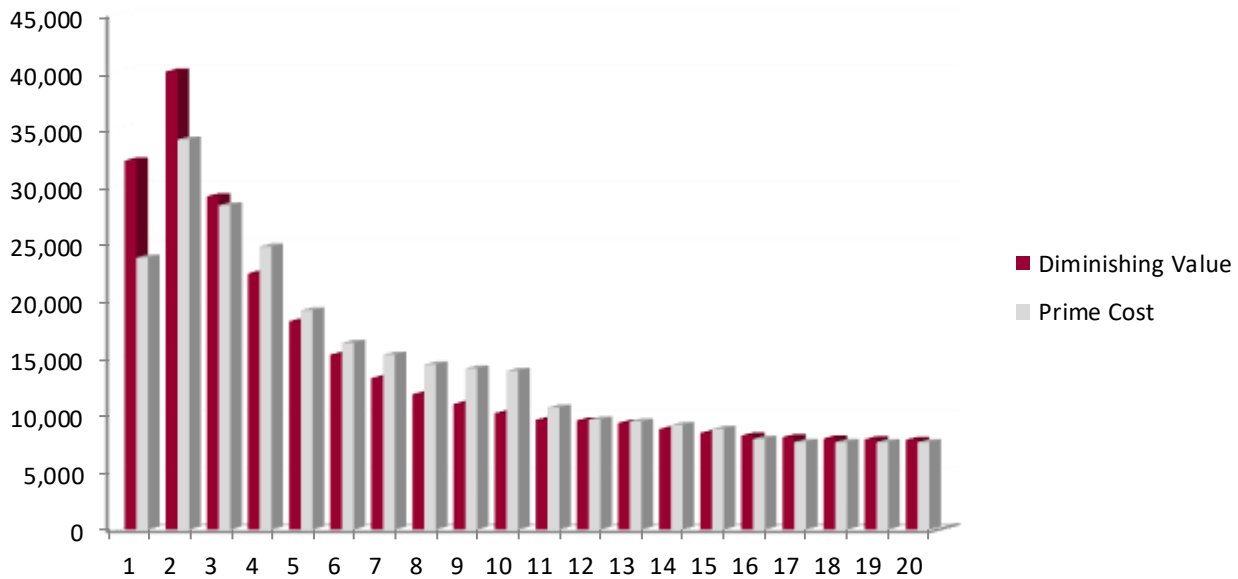
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

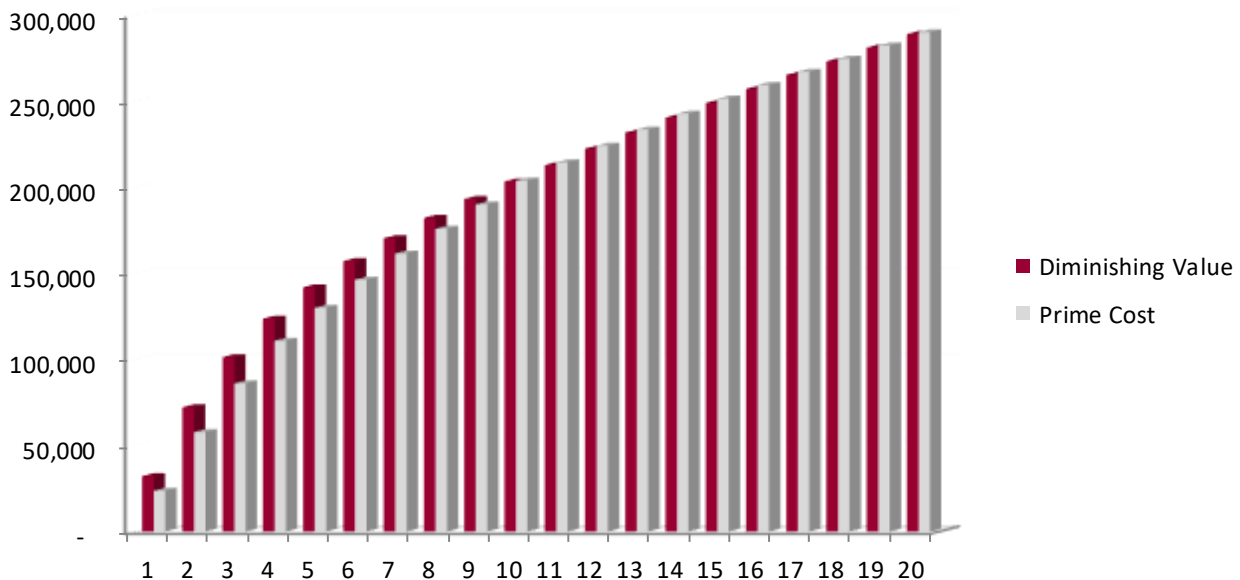
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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

