



## Tax Depreciation Report

318/10 Pidgeon Close,  
West End QLD 4101

Liang Liang  
PO BOX 3756  
SUNNYBANK SOUTH, QLD 4109

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

Liang Liang  
PO BOX 3756  
SUNNYBANK SOUTH, QLD 4109

September 2019  
Job No: RES4101070

**Tax Depreciation Report – 318/10 Pidgeon Close, West End QLD 4101**

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

9 September 2019

### Purchaser

Liang Liang

### Property Address

318/10 Pidgeon Close, West End QLD 4101

### Real Property Description

L318 SP149710

### Property Type

Residential Unit

### Date of Construction

20 April 2007

### Property Photo



## 2. Report Details

### 2.1 Introduction

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

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

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

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

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

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

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

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

### **3. Capital Allowances**

#### **3.1 Entitlement**

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

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

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

#### **3.3 Effective Life**

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

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

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

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

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

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

### 3.6 Method of Depreciation

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

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

## **4. Capital Works**

### **4.1 Entitlement**

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

### **4.2 Method of Depreciation**

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

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

### **4.3 Method of Depreciation**

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



## 5. Summary of Entitlements – Diminishing Value Method

Year	Financial Year	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	2 August 17 to 30 June 18	9,669	0	9,669	0	0	0	6,482	6,482
2	1 July 18 to 30 June 19	6,644	3,441	10,085	239	281	520	7,126	7,646
3	1 July 19 to 30 June 20	5,206	2,478	7,684	2,090	176	2,266	7,126	9,392
4	1 July 20 to 30 June 21	3,447	2,961	6,408	1,772	110	1,882	7,126	9,008
5	1 July 21 to 30 June 22	2,944	1,850	4,794	1,502	69	1,571	7,126	8,697
6	1 July 22 to 30 June 23	2,527	1,156	3,684	1,118	394	1,512	7,126	8,638
7	1 July 23 to 30 June 24	2,019	1,025	3,045	950	246	1,196	7,126	8,322
8	1 July 24 to 30 June 25	1,763	641	2,403	807	154	961	7,126	8,087
9	1 July 25 to 30 June 26	1,546	400	1,947	686	96	783	7,126	7,909
10	1 July 26 to 30 June 27	1,363	250	1,613	583	60	644	7,126	7,770
11	1 July 27 to 30 June 28	1,061	522	1,583	496	38	533	7,126	7,659
12	1 July 28 to 30 June 29	949	326	1,276	421	24	445	7,126	7,571
13	1 July 29 to 30 June 30	659	569	1,228	358	15	373	7,126	7,499
14	1 July 30 to 30 June 31	615	355	971	304	9	314	7,126	7,440
15	1 July 31 to 30 June 32	574	222	796	259	6	265	7,126	7,391
16	1 July 32 to 30 June 33	536	139	675	220	4	224	7,126	7,350
17	1 July 33 to 30 June 34	500	87	587	187	2	189	7,126	7,315
18	1 July 34 to 30 June 35	467	54	521	159	1	160	7,126	7,286
19	1 July 35 to 30 June 36	436	34	470	0	338	338	7,126	7,464
20	1 July 36 to 30 June 37	407	21	428	0	212	212	7,126	7,338
21	1 July 37 to 30 June 38	380	13	393	0	132	132	7,126	7,258
