



## Tax Depreciation Report

2205/31 Bourton Road,  
Merrimac QLD 4226

Irina Rodgers and Benjiman Rodgers  
2205/31 Bourton Road  
MERRIMAC, QLD 4226

Issue Schedule	
Issue Date:	Issued by:
22 July 2019	Mark Kilroy Bsc (Hons) MRICS

Irina Rodgers and Benjiman Rodgers  
2205/31 Bourton Road  
MERRIMAC, QLD 4226

July 2019  
Job No: RES4226012

### **Tax Depreciation Report – 2205/31 Bourton Road, Merrimac QLD 4226**

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

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

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

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

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

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

Yours Sincerely

*Koste Pty Ltd*

Koste Pty Ltd  
Tax Depreciation Quantity Surveyors



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## 1. Property Information

### Date of Report

22 July 2019

### Purchaser

Irina Rodgers and Benjiman Rodgers

### Property Address

2205/31 Bourton Road, Merrimac QLD 4226

### Real Property Description

L2205 SP275619

### Property Type

Residential Unit

### Date of Construction

11 April 2016

### 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								
Diminishing value method is often the most popular form of depreciation due to the cash-flow benefits in the early years of asset ownership.	Prime Cost Method of Depreciation, often referred to as straight line depreciation is depreciated at a constant rate each year.								
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	Original Assets ** - Non-Eligible			Division 43	Grand Total
		Effective Life	Pooled Plant	Total Div 40		
1	11 May 16 to 30 June 16	1,210	0	1,210	779	779
2	1 July 16 to 30 June 17	8,586	0	8,586	5,701	5,701
3	1 July 17 to 30 June 18	6,670	0	6,670	5,701	5,701
4	1 July 18 to 30 June 19	3,858	2,328	6,187	5,701	5,701
5	1 July 19 to 30 June 20	2,789	2,159	4,947	5,701	5,701
6	1 July 20 to 30 June 21	1,973	2,010	3,983	5,701	5,701
7	1 July 21 to 30 June 22	1,450	1,593	3,043	5,701	5,701
8	1 July 22 to 30 June 23	1,040	1,365	2,404	5,701	5,701
9	1 July 23 to 30 June 24	864	853	1,717	5,701	5,701
10	1 July 24 to 30 June 25	718	533	1,251	5,701	5,701
11	1 July 25 to 30 June 26	598	333	931	5,701	5,701
12	1 July 26 to 30 June 27	300	581	881	5,701	5,701
13	1 July 27 to 30 June 28	0	1,046	1,046	5,701	5,701
14	1 July 28 to 30 June 29	0	653	653	5,701	5,701
15	1 July 29 to 30 June 30	0	408	408	5,701	5,701
16	1 July 30 to 30 June 31	0	255	255	5,701	5,701
17	1 July 31 to 30 June 32	0	160	160	5,701	5,701
18	1 July 32 to 30 June 33	0	100	100	5,701	5,701
19	1 July 33 to 30 June 34	0	62	62	5,701	5,701
20	1 July 34 to 30 June 35	0	39	39	5,701	5,701
21	1 July 35 to 30 June 36	0	24	24	5,701	5,701
22	1 July 36 to 30 June 37	0	15	15	5,701	5,701
23	1 July 37 to 30 June 38	0	10	10	5,701	5,701
24	1 July 38 to 30 June 39	0	6	6	5,701	5,701
