



Tax Depreciation Report

2107/3-5 St Kilda Road,
St Kilda, VIC 3182

Lawrence Low
12B Mulga Street
SEACOMBE GARDENS, SA 5047

Issue Schedule	
Issue Date:	Issued by:
01 February 2019	Mark Kilroy Bsc (Hons) MRICS

Lawrence Low
12B Mulga Street
SEACOMBE GARDENS, SA 5047

February 2019
Job No: RES3182005

Tax Depreciation Report – 2107/3-5 St Kilda Road, St Kilda, VIC 3182

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

1 February 2019

Purchaser

Lawrence Low

Property Address

2107/3-5 St Kilda Road, St Kilda, VIC 3182

Real Property Description

LOT 2107 PS718154

Property Type

Residential Unit

Date of Construction

20 December 2015

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	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	29 March 16 to 30 June 16	2,091	0	2,091	1,438	3,529
2	1 July 16 to 30 June 17	7,805	0	7,805	5,658	13,463
3	1 July 17 to 30 June 18	5,116	2,158	7,274	5,658	12,932
4	1 July 18 to 30 June 19	3,881	1,631	5,513	5,658	11,171
5	1 July 19 to 30 June 20	3,023	1,739	4,762	5,658	10,420
6	1 July 20 to 30 June 21	2,373	1,438	3,810	5,658	9,468
7	1 July 21 to 30 June 22	1,704	1,557	3,262	5,658	8,920
8	1 July 22 to 30 June 23	1,148	1,714	2,862	5,658	8,520
9	1 July 23 to 30 June 24	1,014	1,071	2,085	5,658	7,743
10	1 July 24 to 30 June 25	556	1,405	1,961	5,658	7,619
11	1 July 25 to 30 June 26	519	878	1,397	5,658	7,055
12	1 July 26 to 30 June 27	485	549	1,033	5,658	6,691
13	1 July 27 to 30 June 28	452	343	795	5,658	6,453
14	1 July 28 to 30 June 29	422	214	636	5,658	6,294
15	1 July 29 to 30 June 30	394	134	528	5,658	6,186
16	1 July 30 to 30 June 31	368	84	451	5,658	6,109
17	1 July 31 to 30 June 32	343	52	395	5,658	6,053
18	1 July 32 to 30 June 33	320	33	353	5,658	6,011
19	1 July 33 to 30 June 34	299	20	319	5,658	5,977
20	1 July 34 to 30 June 35	279	13	292	5,658	5,950
21	1 July 35 to 30 June 36	260	8	268	5,658	5,926
22	1 July 36 to 30 June 37	243	5	248	5,658	5,906
23	1 July 37 to 30 June 38	227	3	230	5,658	5,888
24	1 July 38 to 30 June 39	212	2	214	5,658	5,872
25	1 July 39 to 30 June 40	198	1	199	5,658	5,857
26	1 July 40 to 30 June 41	184	1	185	5,658	5,843
27	1 July 41 to 30 June 42	172	0	173	5,658	5,831
28	1 July 42 to 30 June 43	161	0	161	5,658	5,819
29	1 July 43 to 30 June 44	150	0	150	5,658	5,808
30	1 July 44 to 30 June 45	140	0	140	5,658	5,798
31	1 July 45 to 30 June 46	131	0	131	5,658	5,789
32	1 July 46 to 30 June 47	122	0	122	5,658	5,780
33	1 July 47 to 30 June 48	114	0	114	5,658	5,772
34	1 July 48 to 30 June 49	106	0	106	5,658	5,764
35	1 July 49 to 30 June 50	99	0	99	5,658	5,757
36	1 July 50 to 30 June 51	93	0	93	5,658	5,751
37	1 July 51 to 30 June 52	86	0	86	5,658	5,744
38	1 July 52 to 30 June 53	81	0	81	5,658	5,739
39	1 July 53 to 30 June 54	75	0	75	5,658	5,733
40	2054+	1,053	0	1,053	8,312	9,365
Totals		36,498	15,053	51,551	224,754	276,305