22	1 July 38 to 30 June 39	354	8	363	0	83	83	7,126	7,209
23	1 July 39 to 30 June 40	331	5	336	0	52	52	7,126	7,178
24	1 July 40 to 30 June 41	309	3	312	0	32	32	7,126	7,158
25	1 July 41 to 30 June 42	288	2	290	0	20	20	7,126	7,146
26	1 July 42 to 30 June 43	269	1	270	0	13	13	7,126	7,139
27	1 July 43 to 30 June 44	251	1	252	0	8	8	7,126	7,134
28	1 July 44 to 30 June 45	234	0	235	0	5	5	7,126	7,131
29	1 July 45 to 30 June 46	219	0	219	0	3	3	7,126	7,129
30	1 July 46 to 30 June 47	204	0	204	0	2	2	5,812	5,814
31	1 July 47 to 30 June 48	190	0	191	0	1	1	644	645
32	1 July 48 to 30 June 49	178	0	178	0	1	1	644	645
33	1 July 49 to 30 June 50	166	0	166	0	0	0	644	644
34	1 July 50 to 30 June 51	155	0	155	0	0	0	644	644
35	1 July 51 to 30 June 52	144	0	145	0	0	0	644	644
36	1 July 52 to 30 June 53	135	0	135	0	0	0	644	644
37	1 July 53 to 30 June 54	126	0	126	0	0	0	644	644
38	1 July 54 to 30 June 55	117	0	117	0	0	0	644	644
39	1 July 55 to 30 June 56	110	0	110	0	0	0	644	644
40	2056+	1,535	0	1,535	0	0	0	181	181
<b>Totals</b>		<b>49,027</b>	<b>16,567</b>	<b>65,594</b>	<b>12,153</b>	<b>2,587</b>	<b>14,740</b>	<b>217,799</b>	<b>232,539</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			Post Expenditure			Division 43	Grand Total
		Effective Life	Pooled Plant	Total Div 40	Effective Life	Pooled Plant	Total Div 40		
1	2 August 17 to 30 June 18	4,834	0	4,834	0	0	0	6,482	6,482
2	1 July 18 to 30 June 19	5,317	0	5,317	128	0	128	7,126	7,254
3	1 July 19 to 30 June 20	5,317	0	5,317	1,139	0	1,139	7,126	8,265
4	1 July 20 to 30 June 21	5,317	0	5,317	1,139	0	1,139	7,126	8,265
5	1 July 21 to 30 June 22	5,315	0	5,315	1,139	0	1,139	7,126	8,265
6	1 July 22 to 30 June 23	4,484	0	4,484	1,139	0	1,139	7,126	8,265
7	1 July 23 to 30 June 24	4,309	0	4,309	1,139	0	1,139	7,126	8,265
8	1 July 24 to 30 June 25	4,021	0	4,021	1,139	0	1,139	7,126	8,265
9	1 July 25 to 30 June 26	4,021	0	4,021	1,139	0	1,139	7,126	8,265
10	1 July 26 to 30 June 27	4,017	0	4,017	1,139	0	1,139	7,126	8,265
11	1 July 27 to 30 June 28	1,940	0	1,940	1,139	0	1,139	7,126	8,265
12	1 July 28 to 30 June 29	1,744	0	1,744	1,131	0	1,131	7,126	8,257
13	1 July 29 to 30 June 30	1,288	0	1,288	1,064	0	1,064	7,126	8,190
14	1 July 30 to 30 June 31	1,007	0	1,007	1,042	0	1,042	7,126	8,168
15	1 July 31 to 30 June 32	847	0	847	926	0	926	7,126	8,052
16	1 July 32 to 30 June 33	846	0	846	198	0	198	7,126	7,324
17	1 July 33 to 30 June 34	845	0	845	0	0	0	7,126	7,126
18	1 July 34 to 30 June 35	844	0	844	0	0	0	7,126	7,126
19	1 July 35 to 30 June 36	844	0	844	0	0	0	7,126	7,126
20	1 July 36 to 30 June 37	836	0	836	0	0	0	7,126	7,126
21	1 July 37 to 30 June 38	767	0	767	0	0	0	7,126	7,126
22	1 July 38 to 30 June 39	757	0	757	0	0	0	7,126	7,126
23	1 July 39 to 30 June 40	757	0	757	0	0	0	7,126	7,126
24	1 July 40 to 30 June 41	757	0	757	0	0	0	7,126	7,126
25	1 July 41 to 30 June 42	757	0	757	0	0	0	7,126	7,126
26	1 July 42 to 30 June 43	751	0	751	0	0	0	7,126	7,126
27	1 July 43 to 30 June 44	750	0	750	0	0	0	7,126	7,126
28	1 July 44 to 30 June 45	750	0	750	0	0	0	7,126	7,126
29	1 July 45 to 30 June 46	750	0	750	0	0	0	7,126	7,126
30	1 July 46 to 30 June 47	750	0	750	0	0	0	5,812	5,812
31	1 July 47 to 30 June 48	54	0	54	0	0	0	644	644
32	1 July 48 to 30 June 49	0	0	0	0	0	0	644	644
33	1 July 49 to 30 June 50	0	0	0	0	0	0	644	644
34	1 July 50 to 30 June 51	0	0	0	0	0	0	644	644
35	1 July 51 to 30 June 52	0	0	0	0	0	0	644	644
36	1 July 52 to 30 June 53	0	0	0	0	0	0	644	644
37	1 July 53 to 30 June 54	0	0	0	0	0	0	644	644
38	1 July 54 to 30 June 55	0	0	0	0	0	0	644	644
39	1 July 55 to 30 June 56	0	0	0	0	0	0	644	644
40	2056+	0	0	0	0	0	0	181	181
<b>Totals</b>		<b>65,594</b>	<b>0</b>	<b>65,594</b>	<b>14,740</b>	<b>0</b>	<b>14,740</b>	<b>217,799</b>	<b>232,539</b>

