



## Tax Depreciation Report

Spiced by Billu, 7/33 Barangaroo Avenue,  
Barangaroo, NSW 2000

ATAX Accounting and Financial Services  
7/33 Barangaroo Avenue  
BARANGAROO, NSW 2000

Issue Schedule	
Issue Date:	Issued by:
16 January 2019	Mark Kilroy Bsc (Hons) MRICS

ATAX Accounting and Financial Services  
7/33 Barangaroo Avenue  
BARANGAROO, NSW 2000

January 2019  
Job No: COM2000007

**Tax Depreciation Report – Spiced by Billu, 7/33 Barangaroo Avenue, Barangaroo, NSW 2000**

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 .....	15
13. Definition of Terms .....	16
14. Contact Details .....	17
15. Disclaimer.....	18

## 1. Property Information

### Date of Report

16 January 2019

### Purchaser

ATAX Accounting and Financial Services

### Property Address

Spiced by Billu, 7/33 Barangaroo Avenue, Barangaroo, NSW 2000

### Property Type

Commercial

### Date of Construction

1 January 2017

### Property Photo



## 2. Report Details

### 2.1 Introduction

Koste Pty Ltd has prepared an independent Tax Depreciation Schedule for the purchase of the subject property under the Income Tax Act 1997.

We have evaluated and reported the allowances based on the following:

#### **Division 40 (Capital Allowances)**

Referred to as Depreciating Assets, identified as assets which can be removed with ease including; Appliances, Furnishings and the like. Koste will identify and provide an analysis using both Diminishing Value and Prime Cost methods of depreciation. All items which have a value less than \$300 will be written off in the first year.

#### **Division 40 (Capital Allowances) - Low Value Pool**

Low Cost Assets are depreciating assets which have a cost of between \$300 and \$1,000 at your purchase date. These assets are depreciated at 18.75% in the first year, and 37.5% in each subsequent year.

#### **Division 43 (Capital Works)**

Capital works often referred to as Building Allowances entitles the tax payer to a deduction on assessable income producing buildings and other capital works. The opening value of these assets will be calculated on the date of installation; typical assets may include Windows, Doors and Walls.

### **3. Capital Allowances**

#### **3.1 Entitlement**

Capital Allowances Division 40 of the Income Tax Act 1997 allows the taxpayer to a deduction of the decline in value of a depreciating asset used for income producing purpose over its effective life. A depreciating asset will deteriorate over the life and will therefore decline in value.

#### **3.2 Qualifying Expenditure Calculation**

On a property acquisition, Capital Allowances (Plant and Equipment) are based on a reasonable apportionment of the purchase price relating to qualifying plant under the Income Tax Assessment Act (ITAA) 1977 Section 40 – 195.

#### **3.3 Effective Life**

The Commissioner of Taxation provides regular tax rulings which determine the period an asset can be used to produce income. Included within this report is as new effective life rates.

#### **3.4 Immediate Write-Off Assets**

A depreciating asset which costs less than \$300 can be immediately written off under Division 40 of ITAA. Please note that this is only applicable to residential property investments.

#### **3.5 Low Value Pool**

Assets which have a starting value of between \$300 and \$1000 have been included within the Low Value Pool. These assets are depreciated at 18.75% in the first year and 37.5% for all subsequent years on a diminishing basis.

An asset that has a written down value under \$1000 in following years will be allocated to the low value pool and depreciated at 37.5% using diminishing value method. This method does not apply to assets that were depreciated using the prime cost method in any previous years.

### 3.6 Method of Depreciation

We provide you with a choice to calculate the decline in value for depreciating assets. Your choice on whether to use Diminishing Value or Prime Cost method of depreciation should be discussed with your accountant. Once a depreciation method is chosen for an asset this cannot be changed.