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	29 March 16 to 30 June 16	1,045	0	1,045	1,438	2,483
2	1 July 16 to 30 June 17	4,111	0	4,111	5,658	9,769
3	1 July 17 to 30 June 18	4,111	0	4,111	5,658	9,769
4	1 July 18 to 30 June 19	4,111	0	4,111	5,658	9,769
5	1 July 19 to 30 June 20	4,111	0	4,111	5,658	9,769
6	1 July 20 to 30 June 21	3,986	0	3,986	5,658	9,644
7	1 July 21 to 30 June 22	3,608	0	3,608	5,658	9,266
8	1 July 22 to 30 June 23	3,443	0	3,443	5,658	9,101
9	1 July 23 to 30 June 24	3,330	0	3,330	5,658	8,988
10	1 July 24 to 30 June 25	3,330	0	3,330	5,658	8,988
11	1 July 25 to 30 June 26	2,886	0	2,886	5,658	8,544
12	1 July 26 to 30 June 27	1,562	0	1,562	5,658	7,220
13	1 July 27 to 30 June 28	1,440	0	1,440	5,658	7,098
14	1 July 28 to 30 June 29	1,067	0	1,067	5,658	6,725
15	1 July 29 to 30 June 30	811	0	811	5,658	6,469
16	1 July 30 to 30 June 31	744	0	744	5,658	6,402
17	1 July 31 to 30 June 32	616	0	616	5,658	6,274
18	1 July 32 to 30 June 33	616	0	616	5,658	6,274
19	1 July 33 to 30 June 34	616	0	616	5,658	6,274
20	1 July 34 to 30 June 35	616	0	616	5,658	6,274
21	1 July 35 to 30 June 36	593	0	593	5,658	6,251
22	1 July 36 to 30 June 37	494	0	494	5,658	6,152
23	1 July 37 to 30 June 38	491	0	491	5,658	6,149
24	1 July 38 to 30 June 39	491	0	491	5,658	6,149
25	1 July 39 to 30 June 40	491	0	491	5,658	6,149
26	1 July 40 to 30 June 41	491	0	491	5,658	6,149
27	1 July 41 to 30 June 42	491	0	491	5,658	6,149
28	1 July 42 to 30 June 43	491	0	491	5,658	6,149
29	1 July 43 to 30 June 44	491	0	491	5,658	6,149
30	1 July 44 to 30 June 45	491	0	491	5,658	6,149
31	1 July 45 to 30 June 46	374	0	374	5,658	6,032
32	1 July 46 to 30 June 47	0	0	0	5,658	5,658
33	1 July 47 to 30 June 48	0	0	0	5,658	5,658
34	1 July 48 to 30 June 49	0	0	0	5,658	5,658
35	1 July 49 to 30 June 50	0	0	0	5,658	5,658
36	1 July 50 to 30 June 51	0	0	0	5,658	5,658
37	1 July 51 to 30 June 52	0	0	0	5,658	5,658
38	1 July 52 to 30 June 53	0	0	0	5,658	5,658
39	1 July 53 to 30 June 54	0	0	0	5,658	5,658
40	2054+	0	0	0	8,312	8,312
Totals		51,551	0	51,551	224,754	276,305