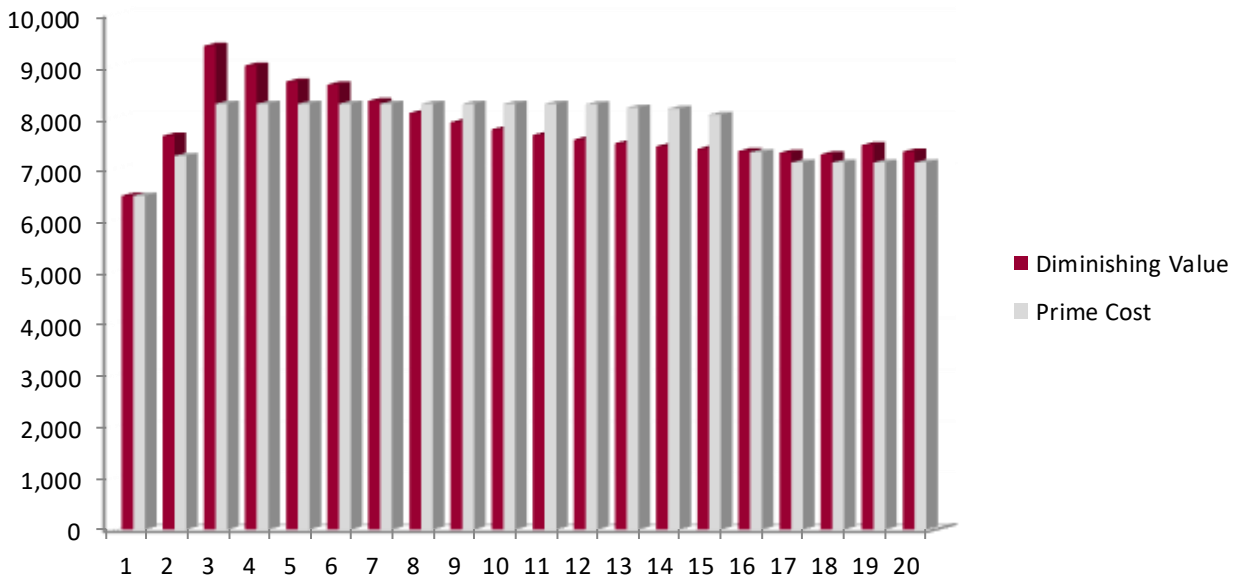
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