25	1 July 39 to 30 June 40	0	4	4	5,701	5,701
26	1 July 40 to 30 June 41	0	2	2	5,701	5,701
27	1 July 41 to 30 June 42	0	1	1	5,701	5,701
28	1 July 42 to 30 June 43	0	1	1	5,701	5,701
29	1 July 43 to 30 June 44	0	1	1	5,701	5,701
30	1 July 44 to 30 June 45	0	0	0	5,701	5,701
31	1 July 45 to 30 June 46	0	0	0	5,701	5,701
32	1 July 46 to 30 June 47	0	0	0	5,701	5,701
33	1 July 47 to 30 June 48	0	0	0	5,701	5,701
34	1 July 48 to 30 June 49	0	0	0	5,701	5,701
35	1 July 49 to 30 June 50	0	0	0	5,701	5,701
36	1 July 50 to 30 June 51	0	0	0	5,701	5,701
37	1 July 51 to 30 June 52	0	0	0	5,701	5,701
38	1 July 52 to 30 June 53	0	0	0	5,701	5,701
39	1 July 53 to 30 June 54	0	0	0	5,701	5,701
40	2054+	0	0	0	10,109	10,109
<b>Totals</b>		<b>30,056</b>	<b>14,542</b>	<b>44,599</b>	<b>227,526</b>	<b>227,526</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 ** - Non-Eligible			Division 43	Grand Total
		Effective Life	Pooled Plant	Total Div 40		
1	11 May 16 to 30 June 16	605	0	605	779	779
2	1 July 16 to 30 June 17	4,430	0	4,430	5,701	5,701
3	1 July 17 to 30 June 18	4,430	0	4,430	5,701	5,701
4	1 July 18 to 30 June 19	4,430	0	4,430	5,701	5,701
5	1 July 19 to 30 June 20	4,430	0	4,430	5,701	5,701
6	1 July 20 to 30 June 21	4,319	0	4,319	5,701	5,701
7	1 July 21 to 30 June 22	3,634	0	3,634	5,701	5,701
8	1 July 22 to 30 June 23	3,556	0	3,556	5,701	5,701
9	1 July 23 to 30 June 24	3,465	0	3,465	5,701	5,701
10	1 July 24 to 30 June 25	3,464	0	3,464	5,701	5,701
11	1 July 25 to 30 June 26	3,171	0	3,171	5,701	5,701
12	1 July 26 to 30 June 27	1,383	0	1,383	5,701	5,701
13	1 July 27 to 30 June 28	1,300	0	1,300	5,701	5,701
14	1 July 28 to 30 June 29	795	0	795	5,701	5,701
15	1 July 29 to 30 June 30	475	0	475	5,701	5,701
16	1 July 30 to 30 June 31	341	0	341	5,701	5,701
17	1 July 31 to 30 June 32	79	0	79	5,701	5,701
18	1 July 32 to 30 June 33	79	0	79	5,701	5,701
19	1 July 33 to 30 June 34	77	0	77	5,701	5,701
20	1 July 34 to 30 June 35	75	0	75	5,701	5,701
21	1 July 35 to 30 June 36	60	0	60	5,701	5,701
22	1 July 36 to 30 June 37	0	0	0	5,701	5,701
23	1 July 37 to 30 June 38	0	0	0	5,701	5,701
24	1 July 38 to 30 June 39	0	0	0	5,701	5,701
25	1 July 39 to 30 June 40	0	0	0	5,701	5,701
26	1 July 40 to 30 June 41	0	0	0	5,701	5,701
27	1 July 41 to 30 June 42	0	0	0	5,701	5,701
28	1 July 42 to 30 June 43	0	0	0	5,701	5,701
29	1 July 43 to 30 June 44	0	0	0	5,701	5,701
30	1 July 44 to 30 June 45	0	0	0	5,701	5,701
31	1 July 45 to 30 June 46	0	0	0	5,701	5,701
32	1 July 46 to 30 June 47	0	0	0	5,701	5,701
33	1 July 47 to 30 June 48	0	0	0	5,701	5,701
34	1 July 48 to 30 June 49	0	0	0	5,701	5,701
35	1 July 49 to 30 June 50	0	0	0	5,701	5,701
36	1 July 50 to 30 June 51	0	0	0	5,701	5,701
37	1 July 51 to 30 June 52	0	0	0	5,701	5,701
38	1 July 52 to 30 June 53	0	0	0	5,701	5,701
39	1 July 53 to 30 June 54	0	0	0	5,701	5,701
40	2054+	0	0	0	10,109	10,109
<b>Totals</b>		<b>44,599</b>	<b>0</b>	<b>44,599</b>	<b>227,526</b>	<b>227,526</b>

