



Tax Depreciation Report

18 Mount Flinders Place,
Algester QLD 4115

Di Wu and Shuai Li
Po Box 3756
SUNNYBANK SOUTH, QLD 4109

Issue Schedule	
Issue Date:	Issued by:
04 September 2019	Mark Kilroy Bsc (Hons) MRICS

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SUNNYBANK SOUTH, QLD 4109

September 2019
Job No: RES4115012

Tax Depreciation Report – 18 Mount Flinders Place, Algester QLD 4115

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 September 2019

Purchaser

Di Wu and Shuai Li

Property Address

18 Mount Flinders Place, Algester QLD 4115

Real Property Description

L8 SP140391

Property Type

Residential House

Date of Construction

1 December 2005

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	Original Assets ** - Non-Eligible			Post Expenditure			Division 43	Grand Total
		Effective Life	Pooled Plant	Total Div 40	Effective Life	Pooled Plant	Total Div 40		
1	23 June 16 to 30 June 16	7,473	0	7,473	34	0	34	106	140
2	1 July 16 to 30 June 17	7,294	0	7,294	1,757	0	1,757	5,523	7,280
3	1 July 17 to 30 June 18	5,831	0	5,831	1,483	0	1,483	5,523	7,006
4	1 July 18 to 30 June 19	4,293	600	4,893	760	1,029	1,789	5,523	7,312
5	1 July 19 to 30 June 20	3,410	676	4,085	518	988	1,506	5,523	7,029
6	1 July 20 to 30 June 21	2,848	422	3,271	449	617	1,066	5,523	6,589
7	1 July 21 to 30 June 22	2,229	618	2,847	389	386	775	5,523	6,298
8	1 July 22 to 30 June 23	1,723	761	2,484	337	241	578	5,523	6,101
9	1 July 23 to 30 June 24	1,282	794	2,076	292	151	443	5,523	5,966
10	1 July 24 to 30 June 25	1,092	496	1,588	253	94	347	5,523	5,870
11	1 July 25 to 30 June 26	746	661	1,407	219	59	278	5,523	5,801
12	1 July 26 to 30 June 27	482	729	1,211	190	37	227	5,523	5,750
13	1 July 27 to 30 June 28	434	455	889	165	23	188	5,523	5,711
14	1 July 28 to 30 June 29	391	285	675	143	14	157	5,523	5,680
15	1 July 29 to 30 June 30	351	178	529	0	357	357	5,523	5,880
16	1 July 30 to 30 June 31	316	111	428	0	223	223	5,523	5,746
17	1 July 31 to 30 June 32	285	69	354	0	139	139	5,523	5,662
18	1 July 32 to 30 June 33	256	43	300	0	87	87	5,523	5,610
19	1 July 33 to 30 June 34	231	27	258	0	54	54	5,523	5,577
20	1 July 34 to 30 June 35	208	17	225	0	34	34	5,523	5,557
21	1 July 35 to 30 June 36	187	11	197	0	21	21	5,523	5,544
22	1 July 36 to 30 June 37	168	7	175	0	13	13	5,523	5,536
23	1 July 37 to 30 June 38	151	4	155	0	8	8	5,523	5,531
24	1 July 38 to 30 June 39	136	3	139	0	5	5	5,523	5,528
25	1 July 39 to 30 June 40	123	2	124	0	3	3	5,523	5,526
26	1 July 40 to 30 June 41	110	1	111	0	2	2	5,523	5,525
27	1 July 41 to 30 June 42	0	373	373	0	1	1	5,523	5,524
28	1 July 42 to 30 June 43	0	233	233	0	1	1	5,523	5,524
29	1 July 43 to 30 June 44	0	146	146	0	0	0	5,523	5,523
30	1 July 44 to 30 June 45	0	91	91	0	0	0	5,523	5,523
31	1 July 45 to 30 June 46	0	57	57	0	0	0	3,784	3,784
32	1 July 46 to 30 June 47	0	36	36	0	0	0	2,535	2,535
33	1 July 47 to 30 June 48	0	22	22	0	0	0	2,535	2,535
34	1 July 48 to 30 June 49	0	14	14	0	0	0	2,535	2,535
35	1 July 49 to 30 June 50	0	9	9	0	0	0	2,444	2,444
36	1 July 50 to 30 June 51	0	5	5	0	0	0	1,824	1,824
37	1 July 51 to 30 June 52	0	3	3	0	0	0	1,824	1,824
38	1 July 52 to 30 June 53	0	2	2	0	0	0	1,824	1,824
39	1 July 53 to 30 June 54	0	1	1	0	0	0	1,824	1,824
40	2054+	0	2	2	0	0	0	1,231	1,231
Totals		42,049	7,965	50,014	6,955	4,592	11,580	182,633	194,213