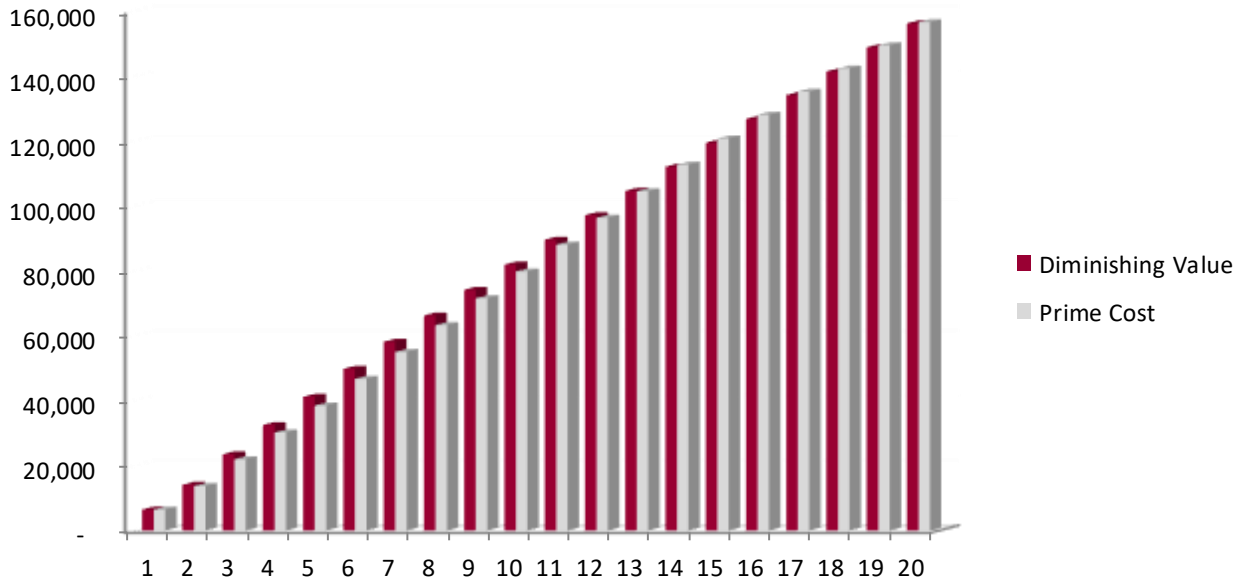
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	31 May 2017
Settlement Date	2 August 2017

### Expenditure Analysed

Purchase Price	\$563,000
Stamp Duty	\$18,288
Legals	\$1,200
Post Expenditure	\$15,240
<b>Total Expenditure Analysed</b>	<b>\$597,728</b>

### Historical Construction Details

Construction Start Date	23 August 2006
Construction Completion Date	20 April 2007
Historical Construction Cost (Estimated)*	\$331,075

## 9. Reconciliation of Capital Expenditure

### Apportionment of cost relating to:

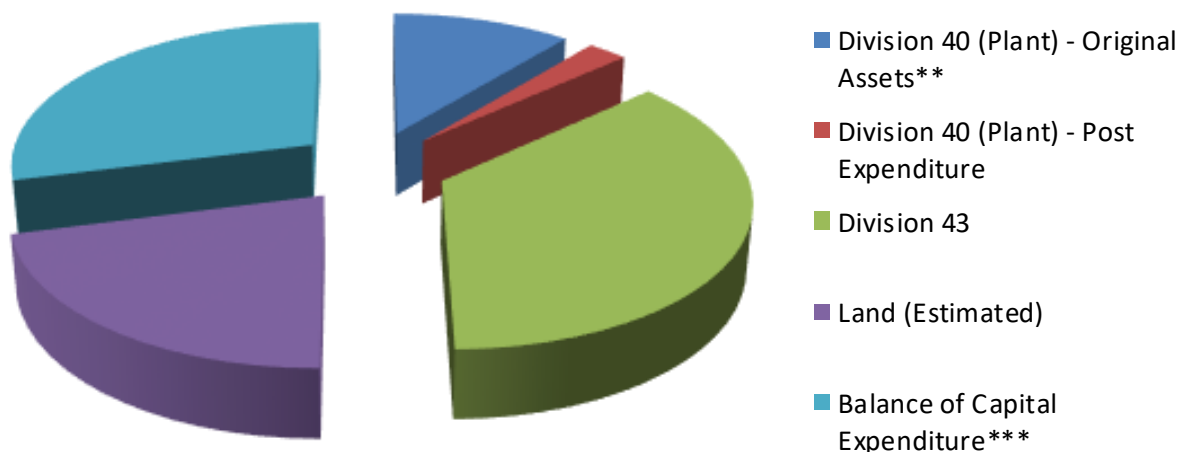
Division 40 (Plant) - Original Assets**	\$65,594
Division 40 (Plant) - Post Expenditure	\$14,740
Division 43	\$217,799
Land (Estimated)	\$126,139
Balance of Capital Expenditure***	\$173,456
<b>Total Expenditure Analysed</b>	<b>\$597,728</b>