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

## **4. Capital Works**

### **4.1 Entitlement**

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

### **4.2 Method of Depreciation**

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

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

### **4.3 Method of Depreciation**

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



## 5. Summary of Entitlements – Diminishing Value Method

Year	Financial Year	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	1 January 17 to 30 June 17	30,364	3,286	33,650	10,818	44,468
2	1 July 17 to 30 June 18	39,005	5,680	44,685	21,936	66,621
3	1 July 18 to 30 June 19	28,688	3,889	32,577	21,936	54,513
4	1 July 19 to 30 June 20	21,371	2,788	24,159	21,936	46,095
5	1 July 20 to 30 June 21	16,483	1,743	18,226	21,936	40,162
6	1 July 21 to 30 June 22	12,147	2,022	14,169	21,936	36,105
7	1 July 22 to 30 June 23	9,389	1,570	10,958	21,936	32,894
8	1 July 23 to 30 June 24	7,159	1,575	8,733	21,936	30,669
9	1 July 24 to 30 June 25	5,678	1,318	6,996	21,936	28,932
10	1 July 25 to 30 June 26	4,614	824	5,438	21,936	27,374
11	1 July 26 to 30 June 27	3,630	877	4,507	21,936	26,443
12	1 July 27 to 30 June 28	2,957	548	3,506	21,936	25,442
13	1 July 28 to 30 June 29	2,415	343	2,758	21,936	24,694
14	1 July 29 to 30 June 30	1,787	499	2,285	21,936	24,221
15	1 July 30 to 30 June 31	1,479	312	1,790	21,936	23,726
16	1 July 31 to 30 June 32	1,128	562	1,690	21,936	23,626
17	1 July 32 to 30 June 33	930	351	1,281	21,936	23,217
18	1 July 33 to 30 June 34	571	588	1,159	21,936	23,095
19	1 July 34 to 30 June 35	303	694	997	21,936	22,933
20	1 July 35 to 30 June 36	0	1,121	1,121	21,936	23,057
21	1 July 36 to 30 June 37	0	701	701	21,936	22,637
22	1 July 37 to 30 June 38	0	438	438	21,936	22,374
23	1 July 38 to 30 June 39	0	274	274	21,936	22,210
24	1 July 39 to 30 June 40	0	171	171	21,936	22,107
25	1 July 40 to 30 June 41	0	107	107	21,936	22,043
26	1 July 41 to 30 June 42	0	67	67	21,936	22,003
27	1 July 42 to 30 June 43	0	42	42	21,936	21,978
28	1 July 43 to 30 June 44	0	26	26	21,936	21,962
29	1 July 44 to 30 June 45	0	16	16	21,936	21,952
30	1 July 45 to 30 June 46	0	10	10	21,936	21,946
31	1 July 46 to 30 June 47	0	6	6	21,936	21,942
32	1 July 47 to 30 June 48	0	4	4	21,936	21,940
33	1 July 48 to 30 June 49	0	2	2	21,936	21,938
34	1 July 49 to 30 June 50	0	2	2	21,936	21,938
35	1 July 50 to 30 June 51	0	1	1	21,936	21,937
36	1 July 51 to 30 June 52	0	1	1	21,936	21,937
37	1 July 52 to 30 June 53	0	0	0	21,936	21,936
38	1 July 53 to 30 June 54	0	0	0	21,936	21,936
39	1 July 54 to 30 June 55	0	0	0	21,936	21,936
40	2055+	0	0	0	33,059	33,059
<b>Totals</b>		<b>190,097</b>	<b>32,458</b>	<b>222,555</b>	<b>877,445</b>	<b>1,100,000</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	1 January 17 to 30 June 17	16,130	3,286	19,416	10,818	30,234
2	1 July 17 to 30 June 18	24,801	5,340	30,141	21,936	52,077
3	1 July 18 to 30 June 19	23,827	3,338	27,165	21,936	49,101
4	1 July 19 to 30 June 20	22,603	2,086	24,689	21,936	46,625
5	1 July 20 to 30 June 21	22,375	1,304	23,679	21,936	45,615
6	1 July 21 to 30 June 22	19,497	815	20,312	21,936	42,248
7	1 July 22 to 30 June 23	16,108	509	16,618	21,936	38,554
8	1 July 23 to 30 June 24	14,958	318	15,277	21,936	37,213
9	1 July 24 to 30 June 25	13,123	199	13,322	21,936	35,258
10	1 July 25 to 30 June 26	11,397	124	11,521	21,936	33,457
11	1 July 26 to 30 June 27	7,364	78	7,442	21,936	29,378
12	1 July 27 to 30 June 28	3,229	49	3,278	21,936	25,214
13	1 July 28 to 30 June 29	3,131	30	3,161	21,936	25,097
14	1 July 29 to 30 June 30	2,776	19	2,795	21,936	24,731
15	1 July 30 to 30 June 31	1,415	12	1,427	21,936	23,363
16	1 July 31 to 30 June 32	873	7	880	21,936	22,816
17	1 July 32 to 30 June 33	315	5	320	21,936	22,256
18	1 July 33 to 30 June 34	315	3	318	21,936	22,254
19	1 July 34 to 30 June 35	315	2	317	21,936	22,253
20	1 July 35 to 30 June 36	315	1	316	21,936	22,252
21	1 July 36 to 30 June 37	160	1	160	21,936	22,096
22	1 July 37 to 30 June 38	0	0	0	21,936	21,936
23	1 July 38 to 30 June 39	0	0	0	21,936	21,936
24	1 July 39 to 30 June 40	0	0	0	21,936	21,936
25	1 July 40 to 30 June 41	0	0	0	21,936	21,936
26	1 July 41 to 30 June 42	0	0	0	21,936	21,936
27	1 July 42 to 30 June 43	0	0	0	21,936	21,936
28	1 July 43 to 30 June 44	0	0	0	21,936	21,936
29	1 July 44 to 30 June 45	0	0	0	21,936	21,936
30	1 July 45 to 30 June 46	0	0	0	21,936	21,936
31	1 July 46 to 30 June 47	0	0	0	21,936	21,936
32	1 July 47 to 30 June 48	0	0	0	21,936	21,936
33	1 July 48 to 30 June 49	0	0	0	21,936	21,936
34	1 July 49 to 30 June 50	0	0	0	21,936	21,936
35	1 July 50 to 30 June 51	0	0	0	21,936	21,936
36	1 July 51 to 30 June 52	0	0	0	21,936	21,936
37	1 July 52 to 30 June 53	0	0	0	21,936	21,936
38	1 July 53 to 30 June 54	0	0	0	21,936	21,936
39	1 July 54 to 30 June 55	0	0	0	21,936	21,936
40	2055+	0	0	0	33,059	33,059
<b>Totals</b>		<b>205,028</b>	<b>17,527</b>	<b>222,555</b>	<b>877,445</b>	<b>1,100,000</b>