### Construction Details

Contract Date	5 December 2009
Handover Date	4 April 2010

### Expenditure Analysed

Construction Cost	\$460,000
Stamp Duty	N/A
<b>Total Expenditure Analysed</b>	<b>\$460,000</b>

### Historical Construction Details

Construction Start Date	5 December 2009
Construction Completion Date	4 April 2010
Historical Construction Cost (Estimated)*	\$451,682

## 9. Reconciliation of Capital Expenditure

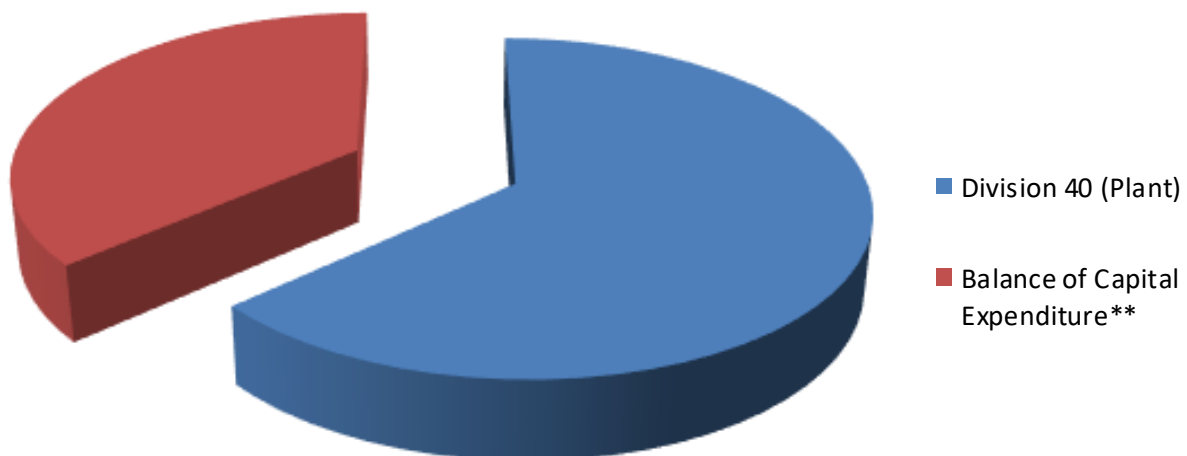
### Apportionment of cost relating to:

Division 40 (Plant)	\$139,142
Balance of Capital Expenditure**	\$80,088
<b>Total Expenditure Analysed</b>	<b>\$460,000</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%	24-Sep-18	10,000	1,529	1,694	1,355	1,084	867	694	555	444	355	284
<b>Bathroom assets</b>													
Accessories freestanding	40.00%	24-Sep-18	380	116	99	62	39	24	15	9	6	4	2
<b>Blinds</b>	18.75%	24-Sep-18	120	23	37	23	14	9	6	3	2	1	1
<b>Ceiling Fans</b>	18.75%	24-Sep-18	85	16	26	16	10	6	4	2	2	1	1
<b>Computers and computer equipment</b>													
Computers and computer equipment (not specified elsewhere below)	18.75%	24-Sep-18	4,360	818	1,328	830	519	324	203	127	79	49	31
Desktop computers (including personal computers)	50.00%	24-Sep-18	17,480	6,681	5,400	2,700	1,350	675	253	158	99	62	39
<b>Door closers</b>	18.75%	24-Sep-18	1,760	330	536	335	209	131	82	51	32	20	12
<b>Electrical Machinery &amp; Equipment :</b>													
Switchboards	18.75%	24-Sep-18	900	169	274	171	107	67	42	26	16	10	6
Electrical equipment	18.75%	24-Sep-18	355	67	108	68	42	26	17	10	6	4	3
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	24-Sep-18	440	83	134	84	52	33	20	13	8	5	3
Emergency warning & intercommunication system	18.75%	24-Sep-18	900	169	274	171	107	67	42	26	16	10	6
Fire extinguishers	18.75%	24-Sep-18	775	145	236	148	92	58	36	23	14	9	5
<b>Floor coverings ( removable without damage)</b>													
Carpets	40.00%	24-Sep-18	1,625	497	451	254	159	99	62	39	24	15	9
Linoleum & vinyl	20.00%	24-Sep-18	11,180	1,709	1,894	1,515	1,212	970	776	621	497	397	318
<b>Furniture, freestanding (including chairs, cupboards, racks, showcases and tables)</b>	15.00%	24-Sep-18	5,550	637	737	627	533	453	385	327	278	236	201
<b>Furniture, freestanding (including chairs, cupboards, racks, showcases and tables)</b>	18.75%	24-Sep-18	11,625	2,180	3,542	2,214	1,384	865	540	338	211	132	82
<b>Garbage disposal</b>													
Garbage bins	18.75%	24-Sep-18	1,100	206	335	209	131	82	51	32	20	12	8
<b>Hot water systems (excluding piping)</b>													
Gas or electric	16.67%	24-Sep-18	2,000	255	291	242	202	168	316	197	123	77	48
<b>Kitchen assets</b>													
Cutlery & crockery	40.00%	24-Sep-18	600	183	156	98	61	38	24	15	9	6	4
Dishwashers	20.00%	24-Sep-18	1,000	153	318	199	124	78	48	30	19	12	7
Microwave ovens	18.75%	24-Sep-18	500	94	152	95	60	37	23	15	9	6	4
Carried forward			72,735	16,057	18,024	11,416	7,491	5,077	3,638	2,618	1,915	1,424	1,075

## 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			72,735	16,057	18,024	11,416	7,491	5,077	3,638	2,618	1,915	1,424	1,075
<b>Lights</b>													
Fittings	18.75%	24-Sep-18	11,740	2,201	3,577	2,236	1,397	873	546	341	213	133	83
<b>Medical assets (used in common across all health care industry segments)</b>													
Clinical furniture	20.00%	24-Sep-18	5,000	764	847	678	542	434	347	278	222	333	208
Clinical furniture	18.75%	24-Sep-18	8,175	1,533	2,491	1,557	973	608	380	238	148	93	58
Rhinomanometer - GM instruments (medical machine)	20.00%	24-Sep-18	12,000	1,835	2,033	1,626	1,301	1,041	833	666	533	426	341
<b>Office furniture, freestanding</b>													
Cabinets - timber/laminated	13.33%	24-Sep-18	16,897	1,722	2,023	1,754	1,520	1,317	1,141	989	857	743	644
Chairs	18.75%	24-Sep-18	2,845	533	867	542	339	212	132	83	52	32	20
<b>Point of sale assets</b>													
Generally (including barcode scanners, cash drawers, dedicated computers, electronic funds transfer point of sale (EFTPOS) machines, keyboards, monitors, printers and terminals)	18.75%	24-Sep-18	400	75	122	76	48	30	19	12	7	5	3
<b>Patient monitoring assets</b>	18.75%	24-Sep-18	500	94	152	95	60	37	23	15	9	6	4
<b>Refrigeration assets</b>													
Generally (including blast chillers, condensers, evaporators, refrigeration cabinets, standalone freezers and standalone refrigerators)	18.75%	24-Sep-18	2,700	506	823	514	321	201	126	78	49	31	19
<b>Security systems &amp; equipment</b>													
Electronic	30.00%	24-Sep-18	2,280	523	527	369	323	202	126	79	49	31	19
<b>Signage</b>	15.00%	24-Sep-18	1,760	202	234	199	169	359	224	140	88	55	34
<b>Telephony</b>													
Telephone systems (including analogue and digital telephone systems, PABX/PBX systems, key/commander systems, VoIP systems and hybrid telephone systems such as IP-PBX systems etc)	18.75%	24-Sep-18	900	169	274	171	107	67	42	26	16	10	6
<b>Televisions</b>	20.00%	24-Sep-18	1,060	162	337	210	132	82	51	32	20	13	8
<b>Ventilating plant</b>													
Ventilation plant - fans only	18.75%	24-Sep-18	150	28	46	29	18	11	7	4	3	2	1
<b>Pooled Plant Total</b>				9,437	16,244	10,407	6,827	4,626	3,460	2,162	1,351	1,178	736
<b>Effective Life Plant Total</b>				16,967	16,132	11,065	7,913	5,925	4,176	3,436	2,831	2,158	1,788
<b>Total Division 40</b>			139,142	26,404	32,376	21,471	14,740	10,551	7,636	5,598	4,183	3,336	2,524