### 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	Diminishing	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	Value Rate												
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>													
Mini split system upto 20KW	20.00%	2-Aug-17	13,837	2,517	2,264	1,811	1,449	1,159	927	742	593	475	380
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	20.00%	2-Aug-17	726	132	223	139	87	54	34	21	13	8	5
<b>Blinds Residential</b>	20.00%	2-Aug-17	3,009	547	492	394	315	252	202	302	189	118	74
<b>Ceiling Fans</b>	40.00%	2-Aug-17	8	3	2	1	1	0	0	0	0	0	0
<b>Computer systems</b>													
Building management system	40.00%	2-Aug-17	412	150	98	61	38	24	15	9	6	4	2
<b>Door closers</b>	20.00%	2-Aug-17	468	85	143	90	56	35	22	14	9	5	3
<b>Electrical Machinery &amp; Equipment :</b>													
Motors	20.00%	2-Aug-17	19	3	6	4	2	1	1	1	0	0	0
<b>Fire control assets</b>													
Detection & alarm systems, detectors	10.00%	2-Aug-17	1,324	120	120	108	366	228	143	89	56	35	22
Detection & alarm systems, fire indicator panel	16.67%	2-Aug-17	515	78	164	102	64	40	25	16	10	6	4
Emergency warning & intercommunication system	16.67%	2-Aug-17	1,168	177	372	232	145	91	57	35	22	14	9
Hoses and nozzles	20.00%	2-Aug-17	401	73	123	77	48	30	19	12	7	5	3
Pumps, diesel & electric	8.00%	2-Aug-17	175	13	61	38	24	15	9	6	4	2	1
Fire extinguishers	15.00%	2-Aug-17	71	10	23	14	9	6	4	2	1	1	1
<b>Fire sprinklers - pumps only</b>	10.00%	2-Aug-17	175	16	60	37	23	15	9	6	4	2	1
<b>Floor coverings ( removable without damage)</b>													
Carpets	20.00%	2-Aug-17	40	7	12	8	5	3	2	1	1	0	0
<b>Furniture</b>	15.00%	2-Aug-17	4,876	665	632	537	456	388	330	280	238	202	172
<b>Garbage disposal</b>													
Garbage bins	30.00%	2-Aug-17	1,247	340	340	213	133	83	52	32	20	13	8
<b>Gymnasium equipment</b>													
Static	20.00%	2-Aug-17	40	7	12	8	5	3	2	1	1	0	0
Cardiovascular	40.00%	2-Aug-17	63	23	15	9	6	4	2	1	1	1	0
Resistance	20.00%	2-Aug-17	76	14	23	15	9	6	4	2	1	1	1
<b>Hot water systems (excluding piping)</b>													
Gas or electric	16.67%	2-Aug-17	988	150	314	196	123	77	48	30	19	12	7
Carried forward			29,638	5,132	5,500	4,095	3,364	2,514	1,905	1,604	1,195	904	694