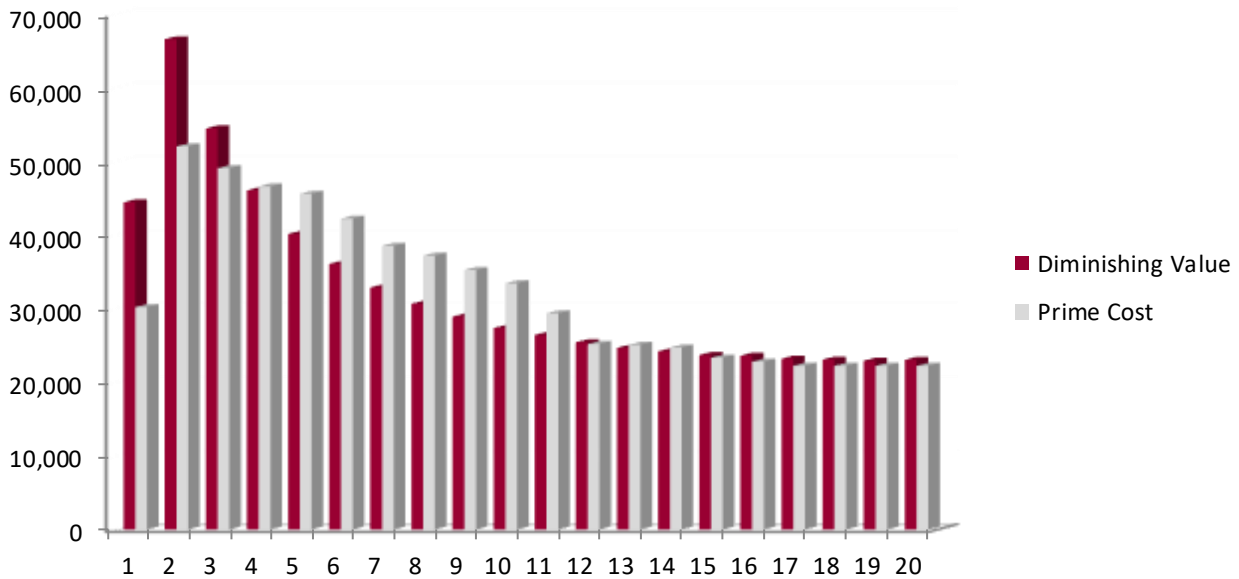
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