## 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 2010</b>	2.50%	24-Sep-18	234,072	5,676	7,426	7,426	7,426	7,426	7,426	7,426	7,426	7,426	7,426
<b>Structural Improvements - Completed 2010</b>	2.50%	24-Sep-18	6,698	163	213	213	213	213	213	213	213	213	213
<b>Total Division 43</b>			240,770	5,839	7,639	7,639	7,639	7,639	7,639	7,639	7,639	7,639	7,639
<b>Total Depreciation</b>			379,912	32,243	40,015	29,110	22,379	18,190	15,275	13,237	11,822	10,975	10,163

## 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%	24-Sep-18	10,000	764	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
<b>Bathroom assets</b>														
Accessories freestanding	20.00%	24-Sep-18	380	58	76	76	76	76	18					
<b>Blinds</b>	18.75%	24-Sep-18	120	23	37	23	14	9	6	3	2	1	1	
<b>Ceiling Fans</b>	18.75%	24-Sep-18	85	16	26	16	10	6	4	2	2	1	1	
<b>Computers and computer equipment</b>														
Computers and computer equipment (not specified elsewhere below)	18.75%	24-Sep-18	4,360	818	1,328	830	519	324	203	127	79	49	31	
Desktop computers (including personal computers)	25.00%	24-Sep-18	17,480	3,340	4,370	4,370	4,370	1,030						
<b>Door closers</b>	18.75%	24-Sep-18	1,760	330	536	335	209	131	82	51	32	20	12	
<b>Electrical Machinery &amp; Equipment :</b>														
Switchboards	18.75%	24-Sep-18	900	169	274	171	107	67	42	26	16	10	6	
Electrical equipment	18.75%	24-Sep-18	355	67	108	68	42	26	17	10	6	4	3	
<b>Fire control assets</b>														
Detection & alarm systems, detectors	18.75%	24-Sep-18	440	83	134	84	52	33	20	13	8	5	3	
Emergency warning & intercommunication system	18.75%	24-Sep-18	900	169	274	171	107	67	42	26	16	10	6	
Fire extinguishers	18.75%	24-Sep-18	775	145	236	148	92	58	36	23	14	9	5	
<b>Floor coverings ( removable without damage)</b>														
Carpets	20.00%	24-Sep-18	1,625	248	325	325	325	325	77					
Linoleum & vinyl	10.00%	24-Sep-18	11,180	855	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	
<b>and tables)</b>	7.50%	24-Sep-18	5,550	318	416	416	416	416	416	416	416	416	416	
<b>and tables)</b>	18.75%	24-Sep-18	11,625	2,180	3,542	2,214	1,384	865	540	338	211	132	82	
<b>Garbage disposal</b>														
Garbage bins	18.75%	24-Sep-18	1,100	206	335	209	131	82	51	32	20	12	8	
<b>Hot water systems (excluding piping)</b>														
Gas or electric	8.33%	24-Sep-18	2,000	127	167	167	167	167	167	167	167	167	167	
<b>Kitchen assets</b>														
Cutlery & crockery	20.00%	24-Sep-18	600	92	120	120	120	120	28					
Dishwashers	10.00%	24-Sep-18	1,000	76	100	100	100	100	100	100	100	100	100	
Microwave ovens	18.75%	24-Sep-18	500	94	152	95	60	37	23	15	9	6	4	
<b>Carried forward</b>			<b>72,735</b>	<b>10,177</b>	<b>14,675</b>	<b>12,057</b>	<b>10,420</b>	<b>6,057</b>	<b>3,989</b>	<b>3,467</b>	<b>3,217</b>	<b>3,061</b>	<b>2,964</b>	



