



## Tax Depreciation Report

Shop 3 Westpoint Shopping Centre,  
Browns Plains Road, Browns Plains

Browns Plains Discount Drug Store  
Shop 3 Westpoint Shopping Centre  
Browns Plains Road  
BROWNS PLAINS, QLD 4118

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

Browns Plains Discount Drug Store  
Shop 3 Westpoint Shopping Centre  
Browns Plains Road  
BROWNS PLAINS, QLD 4118

September 2019  
Job No: COM4118002

**Tax Depreciation Report – Shop 3 Westpoint Shopping Centre, Browns Plains Road, Browns Plains**

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

4 September 2019

### Purchaser

Browns Plains Discount Drug Store

### Property Address

Shop 3 Westpoint Shopping Centre, Browns Plains Road, Browns Plains

### Property Type

Commercial

### Date of Construction

22 July 2019

### 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	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	22 July 19 to 30 June 20	37,346	9,955	47,301	22,314	69,615
2	1 July 20 to 30 June 21	31,873	16,177	48,050	23,741	71,791
3	1 July 21 to 30 June 22	24,993	10,450	35,443	23,741	59,184
4	1 July 22 to 30 June 23	19,908	6,531	26,439	23,741	50,180
5	1 July 23 to 30 June 24	15,379	4,760	20,138	23,741	43,879
6	1 July 24 to 30 June 25	12,377	2,975	15,352	23,741	39,093
7	1 July 25 to 30 June 26	9,968	1,859	11,827	23,741	35,568
8	1 July 26 to 30 June 27	7,892	1,480	9,372	23,741	33,113
9	1 July 27 to 30 June 28	6,173	1,279	7,452	23,741	31,193
10	1 July 28 to 30 June 29	4,982	800	5,781	23,741	29,522
11	1 July 29 to 30 June 30	4,024	500	4,524	23,741	28,265
12	1 July 30 to 30 June 31	3,255	312	3,567	23,741	27,308
13	1 July 31 to 30 June 32	2,452	539	2,991	23,741	26,732
14	1 July 32 to 30 June 33	1,794	704	2,498	23,741	26,239
15	1 July 33 to 30 June 34	1,461	440	1,901	23,741	25,642
16	1 July 34 to 30 June 35	1,192	275	1,467	23,741	25,208
17	1 July 35 to 30 June 36	797	504	1,301	23,741	25,042
18	1 July 36 to 30 June 37	656	315	971	23,741	24,712
19	1 July 37 to 30 June 38	542	197	739	23,741	24,480
20	1 July 38 to 30 June 39	449	123	572	23,741	24,313
21	1 July 39 to 30 June 40	373	77	449	23,741	24,190
22	1 July 40 to 30 June 41	310	48	358	23,741	24,099
23	1 July 41 to 30 June 42	0	702	702	23,741	24,443
24	1 July 42 to 30 June 43	0	439	439	23,741	24,180
25	1 July 43 to 30 June 44	0	274	274	23,741	24,015
26	1 July 44 to 30 June 45	0	171	171	23,741	23,912
27	1 July 45 to 30 June 46	0	107	107	23,741	23,848
28	1 July 46 to 30 June 47	0	67	67	23,741	23,808
29	1 July 47 to 30 June 48	0	42	42	23,741	23,783
30	1 July 48 to 30 June 49	0	26	26	23,741	23,767
31	1 July 49 to 30 June 50	0	16	16	23,741	23,757
32	1 July 50 to 30 June 51	0	10	10	23,741	23,751
33	1 July 51 to 30 June 52	0	6	6	23,741	23,747
34	1 July 52 to 30 June 53	0	4	4	23,741	23,745
35	1 July 53 to 30 June 54	0	2	2	23,741	23,743
36	1 July 54 to 30 June 55	0	2	2	23,741	23,743
37	1 July 55 to 30 June 56	0	1	1	23,741	23,742
38	1 July 56 to 30 June 57	0	1	1	23,741	23,742
39	1 July 57 to 30 June 58	0	0	0	23,741	23,741
40	2058+	0	1	1	25,163	25,164
<b>Totals</b>		<b>188,195</b>	<b>62,170</b>	<b>250,365</b>	<b>949,635</b>	<b>1,200,000</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	22 July 19 to 30 June 20	18,673	9,955	28,628	22,314	50,942
2	1 July 20 to 30 June 21	19,868	16,177	36,045	23,741	59,786
3	1 July 21 to 30 June 22	19,868	10,111	29,979	23,741	53,720
4	1 July 22 to 30 June 23	19,868	6,319	26,187	23,741	49,928
5	1 July 23 to 30 June 24	19,868	3,950	23,818	23,741	47,559
6	1 July 24 to 30 June 25	18,740	2,468	21,209	23,741	44,950
7	1 July 25 to 30 June 26	18,594	1,543	20,137	23,741	43,878
8	1 July 26 to 30 June 27	18,398	964	19,362	23,741	43,103
9	1 July 27 to 30 June 28	18,398	603	19,001	23,741	42,742
10	1 July 28 to 30 June 29	18,398	377	18,775	23,741	42,516
11	1 July 29 to 30 June 30	1,802	235	2,037	23,741	25,778
12	1 July 30 to 30 June 31	750	147	897	23,741	24,638
13	1 July 31 to 30 June 32	515	92	607	23,741	24,348
14	1 July 32 to 30 June 33	500	57	557	23,741	24,298
15	1 July 33 to 30 June 34	500	36	536	23,741	24,277
16	1 July 34 to 30 June 35	500	22	522	23,741	24,263
17	1 July 35 to 30 June 36	500	14	514	23,741	24,255
18	1 July 36 to 30 June 37	500	9	509	23,741	24,250
19	1 July 37 to 30 June 38	500	5	505	23,741	24,246
20	1 July 38 to 30 June 39	500	3	503	23,741	24,244
21	1 July 39 to 30 June 40	30	2	32	23,741	23,773
22	1 July 40 to 30 June 41	0	1	1	23,741	23,742
23	1 July 41 to 30 June 42	0	1	1	23,741	23,742
24	1 July 42 to 30 June 43	0	1	1	23,741	23,742
25	1 July 43 to 30 June 44	0	0	0	23,741	23,741
26	1 July 44 to 30 June 45	0	0	0	23,741	23,741
27	1 July 45 to 30 June 46	0	0	0	23,741	23,741
28	1 July 46 to 30 June 47	0	0	0	23,741	23,741
29	1 July 47 to 30 June 48	0	0	0	23,741	23,741
30	1 July 48 to 30 June 49	0	0	0	23,741	23,741
31	1 July 49 to 30 June 50	0	0	0	23,741	23,741
32	1 July 50 to 30 June 51	0	0	0	23,741	23,741
33	1 July 51 to 30 June 52	0	0	0	23,741	23,741
34	1 July 52 to 30 June 53	0	0	0	23,741	23,741
35	1 July 53 to 30 June 54	0	0	0	23,741	23,741
36	1 July 54 to 30 June 55	0	0	0	23,741	23,741
37	1 July 55 to 30 June 56	0	0	0	23,741	23,741
38	1 July 56 to 30 June 57	0	0	0	23,741	23,741
39	1 July 57 to 30 June 58	0	0	0	23,741	23,741
40	2058+	0	0	0	25,163	25,163
<b>Totals</b>		<b>197,270</b>	<b>53,095</b>	<b>250,365</b>	<b>949,635</b>	<b>1,200,000</b>