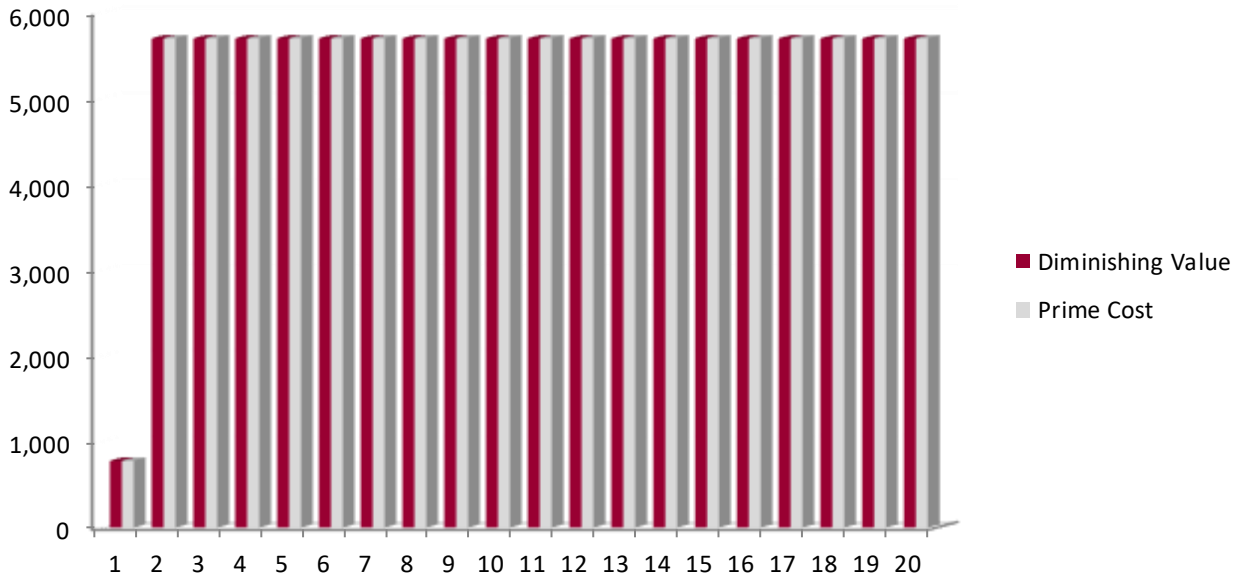
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

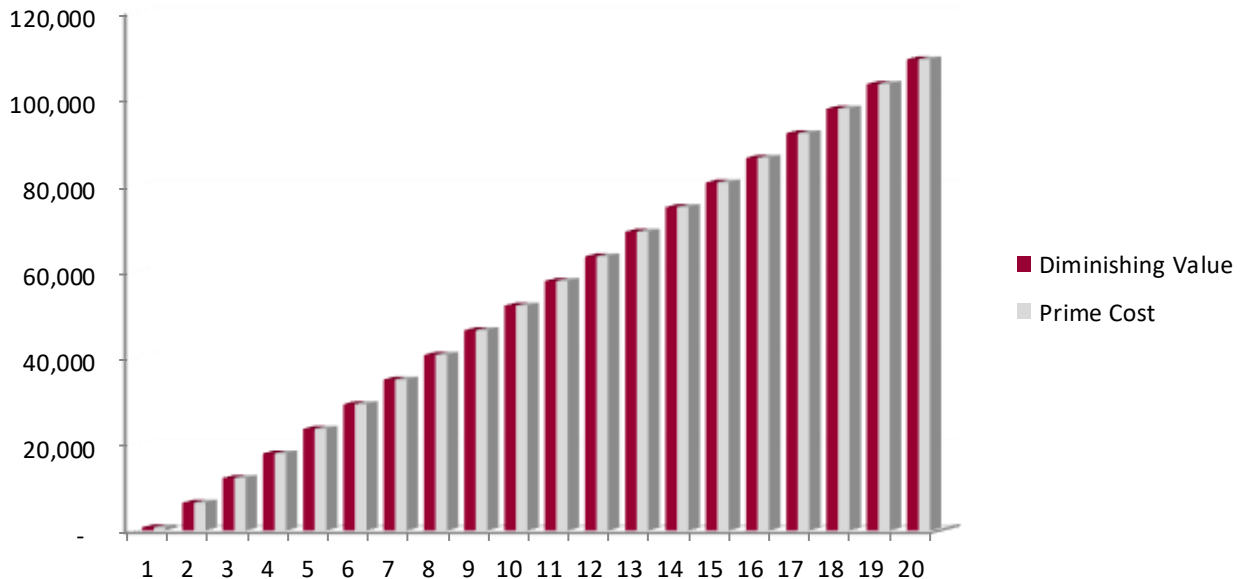
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	14 December 2015
Settlement Date	11 May 2016