## 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			72,735	10,177	14,675	12,057	10,420	6,057	3,989	3,467	3,217	3,061	2,964
<b>Lights</b>													
Fittings	18.75%	24-Sep-18	11,740	2,201	3,577	2,236	1,397	873	546	341	213	133	83
<b>Medical assets (used in common across all health care industry segments)</b>													
Clinical furniture	10.00%	24-Sep-18	5,000	382	500	500	500	500	500	500	500	500	500
Clinical furniture	18.75%	24-Sep-18	8,175	1,533	2,491	1,557	973	608	380	238	148	93	58
Rhinomanometer - GM instruments (medical machine)	10.00%	24-Sep-18	12,000	917	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
<b>Office furniture, freestanding</b>													
Cabinets - timber/laminated	6.67%	24-Sep-18	16,897	861	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126
Chairs	18.75%	24-Sep-18	2,845	533	867	542	339	212	132	83	52	32	20
<b>Point of sale assets</b>													
Generally (including barcode scanners, cash drawers, dedicated computers, electronic funds transfer point of sale (EFTPOS) machines, keyboards, monitors, printers and terminals)	18.75%	24-Sep-18	400	75	122	76	48	30	19	12	7	5	3
Patient monitoring assets	18.75%	24-Sep-18	500	94	152	95	60	37	23	15	9	6	4
<b>Refrigeration assets</b>													
Generally (including blast chillers, condensers, evaporators, refrigeration cabinets, standalone freezers and standalone refrigerators)	18.75%	24-Sep-18	2,700	506	823	514	321	201	126	78	49	31	19
<b>Security systems &amp; equipment</b>													
Electronic	15.00%	24-Sep-18	2,280	261	342	342	342	342	342	309			
Signage	7.50%	24-Sep-18	1,760	101	132	132	132	132	132	132	132	132	132
<b>Telephony</b>													
Telephone systems (including analogue and digital telephone systems, PABX/PBX systems, key/commander systems, VoIP systems and hybrid telephone systems such as IP-PBX systems etc)	18.75%	24-Sep-18	900	169	274	171	107	67	42	26	16	10	6
Televisions	10.00%	24-Sep-18	1,060	81	106	106	106	106	106	106	106	106	106
<b>Ventilating plant</b>													
Ventilation plant - fans only	18.75%	24-Sep-18	150	28	46	29	18	11	7	4	3	2	1
<b>Pooled Plant Total</b>				<b>9,437</b>	<b>15,335</b>	<b>9,584</b>	<b>5,990</b>	<b>3,744</b>	<b>2,340</b>	<b>1,462</b>	<b>914</b>	<b>571</b>	<b>357</b>
<b>Effective Life Plant Total</b>				<b>8,483</b>	<b>11,098</b>	<b>11,098</b>	<b>11,098</b>	<b>7,758</b>	<b>6,330</b>	<b>6,174</b>	<b>5,865</b>	<b>5,865</b>	<b>5,865</b>
<b>Total Division 40</b>			<b>139,142</b>	<b>17,920</b>	<b>26,433</b>	<b>20,682</b>	<b>17,088</b>	<b>11,502</b>	<b>8,670</b>	<b>7,636</b>	<b>6,779</b>	<b>6,436</b>	<b>6,222</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 2010</b>	2.50%	24-Sep-18	234,072	5,676	7,426	7,426	7,426	7,426	7,426	7,426	7,426	7,426	7,426
<b>Structural Improvements - Completed 2010</b>	2.50%	24-Sep-18	6,698	163	213	213	213	213	213	213	213	213	213
<b>Total Division 43</b>			240,770	5,839	7,639	7,639	7,639	7,639	7,639	7,639	7,639	7,639	7,639
<b>Total Depreciation</b>			379,912	23,759	34,072	28,321	24,727	19,141	16,309	15,275	14,418	14,075	13,861

## 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 2010	5 Dec 09 to 4 Apr 10	297,040	2.50%	7,426	234,072
<b>Sub-total</b>		<b>297,040</b>		<b>7,426</b>	<b>234,072</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2010	5 Dec 09 to 4 Apr 10	8,500	2.50%	213	6,698
<b>Sub-total</b>		<b>8,500</b>		<b>213</b>	<b>6,698</b>
<b>Totals</b>		<b>305,540</b>		<b>7,639</b>	<b>240,770</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
<b>Tax Agent Number</b>	24370523
<b>Contact Number</b>	1300 669 400
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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.