## Diminishing Value Depreciation Schedule (cont.)

Assets Generally	Diminishing	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	Value Rate												
<b>Brought forward</b>			<b>29,638</b>	<b>5,132</b>	<b>5,500</b>	<b>4,095</b>	<b>3,364</b>	<b>2,514</b>	<b>1,905</b>	<b>1,604</b>	<b>1,195</b>	<b>904</b>	<b>694</b>
<b>Kitchen assets</b>													
Cooktops	16.67%	2-Aug-17	1,234	187	174	327	204	128	80	50	31	19	12
Dishwashers	20.00%	2-Aug-17	1,742	317	285	228	342	214	134	83	52	33	20
Microwave ovens	20.00%	2-Aug-17	798	145	245	153	96	60	37	23	15	9	6
Ovens	16.67%	2-Aug-17	1,597	242	226	188	353	220	138	86	54	34	21
Rangehoods	16.67%	2-Aug-17	653	99	208	130	81	51	32	20	12	8	5
<b>Laundry assets</b>													
Clothes dryers	20.00%	2-Aug-17	653	119	200	125	78	49	31	19	12	7	5
<b>Lifts (including hydraulic &amp; tractions lifts)</b>	6.67%	2-Aug-17	22,486	1,364	1,408	1,314	1,227	1,145	1,069	997	931	869	811
<b>Lights</b>													
Fittings (excluding hardwired)	40.00%	2-Aug-17	4,095	1,490	1,042	625	352	220	137	86	54	34	21
<b>MATV - amplifiers &amp; modulators</b>	20.00%	2-Aug-17	926	169	284	178	111	69	43	27	17	11	7
<b>Outdoor assets</b>													
Barbecues	10.00%	2-Aug-17	33	3	11	7	4	3	2	1	1	0	0
<b>Security systems &amp; equipment</b>													
Electronic	30.00%	2-Aug-17	1,287	351	351	219	137	86	54	33	21	13	8
<b>Swimming pools</b>													
Filtration equipment	15.00%	2-Aug-17	119	16	38	24	15	9	6	4	2	1	1
Pool equipment	15.00%	2-Aug-17	79	11	26	16	10	6	4	2	2	1	1
<b>Televisions</b>	20.00%	2-Aug-17	19	3	6	4	2	1	1	1	0	0	0
<b>Ventilating plant</b>													
Ventilation plant - fans only	10.00%	2-Aug-17	235	21	80	50	31	20	12	8	5	3	2
<b>Additional Items (Post Expenditure)</b>				<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
<b>Furniture</b>	15.00%	20-May-19	12,340		208	1,820	1,547	1,315	1,118	950	807	686	583
<b>Kitchen assets</b>													
Refrigerators	16.67%	20-May-19	1,650		31	270	225	187	351	220	137	86	54
<b>Televisions</b>	20.00%	20-May-19	750		281	176	110	69	43	27	17	10	7
<b>Pooled Plant Total</b>					<b>3,722</b>	<b>2,653</b>	<b>3,070</b>	<b>1,919</b>	<b>1,551</b>	<b>1,272</b>	<b>795</b>	<b>497</b>	<b>310</b>
<b>Effective Life Plant Total</b>				<b>9,669</b>	<b>6,883</b>	<b>7,296</b>	<b>5,219</b>	<b>4,446</b>	<b>3,645</b>	<b>2,969</b>	<b>2,570</b>	<b>2,232</b>	<b>1,946</b>
<b>Total Division 40</b>			<b>80,334</b>	<b>9,669</b>	<b>10,605</b>	<b>9,950</b>	<b>8,290</b>	<b>6,365</b>	<b>5,196</b>	<b>4,241</b>	<b>3,365</b>	<b>2,729</b>	<b>2,257</b>

## Diminishing Value Depreciation Schedule (cont.)

Division 43 - Capital Works Allowance													
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 2007	2.50%	02-Aug-17	189,510	5,802	6,379	6,379	6,379	6,379	6,379	6,379	6,379	6,379	6,379
Building Works - Completed 2016	2.50%	02-Aug-17	18,974	442	486	486	486	486	486	486	486	486	486
Building Works - Completed 2017	2.50%	02-Aug-17	4,144	95	104	104	104	104	104	104	104	104	104
Structural Improvements - Completed 2007	2.50%	02-Aug-17	3,050	94	103	103	103	103	103	103	103	103	103
Structural Improvements - Completed 2016	2.50%	02-Aug-17	2,121	49	54	54	54	54	54	54	54	54	54
<b>Total Division 43</b>			<b>217,799</b>	<b>6,482</b>	<b>7,126</b>	<b>7,126</b>	<b>7,126</b>	<b>7,126</b>	<b>7,126</b>	<b>7,126</b>	<b>7,126</b>	<b>7,126</b>	<b>7,126</b>
<b>Total Depreciation</b>			<b>298,133</b>	<b>16,151</b>	<b>17,731</b>	<b>17,076</b>	<b>15,416</b>	<b>13,491</b>	<b>12,322</b>	<b>11,367</b>	<b>10,491</b>	<b>9,855</b>	<b>9,383</b>