### Expenditure Analysed

Purchase Price	\$372,000
Stamp Duty	\$1,147
Legals	\$1,616
Post Expenditure	\$660
<b>Total Expenditure Analysed</b>	<b>\$375,423</b>

### Historical Construction Details

Construction Start Date	15 August 2015
Construction Completion Date	11 April 2016
Historical Construction Cost (Estimated)*	\$262,187

## 9. Reconciliation of Capital Expenditure

### Apportionment of cost relating to:

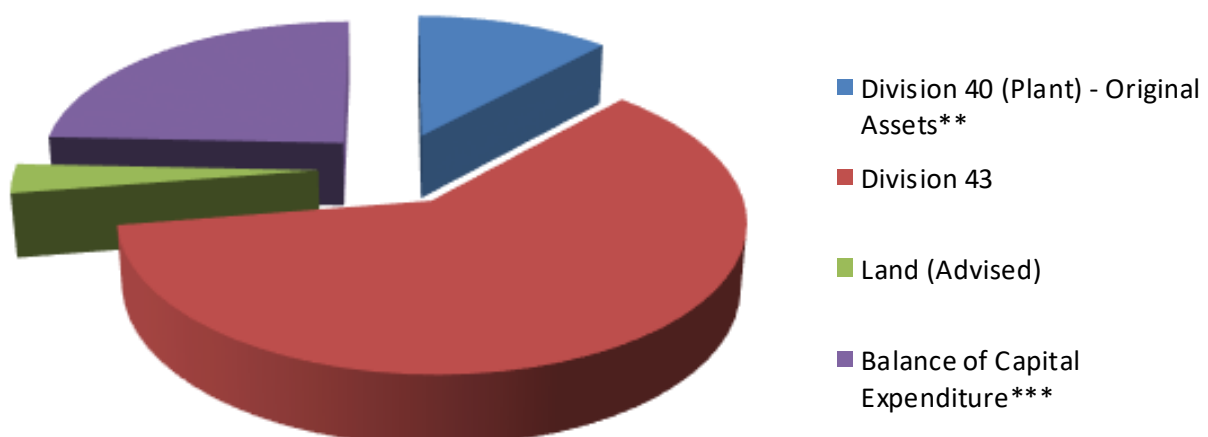
Division 40 (Plant) - Original Assets**	\$44,599
Division 43	\$227,526
Land (Advised)	\$12,127
Balance of Capital Expenditure***	\$91,171
<b>Total Expenditure Analysed</b>	<b>\$375,423</b>