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			Post Expenditure			Division 43	Grand Total
		Effective Life	Pooled Plant	Total Div 40	Effective Life	Pooled Plant	Total Div 40		
1	23 June 16 to 30 June 16	7,403	0	7,403	17	0	17	106	123
2	1 July 16 to 30 June 17	3,660	0	3,660	883	0	883	5,523	6,406
3	1 July 17 to 30 June 18	3,660	0	3,660	883	0	883	5,523	6,406
4	1 July 18 to 30 June 19	3,660	0	3,660	883	0	883	5,523	6,406
5	1 July 19 to 30 June 20	3,660	0	3,660	883	0	883	5,523	6,406
6	1 July 20 to 30 June 21	3,651	0	3,651	883	0	883	5,523	6,406
7	1 July 21 to 30 June 22	3,212	0	3,212	883	0	883	5,523	6,406
8	1 July 22 to 30 June 23	3,204	0	3,204	883	0	883	5,523	6,406
9	1 July 23 to 30 June 24	3,181	0	3,181	883	0	883	5,523	6,406
10	1 July 24 to 30 June 25	3,181	0	3,181	883	0	883	5,523	6,406
11	1 July 25 to 30 June 26	3,139	0	3,139	880	0	880	5,523	6,403
12	1 July 26 to 30 June 27	1,131	0	1,131	713	0	713	5,523	6,236
13	1 July 27 to 30 June 28	1,131	0	1,131	697	0	697	5,523	6,220
14	1 July 28 to 30 June 29	936	0	936	512	0	512	5,523	6,035
15	1 July 29 to 30 June 30	804	0	804	428	0	428	5,523	5,951
16	1 July 30 to 30 June 31	736	0	736	387	0	387	5,523	5,910
17	1 July 31 to 30 June 32	736	0	736	0	0	0	5,523	5,523
18	1 July 32 to 30 June 33	736	0	736	0	0	0	5,523	5,523
19	1 July 33 to 30 June 34	736	0	736	0	0	0	5,523	5,523
20	1 July 34 to 30 June 35	736	0	736	0	0	0	5,523	5,523
21	1 July 35 to 30 June 36	717	0	717	0	0	0	5,523	5,523
22	1 July 36 to 30 June 37	3	0	3	0	0	0	5,523	5,523
23	1 July 37 to 30 June 38	0	0	0	0	0	0	5,523	5,523
24	1 July 38 to 30 June 39	0	0	0	0	0	0	5,523	5,523
25	1 July 39 to 30 June 40	0	0	0	0	0	0	5,523	5,523
26	1 July 40 to 30 June 41	0	0	0	0	0	0	5,523	5,523
27	1 July 41 to 30 June 42	0	0	0	0	0	0	5,523	5,523
28	1 July 42 to 30 June 43	0	0	0	0	0	0	5,523	5,523
29	1 July 43 to 30 June 44	0	0	0	0	0	0	5,523	5,523
30	1 July 44 to 30 June 45	0	0	0	0	0	0	5,523	5,523
31	1 July 45 to 30 June 46	0	0	0	0	0	0	3,784	3,784
32	1 July 46 to 30 June 47	0	0	0	0	0	0	2,535	2,535
33	1 July 47 to 30 June 48	0	0	0	0	0	0	2,535	2,535
34	1 July 48 to 30 June 49	0	0	0	0	0	0	2,535	2,535
35	1 July 49 to 30 June 50	0	0	0	0	0	0	2,444	2,444
36	1 July 50 to 30 June 51	0	0	0	0	0	0	1,824	1,824
37	1 July 51 to 30 June 52	0	0	0	0	0	0	1,824	1,824
38	1 July 52 to 30 June 53	0	0	0	0	0	0	1,824	1,824
39	1 July 53 to 30 June 54	0	0	0	0	0	0	1,824	1,824
40	2054+	0	0	0	0	0	0	1,231	1,231
Totals		50,014	0	50,014	11,580	0	11,580	182,633	194,213