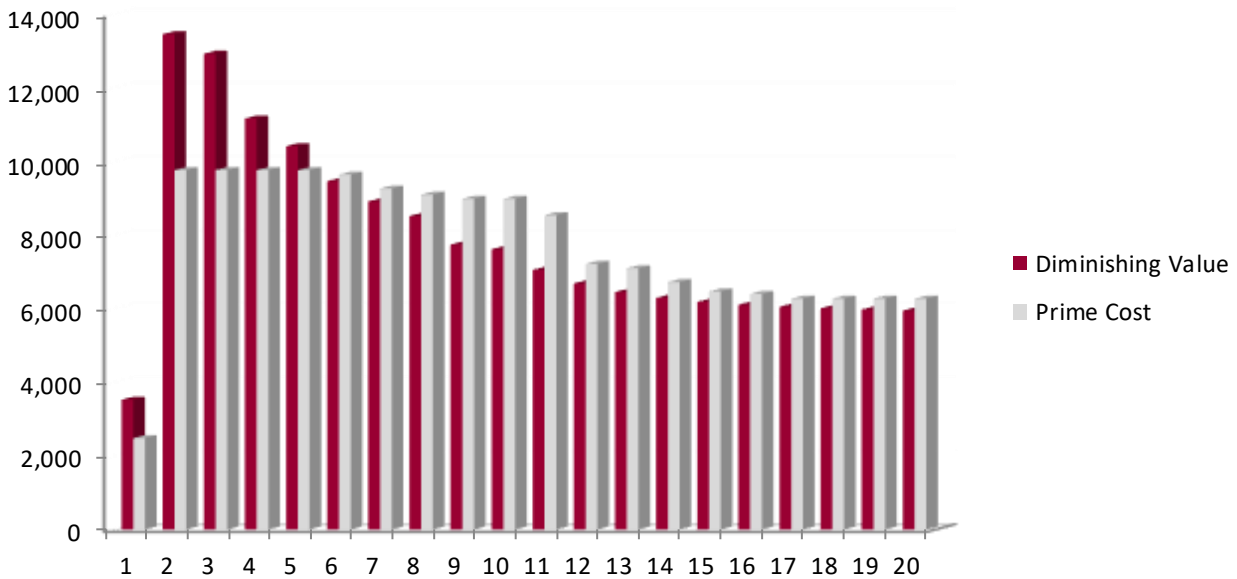
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

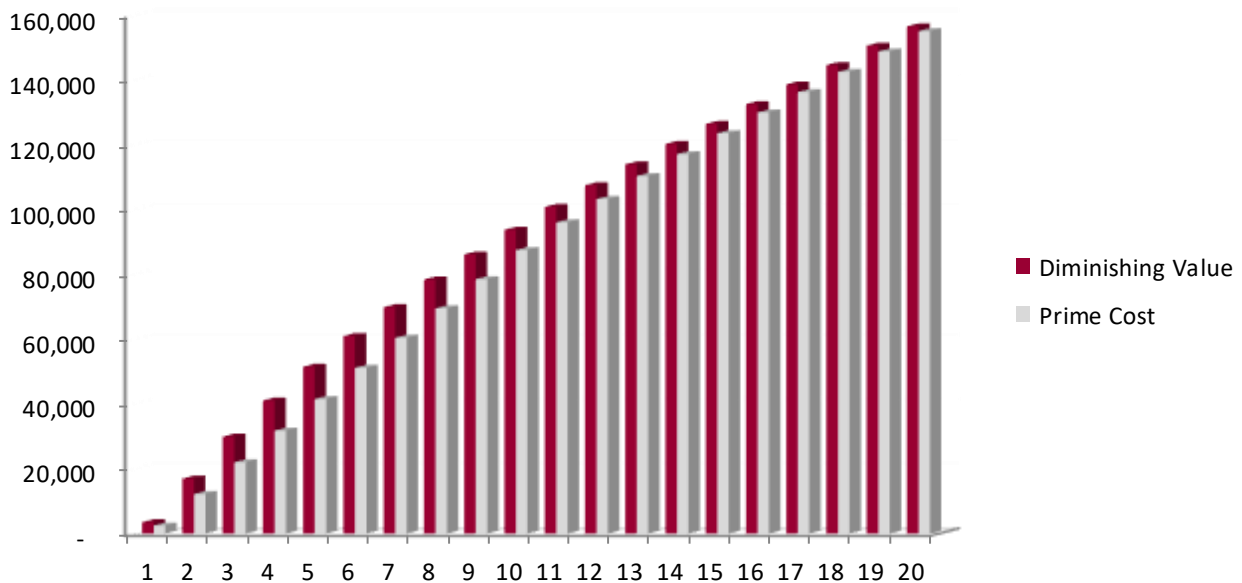
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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 October 2015
Settlement Date	29 March 2016

Expenditure Analysed

Purchase Price	\$509,000
Stamp Duty	\$25,610
Total Expenditure Analysed	\$534,610

Historical Construction Details

Construction Start Date	26 October 2014
Construction Completion Date	20 December 2015
Historical Construction Cost (Estimated)*	\$257,739