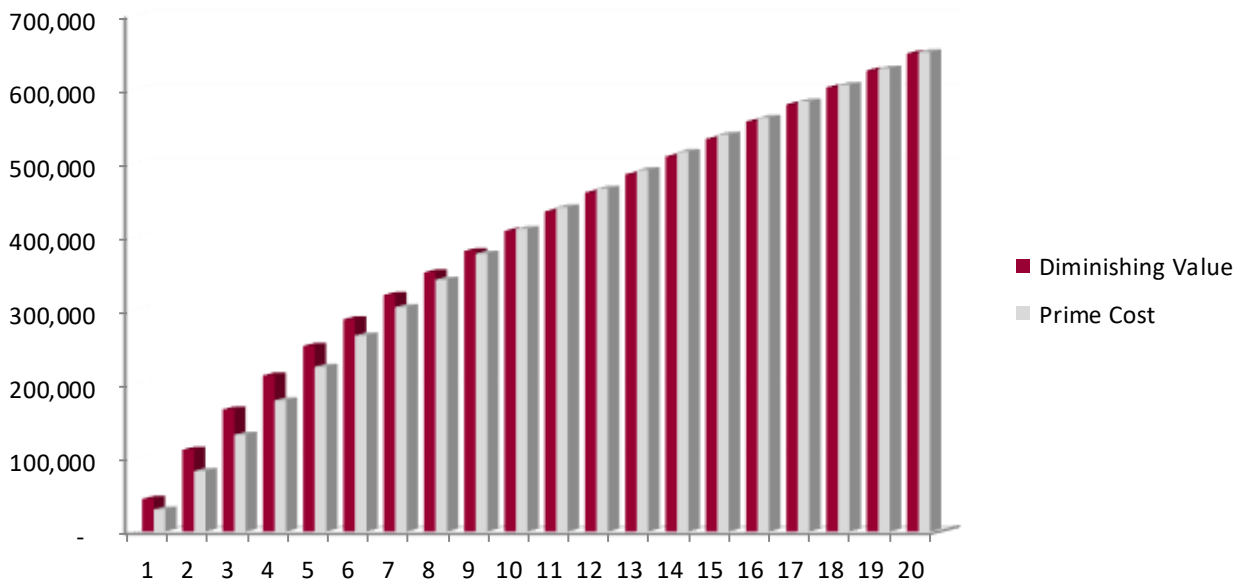
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 7. Comparison Graphs

20 YEAR COMPARISON GRAPH



20 YEAR CUMULATIVE GRAPH



Advantages of using diminishing value method over prime cost method, as can be seen in the 20 year comparison graph, diminishing value method has higher deductions in the first few years. Prime cost method has lower deductions over the first few years, but around the 5-6 year mark starts to give higher deductions and in later years. However cumulatively they equal out at about the 10 year mark. It comes down to whether you want the higher deductions in the first few years or the more evenly spread out deductions approach.