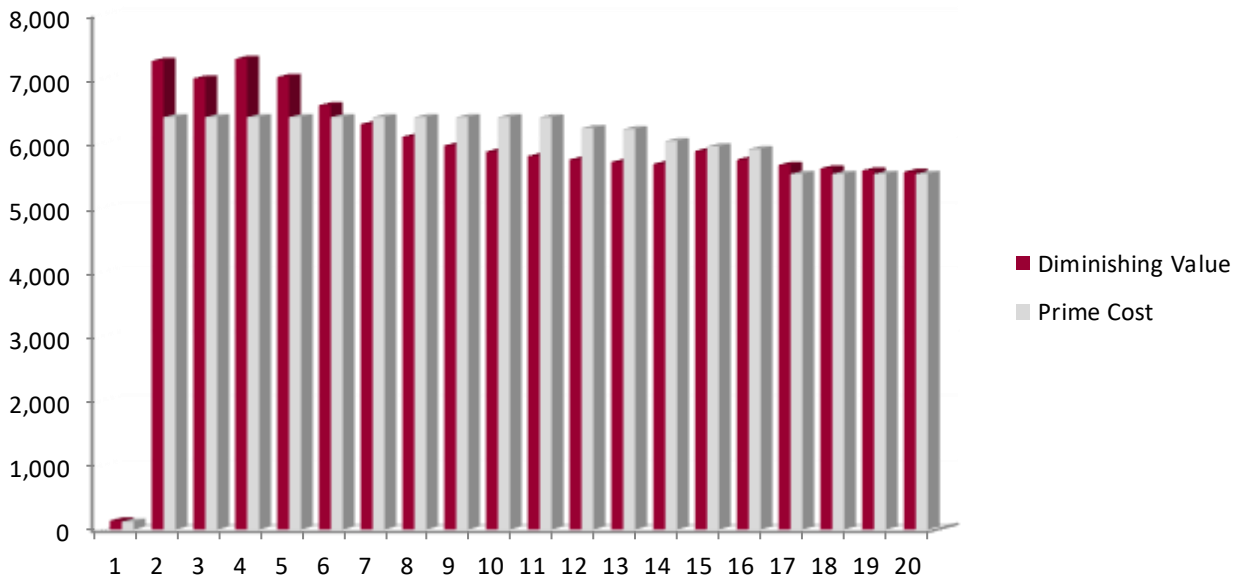
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

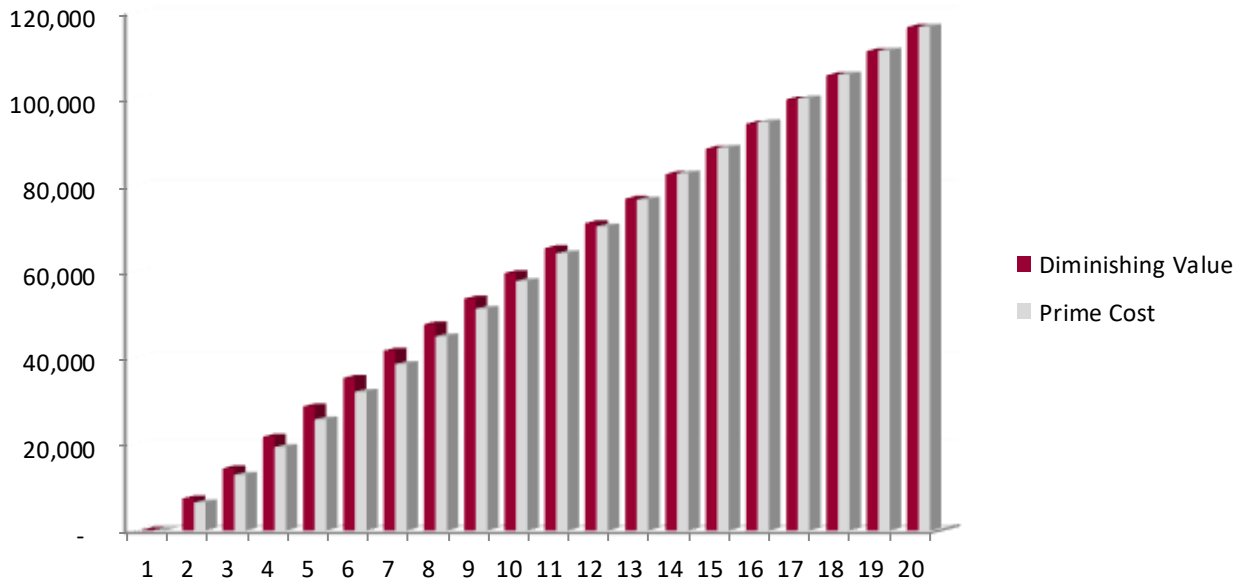
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	30 March 2016
Settlement Date	23 June 2016