## 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%	02-Aug-17	13,837	1,259	1,384	1,384	1,384	1,384	1,384	1,384	1,384	1,384	1,384	
<b>Bathroom assets</b>														
Exhaust fans (including light/heating)	10.00%	02-Aug-17	726	66	73	73	73	73	73	73	73	73	73	
<b>Blinds Residential</b>														
	10.00%	02-Aug-17	3,009	274	301	301	301	301	301	301	301	301	301	
<b>Ceiling Fans</b>														
	20.00%	02-Aug-17	8	1	2	2	2	0						
<b>Computer systems</b>														
Building management system	20.00%	02-Aug-17	412	75	82	82	82	82	9					
<b>Door closers</b>														
	10.00%	02-Aug-17	468	43	47	47	47	47	47	47	47	47	47	
<b>Electrical Machinery &amp; Equipment :</b>														
Motors	10.00%	02-Aug-17	19	2	2	2	2	2	2	2	2	2	1	
<b>Fire control assets</b>														
Detection & alarm systems, detectors	5.00%	02-Aug-17	1,324	60	66	66	66	66	66	66	66	66	66	
Detection & alarm systems, fire indicator panel	8.33%	02-Aug-17	515	39	43	43	43	43	43	43	43	43	43	
Emergency warning & intercommunication system	8.33%	02-Aug-17	1,168	89	97	97	97	97	97	97	97	97	97	
Hoses and nozzles	10.00%	02-Aug-17	401	37	40	40	40	40	40	40	40	40	40	
Pumps, diesel & electric	4.00%	02-Aug-17	175	6	7	7	7	7	7	7	7	7	7	
Fire extinguishers	7.50%	02-Aug-17	71	5	5	5	5	5	5	5	5	5	5	
<b>Fire sprinklers - pumps only</b>														
	5.00%	02-Aug-17	175	8	9	9	9	9	9	9	9	9	9	
<b>Floor coverings ( removable without damage)</b>														
Carpets	10.00%	02-Aug-17	40	4	4	4	4	4	4	4	4	4	4	
<b>Furniture</b>														
	7.50%	02-Aug-17	4,876	333	366	366	366	366	366	366	366	366	366	
<b>Garbage disposal</b>														
Garbage bins	15.00%	02-Aug-17	1,247	170	187	187	187	187	187	142				
<b>Gymnasium equipment</b>														
Static	10.00%	02-Aug-17	40	4	4	4	4	4	4	4	4	4	4	
Cardiovascular	20.00%	02-Aug-17	63	12	13	13	13	13						
Resistance	10.00%	02-Aug-17	76	7	8	8	8	8	8	8	8	8	5	
<b>Hot water systems (excluding piping)</b>														
Gas or electric	8.33%	02-Aug-17	988	75	82	82	82	82	82	82	82	82	82	
Carried forward			29,638	2,566	2,822	2,822	2,822	2,820	2,734	2,680	2,538	2,538	2,534	