## 8. Capital Expenditure Analysed

### Purchase Details

Contract Date	1 April 2016
Settlement Date	1 January 2017

### Expenditure Analysed

Purchase price	\$1,100,000
<b>Total Expenditure Analysed</b>	<b>\$1,100,000</b>

## 9. Reconciliation of Capital Expenditure

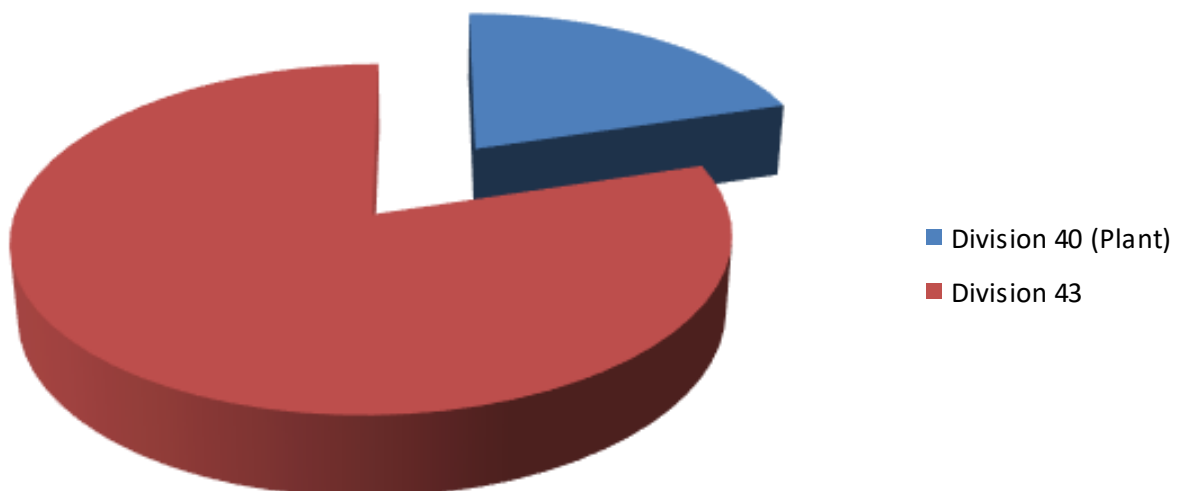
### Apportionment of cost relating to:

Division 40 (Plant)	\$222,555
Division 43	\$877,445
<b>Total Expenditure Analysed</b>	<b>\$1,100,000</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 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>Audio visual equipment</b>													
Amplifying & music equipment	18.75%	1-Apr-16	975	183	297	186	116	73	45	28	18	11	7
<b>Computer systems</b>													
General	40.00%	1-Apr-16	1,875	184	676	406	228	143	89	56	35	22	14
General	18.75%	1-Apr-16	1,395	262	425	266	166	104	65	41	25	16	10
<b>Electrical Machinery &amp; Equipment :</b>													
Switchboards	10.00%	1-Apr-16	1,800	44	176	158	142	128	115	104	350	219	137
<b>Fire control assets</b>													
Fire extinguishers	18.75%	1-Apr-16	420	79	128	80	50	31	20	12	8	5	3
<b>Furniture</b>													
Furniture	15.00%	1-Apr-16	18,675	689	2,699	2,294	1,950	1,657	1,408	1,197	1,017	865	735
Furniture	18.75%	1-Apr-16	9,668	1,813	2,946	1,841	1,151	719	449	281	176	110	69
<b>Signage</b>													
Signage	15.00%	1-Apr-16	3,000	111	433	368	313	266	226	192	163	347	217
<b>Furniture, freestanding, for customer use:</b>													
In dining areas	25.00%	1-Apr-16	27,300	1,678	6,405	4,804	3,603	2,702	2,027	1,520	1,140	855	641
<b>Heating units</b>													
Freestanding	13.33%	1-Apr-16	3,750	123	484	419	363	315	273	236	205	178	154
<b>Hot water systems (excluding piping)</b>													
Gas or electric	16.67%	1-Apr-16	2,250	92	360	300	250	208	173	325	203	127	79
<b>Beer dispensing system assets (including, tanks, taps tubes and valves)</b>													
Beer dispensing system assets (including, tanks, taps tubes and valves)	13.33%	1-Apr-16	12,750	418	1,644	1,425	1,235	1,070	928	804	697	604	523
<b>Food preparation and service assets:</b>													
Bench top appliances - small portable type (including blenders, food processors, grills, rice cookers and toasters)	66.67%	1-Apr-16	1,350	221	752	141	88	55	34	22	13	8	5
Cooking appliances, large commercial type (including cook tops, deep fryers, grills, kebab machines, ovens and salamanders)	20.00%	1-Apr-16	38,700	1,903	7,359	5,887	4,710	3,768	3,014	2,412	1,929	1,543	1,235
Cookware, handheld (including frypans, pans, pots, trays and woks)	100.00%	1-Apr-16	3,953	3,953									
Crockery, cutlery and glassware	100.00%	1-Apr-16	3,900	3,900									
Glass washer machines	40.00%	1-Apr-16	6,000	590	2,164	1,298	779	467	263	164	103	64	40
Microwave ovens	18.75%	1-Apr-16	840	158	256	160	100	62	39	24	15	10	6
Kitchen exhaust fans	40.00%	1-Apr-16	18,000	1,770	6,492	3,895	2,337	1,402	841	505	284	177	111
Preparation benches, freestanding	10.00%	1-Apr-16	4,500	111	439	395	356	320	288	259	233	210	189
Benchtop sterilisers	40.00%	1-Apr-16	3,300	325	1,190	714	428	241	151	94	59	37	23
<b>Lights</b>													
Fittings	18.75%	1-Apr-16	180	34	55	34	21	13	8	5	3	2	1
Fittings	18.75%	1-Apr-16	3,300	619	1,005	628	393	245	153	96	60	37	23
Carried forward			167,880	19,259	36,385	25,700	18,779	13,991	10,611	8,377	6,737	5,447	4,222