9. Reconciliation of Capital Expenditure

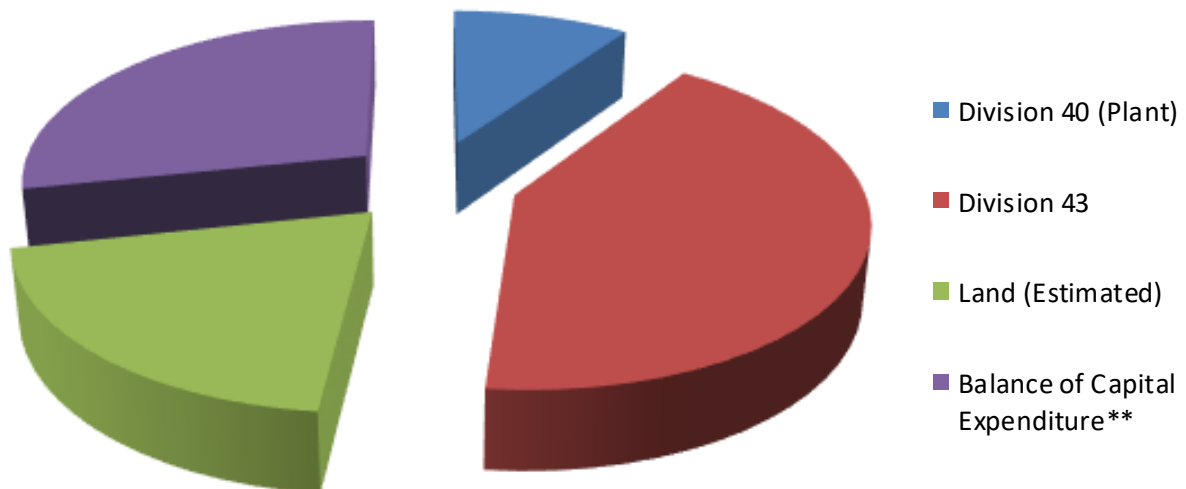
Apportionment of cost relating to:

Division 40 (Plant)	\$51,551
Division 43	\$224,754
Land (Estimated)	\$106,922
Balance of Capital Expenditure**	\$151,383
Total Expenditure Analysed	\$534,610

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
Air-conditioning assets (excl. ducting, pipes & vents)													
Mini split system upto 20KW	20.00%	29-Mar-16	6,138	312	1,165	932	746	597	477	382	305	244	367
Bathroom assets													
Exhaust fans (including light/heating)	20.00%	29-Mar-16	1,003	51	190	285	178	112	70	44	27	17	11
Blinds Residential													
	20.00%	29-Mar-16	3,954	201	751	601	480	384	307	246	369	231	144
Computer systems													
Building management system	40.00%	29-Mar-16	122	12	44	25	15	10	6	4	2	1	1
Door closers													
	20.00%	29-Mar-16	443	23	84	126	79	49	31	19	12	8	5
Electrical Machinery & Equipment :													
Motors	20.00%	29-Mar-16	15	1	3	4	3	2	1	1	0	0	0
Fire control assets													
Detection & alarm systems, detectors	10.00%	29-Mar-16	580	15	56	191	119	74	47	29	18	11	7
Detection & alarm systems, fire indicator panel	16.67%	29-Mar-16	153	6	24	46	29	18	11	7	4	3	2
Emergency warning & intercommunication system	16.67%	29-Mar-16	685	29	109	205	128	80	50	31	20	12	8
Hoses and nozzles	20.00%	29-Mar-16	440	22	84	125	78	49	31	19	12	7	5
Fire extinguishers	15.00%	29-Mar-16	73	3	11	22	14	9	5	3	2	1	1
Stair pressurisation & extraction fans	10.00%	29-Mar-16	459	12	45	151	94	59	37	23	14	9	6
Fire sprinklers - pumps only													
	10.00%	29-Mar-16	104	3	10	34	21	13	8	5	3	2	1
Floor coverings (removable without damage)													
Carpets	20.00%	29-Mar-16	2,919	148	554	443	355	284	227	340	213	133	83
Floating timber	13.33%	29-Mar-16	2,419	82	312	270	234	203	176	152	371	232	145
Furniture													
	15.00%	29-Mar-16	3,752	143	541	460	391	332	283	240	204	174	369
Garbage disposal													
Garbage chute	30.00%	29-Mar-16	573	44	159	139	87	54	34	21	13	8	5
Gymnasium equipment													
Mechanical	20.00%	29-Mar-16	15	1	3	4	3	2	1	1	0	0	0
Static	20.00%	29-Mar-16	6	0	1	2	1	1	0	0	0	0	0
Cardiovascular	40.00%	29-Mar-16	61	6	22	12	8	5	3	2	1	1	0
Hot water systems (excluding piping)													
Gas or electric	16.67%	29-Mar-16	220	9	35	66	41	26	16	10	6	4	2
Carried forward			24,134	1,123	4,203	4,144	3,105	2,362	1,821	1,580	1,600	1,099	1,161