Expenditure Analysed

Purchase Price	\$499,000
Stamp Duty	\$15,890
Legals	\$1,500
Post Expenditure	\$28,080
Total Expenditure Analysed	\$544,470

Historical Construction Details

Construction Start Date	4 June 2005
Construction Completion Date	1 December 2005
Historical Construction Cost (Estimated)*	\$226,513

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

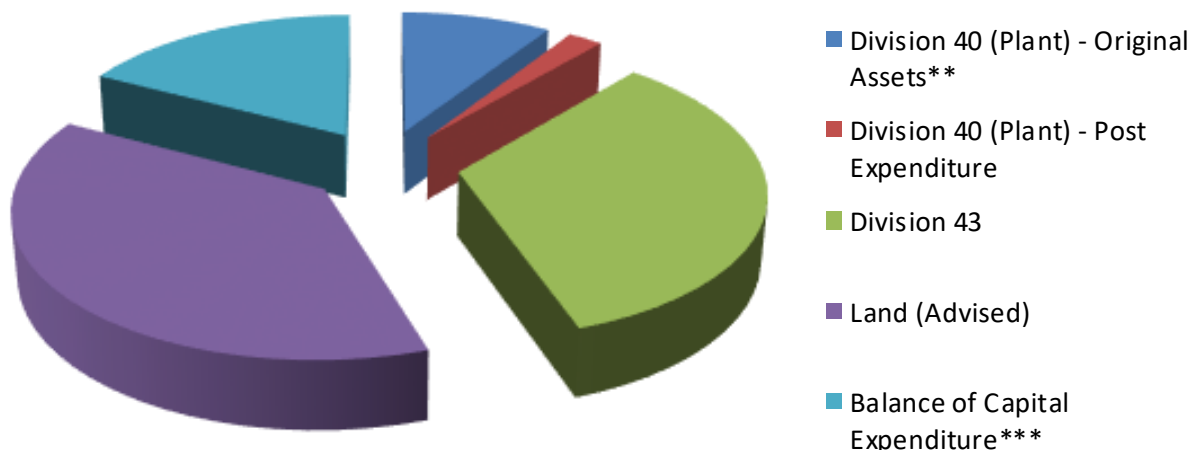
Division 40 (Plant) - Original Assets**	\$50,014
Division 40 (Plant) - Post Expenditure	\$11,580
Division 43	\$182,633
Land (Advised)	\$205,956
Balance of Capital Expenditure***	\$94,287
Total Expenditure Analysed	\$544,470