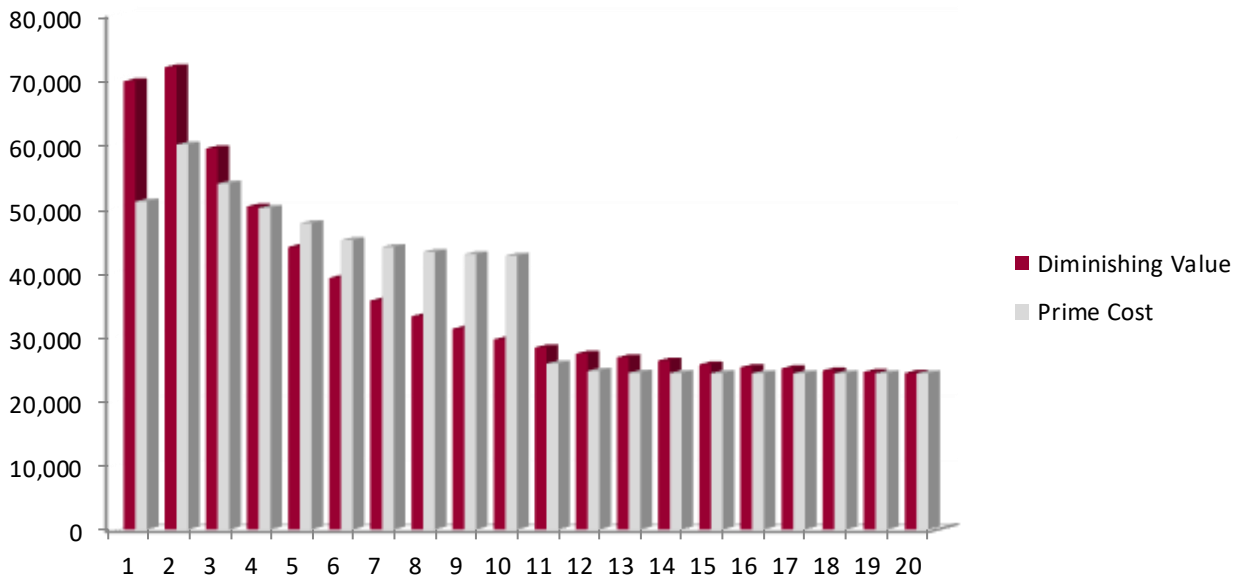
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