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			24,134	1,123	4,203	4,144	3,105	2,362	1,821	1,580	1,600	1,099	1,161
Kitchen assets													
Cooktops	16.67%	29-Mar-16	1,704	72	272	227	189	354	221	138	86	54	34
Dishwashers	20.00%	29-Mar-16	2,406	122	457	365	292	234	351	219	137	86	54
Ovens	16.67%	29-Mar-16	2,206	93	352	293	244	204	170	318	199	124	78
Rangehoods	16.67%	29-Mar-16	902	38	144	270	169	105	66	41	26	16	10
Lifts (including hydraulic & tractions lifts)	6.67%	29-Mar-16	14,738	250	966	902	841	785	733	684	638	596	556
Lights													
Shades, removable	40.00%	29-Mar-16	2,330	237	837	502	283	177	110	69	43	27	17
MATV - amplifiers & modulators	20.00%	29-Mar-16	382	19	73	109	68	43	27	17	10	6	4
Sauna & spa equipment													
Sauna heating assets	13.33%	29-Mar-16	55	2	7	17	11	7	4	3	2	1	1
Security systems & equipment													
Electronic	30.00%	29-Mar-16	1,279	97	354	310	194	121	76	47	30	18	12
Swimming pools													
Filtration equipment	15.00%	29-Mar-16	46	2	7	14	9	5	3	2	1	1	1
Ventilating plant													
Ventilation plant - fans only	10.00%	29-Mar-16	1,369	35	133	120	108	365	228	143	89	56	35
Pooled Plant Total						2,158	1,631	1,739	1,438	1,557	1,714	1,071	1,405
Effective Life Plant Total				2,091	7,805	5,116	3,881	3,023	2,373	1,704	1,148	1,014	556
Total Division 40			51,551	2,091	7,805	7,274	5,513	4,762	3,810	3,262	2,862	2,085	1,961
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 2015	2.50%	29-Mar-16	223,095	1,427	5,616	5,616	5,616	5,616	5,616	5,616	5,616	5,616	5,616
Structural Improvements - Completed 2015	2.50%	29-Mar-16	1,659	11	42	42	42	42	42	42	42	42	42
Total Division 43			224,754	1,438	5,658	5,658	5,658	5,658	5,658	5,658	5,658	5,658	5,658
Total Depreciation			276,305	3,529	13,463	12,932	11,171	10,420	9,468	8,920	8,520	7,743	7,619