## 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			167,880	19,259	36,385	25,700	18,779	13,991	10,611	8,377	6,737	5,447	4,222
Refrigeration assets:	20.00%	1-Apr-16	42,975	2,114	8,172	6,538	5,230	4,184	3,347	2,678	2,142	1,714	1,371
<b>Point of Sale</b>													
Electronic funds transfer point of sale machines (EFTPOS)	33.33%	1-Apr-16	5,250	430	1,607	1,071	714	476	357	223	139	87	54
<b>Security systems &amp; equipment</b>													
Electronic	30.00%	1-Apr-16	5,700	420	1,584	1,109	776	543	380	333	208	130	81
<b>Ventilating plant</b>													
Ventilation plant - fans only	18.75%	1-Apr-16	750	141	229	143	89	56	35	22	14	9	5
Pooled Plant Total				3,286	5,340	3,479	2,403	1,743	1,709	1,726	1,713	1,418	886
Effective Life Plant Total				19,078	42,636	31,081	23,186	17,508	13,022	9,907	7,527	5,968	4,848
<b>Total Division 40</b>			<b>222,555</b>	<b>22,364</b>	<b>47,976</b>	<b>34,560</b>	<b>25,589</b>	<b>19,250</b>	<b>14,731</b>	<b>11,633</b>	<b>9,240</b>	<b>7,386</b>	<b>5,734</b>
<b>Division 43 - Capital Works Allowance</b>													
	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 2017	2.50%	01-Jan-17	877,445		10,818	21,936	21,936	21,936	21,936	21,936	21,936	21,936	21,936
<b>Total Division 43</b>			<b>877,445</b>		<b>10,818</b>	<b>21,936</b>	<b>21,936</b>	<b>21,936</b>	<b>21,936</b>	<b>21,936</b>	<b>21,936</b>	<b>21,936</b>	<b>21,936</b>
<b>Total Depreciation</b>			<b>1,100,000</b>	<b>22,364</b>	<b>58,794</b>	<b>56,496</b>	<b>47,525</b>	<b>41,186</b>	<b>36,667</b>	<b>33,569</b>	<b>31,176</b>	<b>29,322</b>	<b>27,670</b>