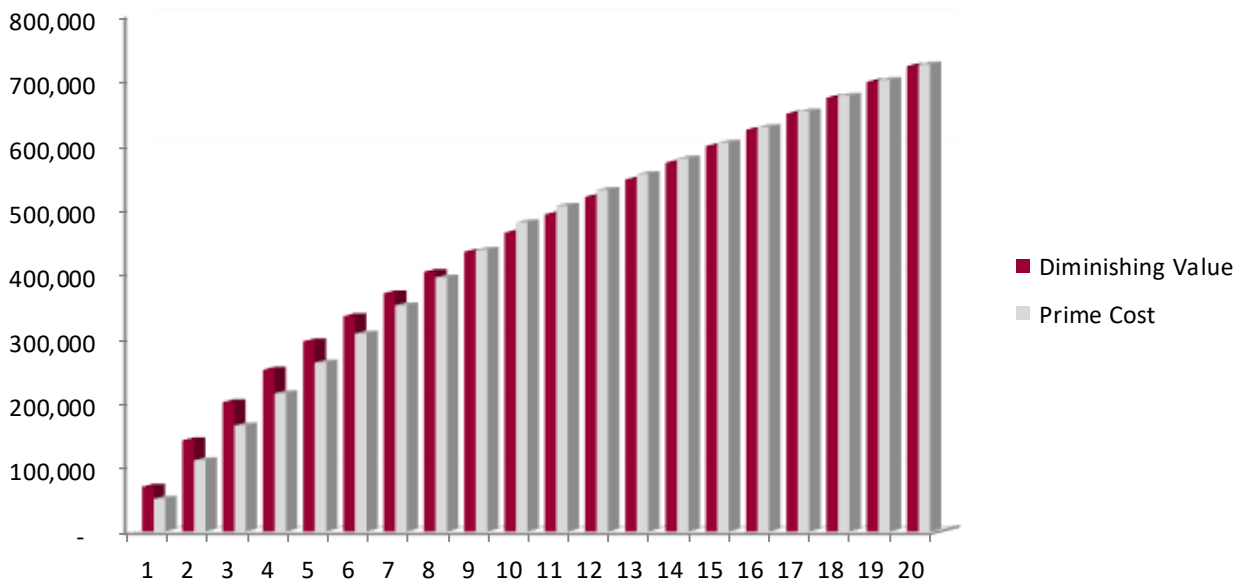
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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

### Construction Details

Contract Date	22 June 2019
Handover Date	22 July 2019

### Expenditure Analysed

Construction Cost	\$2,700,000
Stamp Duty	N/A
<b>Total Expenditure Analysed</b>	<b>\$2,700,000</b>

### Historical Construction Details

Construction Start Date	22 June 2019
Construction Completion Date	22 July 2019
Historical Construction Cost (Estimated)*	\$2,700,000