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
Air-conditioning assets (excl. ducting, pipes & vents)													
Mini split system upto 20KW	20.00%	23-Jun-16	7,857	30	1,565	1,252	1,002	801	641	513	410	328	263
Bathroom assets													
Exhaust fans (including light/heating)	20.00%	23-Jun-16	655	655									
Blinds Residential													
	20.00%	23-Jun-16	4,062	16	809	647	518	414	331	265	212	318	199
Fire control assets													
Detection & alarm systems, detectors	10.00%	23-Jun-16	864	2	86	78	262	164	102	64	40	25	16
Floor coverings (removable without damage)													
Carpets	20.00%	23-Jun-16	7,007	27	1,396	1,117	893	715	572	457	366	293	234
Furniture	15.00%	23-Jun-16	2,658	8	398	338	287	244	208	176	375	234	146
Furniture	15.00%	23-Jun-16	1,964	1,964									
Garage doors, automatic													
Controls	40.00%	23-Jun-16	223	2	88	53	30	19	12	7	5	3	2
Motors	20.00%	23-Jun-16	1,571	6	313	250	200	301	188	117	73	46	29
Garbage disposal													
Garbage bins	30.00%	23-Jun-16	210	1	62	44	38	24	15	9	6	4	2
Hot water systems (excluding piping)													
Gas or electric	16.67%	23-Jun-16	2,357	8	392	326	272	227	189	354	221	138	86
Kitchen assets													
Cooktops	16.67%	23-Jun-16	1,113	1,113									
Dishwashers	20.00%	23-Jun-16	1,571	1,571									
Ovens	16.67%	23-Jun-16	1,440	1,440									
Rangehoods	16.67%	23-Jun-16	589	589									
Lights													
Fittings (excluding hardwired)	40.00%	23-Jun-16	2,017	15	800	480	270	169	106	66	41	26	16
Solar power generating system assets													
	10.00%	23-Jun-16	13,855	26	1,383	1,245	1,120	1,008	907	817	735	661	595
Additional Items (Post Expenditure)				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Bathroom assets													
Exhaust fans (including light/heating)	20.00%	23-Jun-16	500	2	100	80	120	75	47	29	18	11	7
Floor coverings (removable without damage)													
Floating timber	13.33%	23-Jun-16	5,980	15	795	689	597	518	449	389	337	292	253
Furniture													
	15.00%	23-Jun-16	1,500	4	224	191	162	344	215	135	84	53	33
Carried forward			57,994	7,495	8,413	6,790	5,772	5,022	3,981	3,399	2,924	2,432	1,881

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			57,994	7,495	8,413	6,790	5,772	5,022	3,981	3,399	2,924	2,432	1,881
Kitchen assets													
Cooktops	16.67%	23-Jun-16	850	3	141	118	221	138	86	54	34	21	13
Dishwashers	20.00%	23-Jun-16	1,200	5	239	191	287	179	112	70	44	27	17
Ovens	16.67%	23-Jun-16	1,100	4	183	152	286	178	112	70	44	27	17
Rangehoods	16.67%	23-Jun-16	450	1	75	62	117	73	46	29	18	11	7
Pooled Plant Total							1,630	1,664	1,040	1,004	1,002	945	590
Effective Life Plant Total				7,507	9,051	7,314	5,053	3,927	3,297	2,617	2,060	1,575	1,345
Total Division 40			61,594	7,507	9,051	7,314	6,682	5,591	4,337	3,621	3,063	2,519	1,936
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 2005	2.50%	23-Jun-16	81,806	53	2,779	2,779	2,779	2,779	2,779	2,779	2,779	2,779	2,779
Building Works - Completed 2010	2.50%	23-Jun-16	24,097	14	711	711	711	711	711	711	711	711	711
Building Works - Completed 2014	2.50%	23-Jun-16	37,793	19	994	994	994	994	994	994	994	994	994
Building Works - Completed 2016	2.50%	23-Jun-16	9,966	5	251	251	251	251	251	251	251	251	251
Building Works - Completed 2016	2.50%	23-Jun-16	16,500	8	413	413	413	413	413	413	413	413	413
Structural Improvements - Completed 2005	2.50%	23-Jun-16	6,152	4	209	209	209	209	209	209	209	209	209
Structural Improvements - Completed 2014	2.50%	23-Jun-16	6,319	3	166	166	166	166	166	166	166	166	166
Total Division 43			182,633	106	5,523	5,523	5,523	5,523	5,523	5,523	5,523	5,523	5,523
Total Depreciation			244,227	7,613	14,574	12,837	12,205	11,114	9,860	9,144	8,586	8,042	7,459