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%	29-Mar-16	6,138	156	614	614	614	614	614	614	614	614	614
Bathroom assets													
Exhaust fans (including light/heating)	10.00%	29-Mar-16	1,003	25	100	100	100	100	100	100	100	100	100
Blinds Residential													
	10.00%	29-Mar-16	3,954	100	395	395	395	395	395	395	395	395	395
Computer systems													
Building management system	20.00%	29-Mar-16	122	6	24	24	24	24	20				
Door closers													
	10.00%	29-Mar-16	443	11	44	44	44	44	44	44	44	44	44
Electrical Machinery & Equipment :													
Motors	10.00%	29-Mar-16	15	0	1	1	1	1	1	1	1	1	1
Fire control assets													
Detection & alarm systems, detectors	5.00%	29-Mar-16	580	7	29	29	29	29	29	29	29	29	29
Detection & alarm systems, fire indicator panel	8.33%	29-Mar-16	153	3	13	13	13	13	13	13	13	13	13
Emergency warning & intercommunication system	8.33%	29-Mar-16	685	15	57	57	57	57	57	57	57	57	57
Hoses and nozzles	10.00%	29-Mar-16	440	11	44	44	44	44	44	44	44	44	44
Fire extinguishers	7.50%	29-Mar-16	73	1	6	6	6	6	6	6	6	6	6
Stair pressurisation & extraction fans	5.00%	29-Mar-16	459	6	23	23	23	23	23	23	23	23	23
Fire sprinklers - pumps only													
	5.00%	29-Mar-16	104	1	5	5	5	5	5	5	5	5	5
Floor coverings (removable without damage)													
Carpets	10.00%	29-Mar-16	2,919	74	292	292	292	292	292	292	292	292	292
Floating timber	6.67%	29-Mar-16	2,419	41	161	161	161	161	161	161	161	161	161
Furniture													
	7.50%	29-Mar-16	3,752	72	281	281	281	281	281	281	281	281	281
Garbage disposal													
Garbage chute	15.00%	29-Mar-16	573	22	86	86	86	86	86	86	35		
Gymnasium equipment													
Mechanical	10.00%	29-Mar-16	15	0	1	1	1	1	1	1	1	1	1
Static	10.00%	29-Mar-16	6	0	1	1	1	1	1	0			
Cardiovascular	20.00%	29-Mar-16	61	3	12	12	12	12	10				
Hot water systems (excluding piping)													
Gas or electric	8.33%	29-Mar-16	220	5	18	18	18	18	18	18	18	18	18
Carried forward			24,134	561	2,207	2,207	2,207	2,207	2,201	2,170	2,119	2,084	2,084

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			24,134	561	2,207	2,207	2,207	2,207	2,201	2,170	2,119	2,084	2,084
Kitchen assets													
Cooktops	8.33%	29-Mar-16	1,704	36	142	142	142	142	142	142	142	142	142
Dishwashers	10.00%	29-Mar-16	2,406	61	241	241	241	241	241	241	241	241	241
Ovens	8.33%	29-Mar-16	2,206	47	184	184	184	184	184	184	184	184	184
Rangehoods	8.33%	29-Mar-16	902	19	75	75	75	75	75	75	75	75	75
Lifts (including hydraulic & tractions lifts)	3.33%	29-Mar-16	14,738	125	491	491	491	491	491	491	491	491	491
Lights													
Shades, removable	20.00%	29-Mar-16	2,330	118	466	466	466	466	347				
MATV - amplifiers & modulators	10.00%	29-Mar-16	382	10	38	38	38	38	38	38	38	38	38
Sauna & spa equipment													
Sauna heating assets	6.67%	29-Mar-16	55	1	4	4	4	4	4	4	4	4	4
Security systems & equipment													
Electronic	15.00%	29-Mar-16	1,279	49	192	192	192	192	192	192	78		
Swimming pools													
Filtration equipment	7.50%	29-Mar-16	46	1	3	3	3	3	3	3	3	3	3
Ventilating plant													
Ventilation plant - fans only	5.00%	29-Mar-16	1,369	17	68	68	68	68	68	68	68	68	68
Pooled Plant Total													
Effective Life Plant Total				1,045	4,111	4,111	4,111	4,111	3,986	3,608	3,443	3,330	3,330
Total Division 40			51,551	1,045	4,111	4,111	4,111	4,111	3,986	3,608	3,443	3,330	3,330
Division 43 - Capital Works Allowance													
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 2015	2.50%	29-Mar-16	223,095	1,427	5,616	5,616	5,616	5,616	5,616	5,616	5,616	5,616	5,616
Structural Improvements - Completed 2015	2.50%	29-Mar-16	1,659	11	42	42	42	42	42	42	42	42	42
Total Division 43			224,754	1,438	5,658	5,658	5,658	5,658	5,658	5,658	5,658	5,658	5,658
Total Depreciation			276,305	2,483	9,769	9,769	9,769	9,769	9,644	9,266	9,101	8,988	8,988

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 2015	26 Oct 14 to 20 Dec 15	224,633	2.50%	5,616	223,095
Sub-total		224,633		5,616	223,095

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2015	26 Oct 14 to 20 Dec 15	1,670	2.50%	42	1,659
Sub-total		1,670		42	1,659
Totals		226,304		5,658	224,754

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

COMPANY DETAILS	
Company Name	Koste Pty Ltd
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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.