### 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%	11-May-16	9,527	260	1,853	1,483	1,186	949	759	607	486	389	311
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	20.00%	11-May-16	1,760	48	342	274	219	329	205	128	80	50	31
<b>Blinds Residential</b>	20.00%	11-May-16	2,246	61	437	350	280	224	336	210	131	82	51
<b>Ceiling Fans</b>	40.00%	11-May-16	1,170	64	442	265	149	93	58	36	23	14	9
<b>Door closers</b>	20.00%	11-May-16	383	10	75	60	89	56	35	22	14	9	5
<b>Electrical Machinery &amp; Equipment :</b>													
Motors	20.00%	11-May-16	17	0	3	3	4	3	2	1	1	0	0
<b>Fire control assets</b>													
Detection & alarm systems, detectors	10.00%	11-May-16	1,135	16	112	101	340	213	133	83	52	32	20
Emergency warning & intercommunication system	16.67%	11-May-16	17	0	3	2	4	3	2	1	1	0	0
Hoses and nozzles	20.00%	11-May-16	22	1	4	3	5	3	2	1	1	0	0
Fire extinguishers	15.00%	11-May-16	22	0	3	3	6	4	2	1	1	1	0
<b>Fire sprinklers - pumps only</b>	10.00%	11-May-16	361	5	36	32	108	68	42	26	16	10	6
<b>Floor coverings ( removable without damage)</b>													
Carpets	20.00%	11-May-16	2,816	77	548	438	351	280	224	337	210	131	82
Floating timber	13.33%	11-May-16	4,600	84	602	522	452	392	340	294	255	221	192
<b>Furniture</b>	15.00%	11-May-16	5,392	111	792	673	572	487	414	352	299	254	216
<b>Garden watering system</b>	10.00%	11-May-16	17	0	2	2	5	3	2	1	1	0	0
<b>Hot water systems (excluding piping)</b>													
Gas or electric	16.67%	11-May-16	3,008	68	490	408	340	284	236	197	369	231	144
<b>Kitchen assets</b>													
Cooktops	16.67%	11-May-16	1,421	32	231	193	362	226	141	88	55	34	22
Dishwashers	20.00%	11-May-16	2,006	55	390	312	250	375	234	146	91	57	36
Microwave ovens	20.00%	11-May-16	1,003	27	195	156	234	146	91	57	36	22	14
Ovens	16.67%	11-May-16	1,838	42	299	250	208	173	325	203	127	79	50
Rangehoods	16.67%	11-May-16	752	17	122	102	191	120	75	47	29	18	11
<b>Laundry assets</b>													
Clothes dryers	20.00%	11-May-16	752	21	146	117	176	110	69	43	27	17	10
<b>Lights</b>													
Fittings (excluding hardwired)	40.00%	11-May-16	2,808	153	1,062	637	358	224	140	87	55	34	21
Carried forward			43,073	1,154	8,191	6,385	5,890	4,762	3,867	2,970	2,359	1,688	1,234

## 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			43,073	1,154	8,191	6,385	5,890	4,762	3,867	2,970	2,359	1,688	1,234
MATV - amplifiers & modulators	20.00%	11-May-16	289	8	56	45	67	42	26	16	10	6	4
<b>Outdoor assets</b>													
Barbecues	10.00%	11-May-16	36	0	4	3	11	7	4	3	2	1	1
<b>Security systems &amp; equipment</b>													
Electronic	30.00%	11-May-16	1,128	46	325	227	199	124	78	49	30	19	12
<b>Swimming pools</b>													
Filtration equipment	15.00%	11-May-16	72	1	11	9	19	12	7	5	3	2	1
<b>Pooled Plant Total</b>							2,328	2,159	2,010	1,593	1,365	853	533
<b>Effective Life Plant Total</b>					1,210	8,586	6,670	3,858	2,789	1,973	1,450	864	718
<b>Total Division 40</b>			44,599	1,210	8,586	6,670	6,187	4,947	3,983	3,043	2,404	1,717	1,251
<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 2016	2.50%	11-May-16	224,962	770	5,636	5,636	5,636	5,636	5,636	5,636	5,636	5,636	5,636
Building Works - Completed 2016	2.50%	20-May-16	660	2	17	17	17	17	17	17	17	17	17
Structural Improvements - Completed 2016	2.50%	11-May-16	1,904	7	48	48	48	48	48	48	48	48	48
<b>Total Division 43</b>			227,526	779	5,701	5,701	5,701	5,701	5,701	5,701	5,701	5,701	5,701
<b>Total Depreciation</b>			272,125	1,989	14,287	12,371	11,888	10,648	9,684	8,744	8,105	7,418	6,952