## 9. Reconciliation of Capital Expenditure

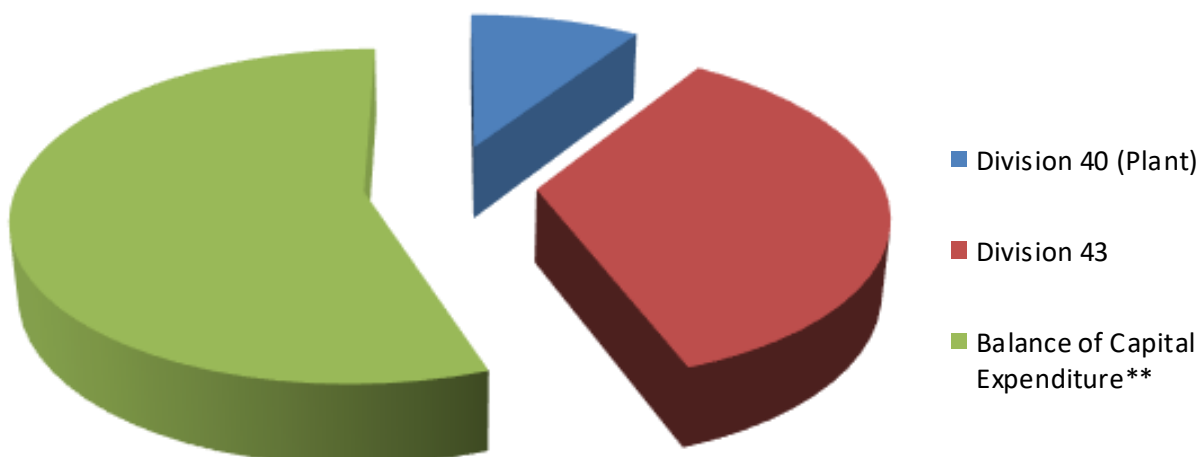
### Apportionment of cost relating to:

Division 40 (Plant)	\$250,365
Division 43	\$949,635
Balance of Capital Expenditure**	\$1,500,000
<b>Total Expenditure Analysed</b>	<b>\$2,700,000</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>Bathroom assets</b>													
Accessories freestanding	18.75%	22-Jul-19	45	8	14	9	5	3	2	1	1	1	0
Counters, freestanding (including check-out and service counters)	20.00%	22-Jul-19	13,150	2,472	2,136	1,708	1,367	1,093	875	700	560	448	358
<b>Cleaning equipment</b>													
Vacuum cleaner, ducted system, hoses, motors & wands	18.75%	22-Jul-19	230	43	70	44	27	17	11	7	4	3	2
<b>Computer systems</b>													
General	40.00%	22-Jul-19	6,000	2,256	1,498	899	539	303	190	118	74	46	29
General	18.75%	22-Jul-19	1,685	316	513	321	201	125	78	49	31	19	12
Door closers	18.75%	22-Jul-19	8,000	1,500	2,438	1,523	952	595	372	232	145	91	57
<b>Electrical Machinery &amp; Equipment :</b>													
Switchboards	10.00%	22-Jul-19	10,000	940	906	815	734	660	594	535	481	433	390
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	22-Jul-19	880	165	268	168	105	65	41	26	16	10	6
Emergency warning & intercommunication system	18.75%	22-Jul-19	280	53	85	53	33	21	13	8	5	3	2
Fire extinguishers	18.75%	22-Jul-19	300	56	91	57	36	22	14	9	5	3	2
<b>Floor coverings ( removable without damage)</b>													
Anti slip mat	18.75%	22-Jul-19	300	56	91	57	36	22	14	9	5	3	2
Carpets	20.00%	22-Jul-19	30,965	5,821	5,029	4,023	3,218	2,575	2,060	1,648	1,318	1,055	844
<b>Food preparation and service assets:</b>													
Bench top appliances - small portable type (including blenders, fo	18.75%	22-Jul-19	170	32	52	32	20	13	8	5	3	2	1
Furniture, freestanding (including chairs, cupboards, racks, showcases and tables)	20.00%	22-Jul-19	17,525	3,294	2,846	2,277	1,822	1,457	1,166	933	746	597	478
Furniture, freestanding (including chairs, cupboards, racks, showcases and tables)	18.75%	22-Jul-19	14,960	2,805	4,558	2,849	1,781	1,113	696	435	272	170	106
<b>Garbage disposal</b>													
Garbage bins	18.75%	22-Jul-19	250	47	76	48	30	19	12	7	5	3	2
<b>Kitchen assets</b>													
Cooktops	18.75%	22-Jul-19	170	32	52	32	20	13	8	5	3	2	1
Microwave ovens	18.75%	22-Jul-19	280	53	85	53	33	21	13	8	5	3	2
Refrigerators	16.67%	22-Jul-19	3,000	470	422	351	293	244	203	169	138	109	84
Carried forward			108,190	20,418	21,230	15,320	11,252	8,383	6,369	4,904	3,998	3,090	2,418