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%	23-Jun-16	7,857	15	786	786	786	786	786	786	786	786	786
Bathroom assets													
Exhaust fans (including light/heating)	10.00%	23-Jun-16	655	655									
Blinds Residential													
	10.00%	23-Jun-16	4,062	8	406	406	406	406	406	406	406	406	406
Fire control assets													
Detection & alarm systems, detectors	5.00%	23-Jun-16	864	1	43	43	43	43	43	43	43	43	43
Floor coverings (removable without damage)													
Carpets	10.00%	23-Jun-16	7,007	13	701	701	701	701	701	701	701	701	701
Furniture													
Furniture	7.50%	23-Jun-16	2,658	4	199	199	199	199	199	199	199	199	199
Furniture	7.50%	23-Jun-16	1,964	1,964									
Garage doors, automatic													
Controls	20.00%	23-Jun-16	223	1	45	45	45	45	42				
Motors	10.00%	23-Jun-16	1,571	3	157	157	157	157	157	157	157	157	157
Garbage disposal													
Garbage bins	15.00%	23-Jun-16	210	1	31	31	31	31	31	31	23		
Hot water systems (excluding piping)													
Gas or electric	8.33%	23-Jun-16	2,357	4	196	196	196	196	196	196	196	196	196
Kitchen assets													
Cooktops	8.33%	23-Jun-16	1,113	1,113									
Dishwashers	10.00%	23-Jun-16	1,571	1,571									
Ovens	8.33%	23-Jun-16	1,440	1,440									
Rangehoods	8.33%	23-Jun-16	589	589									
Lights													
Fittings (excluding hardwired)	20.00%	23-Jun-16	2,017	8	403	403	403	403	397				
Solar power generating system assets													
	5.00%	23-Jun-16	13,855	13	693	693	693	693	693	693	693	693	693
Additional Items (Post Expenditure)				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Bathroom assets													
Exhaust fans (including light/heating)	10.00%	23-Jun-16	500	1	50	50	50	50	50	50	50	50	50
Floor coverings (removable without damage)													
Floating timber	6.67%	23-Jun-16	5,980	8	399	399	399	399	399	399	399	399	399
Furniture													
	7.50%	23-Jun-16	1,500	2	113	113	113	113	113	113	113	113	113
Carried forward			57,994	7,414	4,222	4,222	4,222	4,222	4,213	3,774	3,766	3,743	3,743

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			57,994	7,414	4,222	4,222	4,222	4,222	4,213	3,774	3,766	3,743	3,743
Kitchen assets													
Cooktops	8.33%	23-Jun-16	850	1	71	71	71	71	71	71	71	71	71
Dishwashers	10.00%	23-Jun-16	1,200	2	120	120	120	120	120	120	120	120	120
Ovens	8.33%	23-Jun-16	1,100	2	92	92	92	92	92	92	92	92	92
Rangehoods	8.33%	23-Jun-16	450	1	38	38	38	38	38	38	38	38	38
Pooled Plant Total													
Effective Life Plant Total				7,420	4,543	4,543	4,543	4,543	4,534	4,095	4,087	4,064	4,064
Total Division 40			61,594	7,420	4,543	4,543	4,543	4,543	4,534	4,095	4,087	4,064	4,064
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 2005	2.50%	23-Jun-16	81,806	53	2,779	2,779	2,779	2,779	2,779	2,779	2,779	2,779	2,779
Building Works - Completed 2010	2.50%	23-Jun-16	24,097	14	711	711	711	711	711	711	711	711	711
Building Works - Completed 2014	2.50%	23-Jun-16	37,793	19	994	994	994	994	994	994	994	994	994
Building Works - Completed 2016	2.50%	23-Jun-16	9,966	5	251	251	251	251	251	251	251	251	251
Building Works - Completed 2016	2.50%	23-Jun-16	16,500	8	413	413	413	413	413	413	413	413	413
Structural Improvements - Completed 2005	2.50%	23-Jun-16	6,152	4	209	209	209	209	209	209	209	209	209
Structural Improvements - Completed 2014	2.50%	23-Jun-16	6,319	3	166	166	166	166	166	166	166	166	166
Total Division 43			182,633	106	5,523	5,523	5,523	5,523	5,523	5,523	5,523	5,523	5,523
Total Depreciation			244,227	7,526	10,066	10,066	10,066	10,066	10,057	9,618	9,610	9,587	9,587

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 2005	4 Jun 05 to 1 Dec 05	111,177	2.50%	2,779	81,806
Building Works - Completed 2010	5 May 10 to 8 May 10	28,460	2.50%	711	24,097
Building Works - Completed 2014	1 Jul 14 to 6 Jul 14	39,747	2.50%	994	37,793
Building Works - Completed 2016	10 Feb 16 to 15 Feb 16	10,055	2.50%	251	9,966
Building Works - Completed 2016	23 Jun 16 to 23 Jun 16	16,500	2.50%	413	16,500

Sub-total 205,938 5,148 170,162

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2005	4 Jun 05 to 1 Dec 05	8,360	2.50%	209	6,152
Structural Improvements - Completed 2014	1 Jul 14 to 6 Jul 14	6,646	2.50%	166	6,319

Sub-total 15,006 375 12,471

Totals 220,945 5,523 182,633

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	
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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.