## 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%	11-May-16	9,527	130	953	953	953	953	953	953	953	953	953
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	10.00%	11-May-16	1,760	24	176	176	176	176	176	176	176	176	176
<b>Blinds Residential</b>													
	10.00%	11-May-16	2,246	31	225	225	225	225	225	225	225	225	225
<b>Ceiling Fans</b>													
	20.00%	11-May-16	1,170	32	234	234	234	234	202				
<b>Door closers</b>													
	10.00%	11-May-16	383	5	38	38	38	38	38	38	38	38	38
<b>Electrical Machinery &amp; Equipment :</b>													
Motors	10.00%	11-May-16	17	0	2	2	2	2	2	2	2	2	1
<b>Fire control assets</b>													
Detection & alarm systems, detectors	5.00%	11-May-16	1,135	8	57	57	57	57	57	57	57	57	57
Emergency warning & intercommunication system	8.33%	11-May-16	17	0	1	1	1	1	1	1	1	1	1
Hoses and nozzles	10.00%	11-May-16	22	0	2	2	2	2	2	2	2	2	2
Fire extinguishers	7.50%	11-May-16	22	0	2	2	2	2	2	2	2	2	2
<b>Fire sprinklers - pumps only</b>													
	5.00%	11-May-16	361	2	18	18	18	18	18	18	18	18	18
<b>Floor coverings ( removable without damage)</b>													
Carpets	10.00%	11-May-16	2,816	38	282	282	282	282	282	282	282	282	282
Floating timber	6.67%	11-May-16	4,600	42	307	307	307	307	307	307	307	307	307
<b>Furniture</b>													
	7.50%	11-May-16	5,392	55	404	404	404	404	404	404	404	404	404
<b>Garden watering system</b>													
	5.00%	11-May-16	17	0	1	1	1	1	1	1	1	1	1
<b>Hot water systems (excluding piping)</b>													
Gas or electric	8.33%	11-May-16	3,008	34	251	251	251	251	251	251	251	251	251
<b>Kitchen assets</b>													
Cooktops	8.33%	11-May-16	1,421	16	118	118	118	118	118	118	118	118	118
Dishwashers	10.00%	11-May-16	2,006	27	201	201	201	201	201	201	201	201	201
Microwave ovens	10.00%	11-May-16	1,003	14	100	100	100	100	100	100	100	100	100
Ovens	8.33%	11-May-16	1,838	21	153	153	153	153	153	153	153	153	153
Rangehoods	8.33%	11-May-16	752	9	63	63	63	63	63	63	63	63	63
<b>Laundry assets</b>													
Clothes dryers	10.00%	11-May-16	752	10	75	75	75	75	75	75	75	75	75
<b>Lights</b>													
Fittings (excluding hardwired)	20.00%	11-May-16	2,808	77	562	562	562	562	483				
Carried forward			43,073	577	4,225	4,225	4,225	4,225	4,114	3,429	3,429	3,429	3,428

## 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				43,073	577	4,225	4,225	4,225	4,225	4,114	3,429	3,429	3,429	3,428
MATV - amplifiers & modulators		10.00%	11-May-16	289	4	29	29	29	29	29	29	29	29	29
<b>Outdoor assets</b>														
Barbecues		5.00%	11-May-16	36	0	2	2	2	2	2	2	2	2	2
<b>Security systems &amp; equipment</b>														
Electronic		15.00%	11-May-16	1,128	23	169	169	169	169	169	169	91		
<b>Swimming pools</b>														
Filtration equipment		7.50%	11-May-16	72	1	5	5	5	5	5	5	5	5	5
<b>Pooled Plant Total</b>														
Effective Life Plant Total					605	4,430	4,430	4,430	4,430	4,319	3,634	3,556	3,465	3,464
Total Division 40				44,599	605	4,430	4,430	4,430	4,430	4,319	3,634	3,556	3,465	3,464
<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 2016		2.50%	11-May-16	224,962	770	5,636	5,636	5,636	5,636	5,636	5,636	5,636	5,636	5,636
Building Works - Completed 2016		2.50%	20-May-16	660	2	17	17	17	17	17	17	17	17	17
Structural Improvements - Completed 2016		2.50%	11-May-16	1,904	7	48	48	48	48	48	48	48	48	48
Total Division 43				227,526	779	5,701	5,701	5,701	5,701	5,701	5,701	5,701	5,701	5,701
Total Depreciation				272,125	1,384	10,131	10,131	10,131	10,131	10,020	9,335	9,257	9,166	9,165



## 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 2016	15 Aug 15 to 11 Apr 16	225,426	2.50%	5,636	224,962
Building Works - Completed 2016	17 May 16 to 20 May 16	660	2.50%	17	660
<b>Sub-total</b>		<b>226,086</b>		<b>5,653</b>	<b>225,622</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2016	15 Aug 15 to 11 Apr 16	1,908	2.50%	48	1,904
<b>Sub-total</b>		<b>1,908</b>		<b>48</b>	<b>1,904</b>
<b>Totals</b>		<b>227,993</b>		<b>5,701</b>	<b>227,526</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	
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.