## 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			108,190	20,418	21,230	15,320	11,252	8,383	6,369	4,904	3,998	3,090	2,418
<b>Lights</b>													
Fittings (excluding hardwired)	18.75%	22-Jul-19	3,920	735	1,194	746	467	292	182	114	71	44	28
Shades, removable	18.75%	22-Jul-19	1,560	293	475	297	186	116	73	45	28	18	11
Emergency lighting	18.75%	22-Jul-19	750	141	229	143	89	56	35	22	14	9	5
Point of Sales	20.00%	22-Jul-19	5,550	1,043	901	721	577	461	369	295	236	354	222
<b>Security systems &amp; equipment</b>													
Electronic	30.00%	22-Jul-19	1,800	508	388	339	212	133	83	52	32	20	13
Shelving	20.00%	22-Jul-19	106,880	20,091	17,358	13,886	11,109	8,887	7,110	5,688	4,550	3,640	2,912
Signage for business identification (including lighting for signs)	18.75%	22-Jul-19	19,315	3,622	5,885	3,678	2,299	1,437	898	561	351	219	137
Televisions	20.00%	22-Jul-19	2,400	451	390	312	249	374	234	146	91	57	36
Pooled Plant Total				9,955	16,177	10,450	6,531	4,760	2,975	1,859	1,480	1,279	800
Effective Life Plant Total				37,346	31,873	24,993	19,908	15,379	12,377	9,968	7,892	6,173	4,982
Total Division 40			250,365	47,301	48,050	35,443	26,439	20,138	15,352	11,827	9,372	7,452	5,781
<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 2019	2.50%	22-Jul-19	949,635	22,314	23,741	23,741	23,741	23,741	23,741	23,741	23,741	23,741	23,741
Total Division 43			949,635	22,314	23,741	23,741	23,741	23,741	23,741	23,741	23,741	23,741	23,741
Total Depreciation			1,200,000	69,615	71,791	59,184	50,180	43,879	39,093	35,568	33,113	31,193	29,522