## Prime Cost Depreciation Schedule (cont.)

Assets Generally	Prime Cost	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Division 40 - Plant and Equipment</b>	<b>Rate</b>												
Brought forward			29,638	2,566	2,822	2,822	2,822	2,820	2,734	2,680	2,538	2,538	2,534
<b>Kitchen assets</b>													
Cooktops	8.33%	02-Aug-17	1,234	94	103	103	103	103	103	103	103	103	103
Dishwashers	10.00%	02-Aug-17	1,742	158	174	174	174	174	174	174	174	174	174
Microwave ovens	10.00%	02-Aug-17	798	73	80	80	80	80	80	80	80	80	80
Ovens	8.33%	02-Aug-17	1,597	121	133	133	133	133	133	133	133	133	133
Rangehoods	8.33%	02-Aug-17	653	50	54	54	54	54	54	54	54	54	54
<b>Laundry assets</b>													
Clothes dryers	10.00%	02-Aug-17	653	59	65	65	65	65	65	65	65	65	65
<b>Lifts (including hydraulic &amp; tractions lifts)</b>	<b>3.33%</b>	<b>02-Aug-17</b>	<b>22,486</b>	<b>682</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>750</b>
<b>Lights</b>													
Fittings (excluding hardwired)	20.00%	02-Aug-17	4,095	745	819	819	819	819	74				
<b>MATV - amplifiers &amp; modulators</b>	<b>10.00%</b>	<b>02-Aug-17</b>	<b>926</b>	<b>84</b>	<b>93</b>	<b>93</b>	<b>93</b>	<b>93</b>	<b>93</b>	<b>93</b>	<b>93</b>	<b>93</b>	<b>93</b>
<b>Outdoor assets</b>													
Barbecues	5.00%	02-Aug-17	33	1	2	2	2	2	2	2	2	2	2
<b>Security systems &amp; equipment</b>													
Electronic	15.00%	02-Aug-17	1,287	176	193	193	193	193	193	146			
<b>Swimming pools</b>													
Filtration equipment	7.50%	02-Aug-17	119	8	9	9	9	9	9	9	9	9	9
Pool equipment	7.50%	02-Aug-17	79	5	6	6	6	6	6	6	6	6	6
<b>Televisions</b>	<b>10.00%</b>	<b>02-Aug-17</b>	<b>19</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>
<b>Ventilating plant</b>													
Ventilation plant - fans only	5.00%	02-Aug-17	235	11	12	12	12	12	12	12	12	12	12
<b>Additional Items (Post Expenditure)</b>				<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
Furniture	7.50%	20-May-19	12,340		104	926	926	926	926	926	926	926	926
<b>Kitchen assets</b>													
Refrigerators	8.33%	20-May-19	1,650		16	138	138	138	138	138	138	138	138
<b>Televisions</b>	<b>10.00%</b>	<b>20-May-19</b>	<b>750</b>		<b>8</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>75</b>
<b>Pooled Plant Total</b>													
<b>Effective Life Plant Total</b>				<b>4,834</b>	<b>5,445</b>	<b>6,456</b>	<b>6,456</b>	<b>6,454</b>	<b>5,623</b>	<b>5,448</b>	<b>5,160</b>	<b>5,160</b>	<b>5,156</b>
<b>Total Division 40</b>				<b>80,334</b>	<b>4,834</b>	<b>5,445</b>	<b>6,456</b>	<b>6,456</b>	<b>6,454</b>	<b>5,623</b>	<b>5,448</b>	<b>5,160</b>	<b>5,156</b>

## Prime Cost Depreciation Schedule (cont.)

Division 43 - Capital Works Allowance													
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 2007	2.50%	02-Aug-17	189,510	5,802	6,379	6,379	6,379	6,379	6,379	6,379	6,379	6,379	6,379
Building Works - Completed 2016	2.50%	02-Aug-17	18,974	442	486	486	486	486	486	486	486	486	486
Building Works - Completed 2017	2.50%	02-Aug-17	4,144	95	104	104	104	104	104	104	104	104	104
Structural Improvements - Completed 2007	2.50%	02-Aug-17	3,050	94	103	103	103	103	103	103	103	103	103
Structural Improvements - Completed 2016	2.50%	02-Aug-17	2,121	49	54	54	54	54	54	54	54	54	54
<b>Total Division 43</b>			<b>217,799</b>	<b>6,482</b>	<b>7,126</b>	<b>7,126</b>	<b>7,126</b>	<b>7,126</b>	<b>7,126</b>	<b>7,126</b>	<b>7,126</b>	<b>7,126</b>	<b>7,126</b>
<b>Total Depreciation</b>			<b>298,133</b>	<b>11,316</b>	<b>12,571</b>	<b>13,582</b>	<b>13,582</b>	<b>13,580</b>	<b>12,749</b>	<b>12,574</b>	<b>12,286</b>	<b>12,286</b>	<b>12,282</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 2007	23 Aug 06 to 20 Apr 07	255,173	2.50%	6,379	189,510
Building Works - Completed 2016	2 Aug 16 to 5 Aug 16	19,456	2.50%	486	18,974
Building Works - Completed 2017	3 May 17 to 5 May 17	4,169	2.50%	104	4,144
<b>Sub-total</b>		<b>278,799</b>		<b>6,969</b>	<b>212,628</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2007	23 Aug 06 to 20 Apr 07	4,107	2.50%	103	3,050
Structural Improvements - Completed 2016	2 Aug 16 to 5 Aug 16	2,175	2.50%	54	2,121
<b>Sub-total</b>		<b>6,282</b>		<b>157</b>	<b>5,171</b>
<b>Totals</b>		<b>285,081</b>		<b>7,126</b>	<b>217,799</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.