## 11. Prime Cost Depreciation Schedule

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												
<b>Audio visual equipment</b>													
Amplifying & music equipment	18.75%	01-Apr-16	975	183	297	186	116	73	45	28	18	11	7
<b>Computer systems</b>													
General	20.00%	01-Apr-16	1,875	92	375	375	375	375	283				
General	18.75%	01-Apr-16	1,395	262	425	266	166	104	65	41	25	16	10
<b>Electrical Machinery &amp; Equipment :</b>													
Switchboards	5.00%	01-Apr-16	1,800	22	90	90	90	90	90	90	90	90	90
<b>Fire control assets</b>													
Fire extinguishers	18.75%	01-Apr-16	420	79	128	80	50	31	20	12	8	5	3
<b>Furniture</b>													
Furniture	7.50%	01-Apr-16	18,675	345	1,401	1,401	1,401	1,401	1,401	1,401	1,401	1,401	1,401
Furniture	18.75%	01-Apr-16	9,668	1,813	2,946	1,841	1,151	719	449	281	176	110	69
<b>Signage</b>													
Signage	7.50%	01-Apr-16	3,000	55	225	225	225	225	225	225	225	225	225
<b>Furniture, freestanding, for customer use:</b>													
In dining areas	12.50%	01-Apr-16	27,300	839	3,413	3,413	3,413	3,413	3,413	3,413	3,413	2,570	
<b>Heating units</b>													
Freestanding	6.67%	01-Apr-16	3,750	61	250	250	250	250	250	250	250	250	250
<b>Hot water systems (excluding piping)</b>													
Gas or electric	8.33%	01-Apr-16	2,250	46	188	188	188	188	188	188	188	188	188
<b>Beer dispensing system assets (including, tanks, taps tubes and valves)</b>													
Beer dispensing system assets (including, tanks, taps tubes and valves)	6.67%	01-Apr-16	12,750	209	850	850	850	850	850	850	850	850	850
<b>Food preparation and service assets:</b>													
Bench top appliances - small portable type (including blenders, food processors, grills, rice cookers and toasters)	33.33%	01-Apr-16	1,350	111	450	450	339						
Cooking appliances, large commercial type (including cook tops, deep fryers, grills, kebab machines, ovens and salamanders)	10.00%	01-Apr-16	38,700	952	3,870	3,870	3,870	3,870	3,870	3,870	3,870	3,870	3,870
Cookware, handheld (including frypans, pans, pots, trays and woks)	50.00%	01-Apr-16	3,953	486	1,976	1,491							
Crockery, cutlery and glassware	100.00%	01-Apr-16	3,900	3,900									
Glass washer machines	20.00%	01-Apr-16	6,000	295	1,200	1,200	1,200	1,200	905				
Microwave ovens	18.75%	01-Apr-16	840	158	256	160	100	62	39	24	15	10	6
Kitchen exhaust fans	20.00%	01-Apr-16	18,000	885	3,600	3,600	3,600	3,600	2,715				
Preparation benches, freestanding	5.00%	01-Apr-16	4,500	55	225	225	225	225	225	225	225	225	225
Benchtop sterilisers	20.00%	01-Apr-16	3,300	162	660	660	660	660	498				
<b>Lights</b>													
Fittings	18.75%	01-Apr-16	180	34	55	34	21	13	8	5	3	2	1
Fittings	18.75%	01-Apr-16	3,300	619	1,005	628	393	245	153	96	60	37	23
Carried forward			167,880	11,662	23,885	21,482	18,683	17,595	15,692	11,000	10,817	9,859	7,218

## 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
<b>Division 40 - Plant and Equipment</b>													
	Rate												
Brought forward			167,880	11,662	23,885	21,482	18,683	17,595	15,692	11,000	10,817	9,859	7,218
Refrigeration assets:	10.00%	01-Apr-16	42,975	1,057	4,298	4,298	4,298	4,298	4,298	4,298	4,298	4,298	4,298
<b>Point of Sale</b>													
Electronic funds transfer point of sale machines (EFTPOS)	16.67%	01-Apr-16	5,250	215	875	875	875	875	875	660			
<b>Security systems &amp; equipment</b>													
Electronic	15.00%	01-Apr-16	5,700	210	855	855	855	855	855	855	360		
<b>Ventilating plant</b>													
Ventilation plant - fans only	18.75%	01-Apr-16	750	141	229	143	89	56	35	22	14	9	5
Pooled Plant Total				3,286	5,340	3,338	2,086	1,304	815	509	318	199	124
Effective Life Plant Total				9,999	24,801	24,316	22,714	22,375	20,940	16,325	15,170	13,967	11,397
Total Division 40			222,555	13,285	30,141	27,653	24,800	23,679	21,755	16,834	15,488	14,166	11,521
<b>Division 43 - Capital Works Allowance</b>													
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 2017	2.50%	01-Jan-17	877,445		10,818	21,936	21,936	21,936	21,936	21,936	21,936	21,936	21,936
Total Division 43			877,445		10,818	21,936	21,936	21,936	21,936	21,936	21,936	21,936	21,936
Total Depreciation			1,100,000	13,285	40,959	49,589	46,736	45,615	43,691	38,770	37,424	36,102	33,457



## 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 2017	1 Apr 16 to 1 Jan 17	877,445	2.50%	21,936	877,445
<b>Sub-total</b>					
		877,445		21,936	877,445

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
<b>Sub-total</b>					
<b>Totals</b>		877,445		21,936	877,445

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	
Company Name	Koste Pty Ltd
Postal Address	Suite 1, L12/133 Mary Street, Brisbane, Qld 4000
Office Number	1300 669 400
Office Email	info@koste.com.au
Tax Agent Number	24836767

## **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.