## 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>Bathroom assets</b>													
Accessories freestanding	18.75%	22-Jul-19	45	8	14	9	5	3	2	1	1	1	0
<b>Counters, freestanding (including check-out and service counters)</b>													
	10.00%	22-Jul-19	13,150	1,236	1,315	1,315	1,315	1,315	1,315	1,315	1,315	1,315	1,315
<b>Cleaning equipment</b>													
Vacuum cleaner, ducted system, hoses, motors & wands	18.75%	22-Jul-19	230	43	70	44	27	17	11	7	4	3	2
<b>Computer systems</b>													
General	20.00%	22-Jul-19	6,000	1,128	1,200	1,200	1,200	1,200	72				
General	18.75%	22-Jul-19	1,685	316	513	321	201	125	78	49	31	19	12
<b>Door closers</b>													
	18.75%	22-Jul-19	8,000	1,500	2,438	1,523	952	595	372	232	145	91	57
<b>Electrical Machinery &amp; Equipment :</b>													
Switchboards	5.00%	22-Jul-19	10,000	470	500	500	500	500	500	500	500	500	500
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	22-Jul-19	880	165	268	168	105	65	41	26	16	10	6
Emergency warning & intercommunication system	18.75%	22-Jul-19	280	53	85	53	33	21	13	8	5	3	2
Fire extinguishers	18.75%	22-Jul-19	300	56	91	57	36	22	14	9	5	3	2
<b>Floor coverings ( removable without damage)</b>													
Anti slip mat	18.75%	22-Jul-19	300	56	91	57	36	22	14	9	5	3	2
Carpets	10.00%	22-Jul-19	30,965	2,910	3,097	3,097	3,097	3,097	3,097	3,097	3,097	3,097	3,097
<b>Food preparation and service assets:</b>													
Bench top appliances - small portable type (including blenders, fo	18.75%	22-Jul-19	170	32	52	32	20	13	8	5	3	2	1
<b>Furniture, freestanding (including chairs, cupboards, racks, showcases and tables)</b>													
	10.00%	22-Jul-19	17,525	1,647	1,753	1,753	1,753	1,753	1,753	1,753	1,753	1,753	1,753
<b>Furniture, freestanding (including chairs, cupboards, racks, showcases and tables)</b>													
	18.75%	22-Jul-19	14,960	2,805	4,558	2,849	1,781	1,113	696	435	272	170	106
<b>Garbage disposal</b>													
Garbage bins	18.75%	22-Jul-19	250	47	76	48	30	19	12	7	5	3	2
<b>Kitchen assets</b>													
Cooktops	18.75%	22-Jul-19	170	32	52	32	20	13	8	5	3	2	1
Microwave ovens	18.75%	22-Jul-19	280	53	85	53	33	21	13	8	5	3	2
Refrigerators	8.33%	22-Jul-19	3,000	235	250	250	250	250	250	250	250	250	250
Carried forward			108,190	12,792	16,509	13,361	11,394	10,164	8,268	7,716	7,415	7,228	7,110

## Prime Cost Depreciation Schedule (cont.)

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
Brought forward			108,190	12,792	16,509	13,361	11,394	10,164	8,268	7,716	7,415	7,228	7,110
<b>Lights</b>													
Fittings (excluding hardwired)	18.75%	22-Jul-19	3,920	735	1,194	746	467	292	182	114	71	44	28
Shades, removable	18.75%	22-Jul-19	1,560	293	475	297	186	116	73	45	28	18	11
Emergency lighting	18.75%	22-Jul-19	750	141	229	143	89	56	35	22	14	9	5
Point of Sales	10.00%	22-Jul-19	5,550	522	555	555	555	555	555	555	555	555	555
<b>Security systems &amp; equipment</b>													
Electronic	15.00%	22-Jul-19	1,800	254	270	270	270	270	270	196			
Shelving	10.00%	22-Jul-19	106,880	10,046	10,688	10,688	10,688	10,688	10,688	10,688	10,688	10,688	10,688
Signage for business identification (including lighting for signs)	18.75%	22-Jul-19	19,315	3,622	5,885	3,678	2,299	1,437	898	561	351	219	137
Televisions	10.00%	22-Jul-19	2,400	226	240	240	240	240	240	240	240	240	240
Pooled Plant Total				9,955	16,177	10,111	6,319	3,950	2,468	1,543	964	603	377
Effective Life Plant Total				18,673	19,868	19,868	19,868	19,868	18,740	18,594	18,398	18,398	18,398
<b>Total Division 40</b>			<b>250,365</b>	<b>28,628</b>	<b>36,045</b>	<b>29,979</b>	<b>26,187</b>	<b>23,818</b>	<b>21,209</b>	<b>20,137</b>	<b>19,362</b>	<b>19,001</b>	<b>18,775</b>
<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 2019	2.50%	22-Jul-19	949,635	22,314	23,741	23,741	23,741	23,741	23,741	23,741	23,741	23,741	23,741
Total Division 43			949,635	22,314	23,741	23,741	23,741	23,741	23,741	23,741	23,741	23,741	23,741
<b>Total Depreciation</b>			<b>1,200,000</b>	<b>50,942</b>	<b>59,786</b>	<b>53,720</b>	<b>49,928</b>	<b>47,559</b>	<b>44,950</b>	<b>43,878</b>	<b>43,103</b>	<b>42,742</b>	<b>42,516</b>



## 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 2019	22 Jun 19 to 22 Jul 19	949,635	2.50%	23,741	949,635
<b>Sub-total</b>		<b>949,635</b>		<b>23,741</b>	<b>949,635</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
<b>Sub-total</b>					
<b>Totals</b>		<b>949,635</b>		<b>23,741</b>	<b>949,635</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
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.