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FILE NO:30742

2-Dec-11

Sample Apartment  
Delivered via E-mail



Dear Client,

### Sample Apartment

Thank you for choosing Washington Brown to prepare your depreciation report.



We attach for your information our assessment of depreciation for the above project based upon the Diminishing Value method and the Prime Cost method.

You must choose either the Prime Cost method or Diminishing Value method. Once you choose your method of claim, you cannot alternate between the two options.



The final page of this report is a graphical representation of the both methods in order to assist in the decision making process.

This depreciation schedule has been prepared for the sole purpose of depreciation claims and may not be used for any other purpose.



We have based our assessment upon the information as provided, together with the property inspection and our estimate of probable construction costs.

A depreciating asset as defined in the Income Tax Assessment Act (ITAA) 1997 sect. 40-30(1), is an asset that has a limited effective life and can reasonably be expected to decline in value over the time it is used.

The calculation of the amount of a deduction allowed with respect to a depreciating asset in part depends upon the cost of that asset. The cost has been determined by the amount you have paid to hold a depreciating asset.



**Sydney**  
Suite 25, Level 5, 321 Pitt Street  
Sydney NSW 2000

**Melbourne**  
Level 2, 222 Latrobe Street  
Melbourne VIC 3000

**Brisbane**  
Level 23, 127 Creek Street  
Brisbane QLD 4000

**Perth**  
Level 3, 1060 Hay Street  
West Perth WA 6005

**Cairns**  
181 Mulgrave Street  
Cairns QLD 4870

**Adelaide**  
213 Greenhill Road  
Eastwood SA 5063

**Hobart**  
127 Bathurst Street  
Hobart Tasmania 7000

The building allowance as defined in Section 43 of the ITAA 1997 is the amount of the deduction determined by the construction cost of the entity which incurred the expenditure (and not by what an entity incurred to acquire the capital work).

We have not included items such as soft landscaping, demolition and the developers profit. However, we have included such items as design, council fees, authority fees and building preliminaries.

The items classified as plant and equipment have been determined, in part, by TR2011/2.

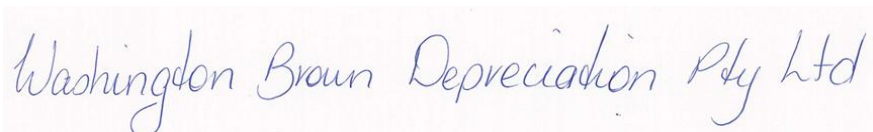
Where depreciating assets are co-owned, but are not partnership assets, the capital allowances provisions applies to the asset as if an individual's interest in the asset is the relevant asset. Each co-owner therefore must treat their depreciating asset (their interest in the underlying asset) in accordance with their own tax profile.

This report will become void if you sell this property. Future owners should contact this office to discuss any future claims.

Please refer to the year end summary pages in order to make your claim.

Washington Brown Depreciation Pty. Ltd. does not accept any contractual, tortious or other form of liability for any consequences, loss or damage which may arise as a result of any other person acting upon or using this valuation.

Yours faithfully,

A handwritten signature in blue ink that reads "Washington Brown Depreciation Pty Ltd". The signature is written in a cursive style and is contained within a light pink rectangular box.

Washington Brown Depreciation Pty. Ltd.  
Registered Tax Agent 26956 002

PURCHASE OF A BUILDING

KNOWN AS

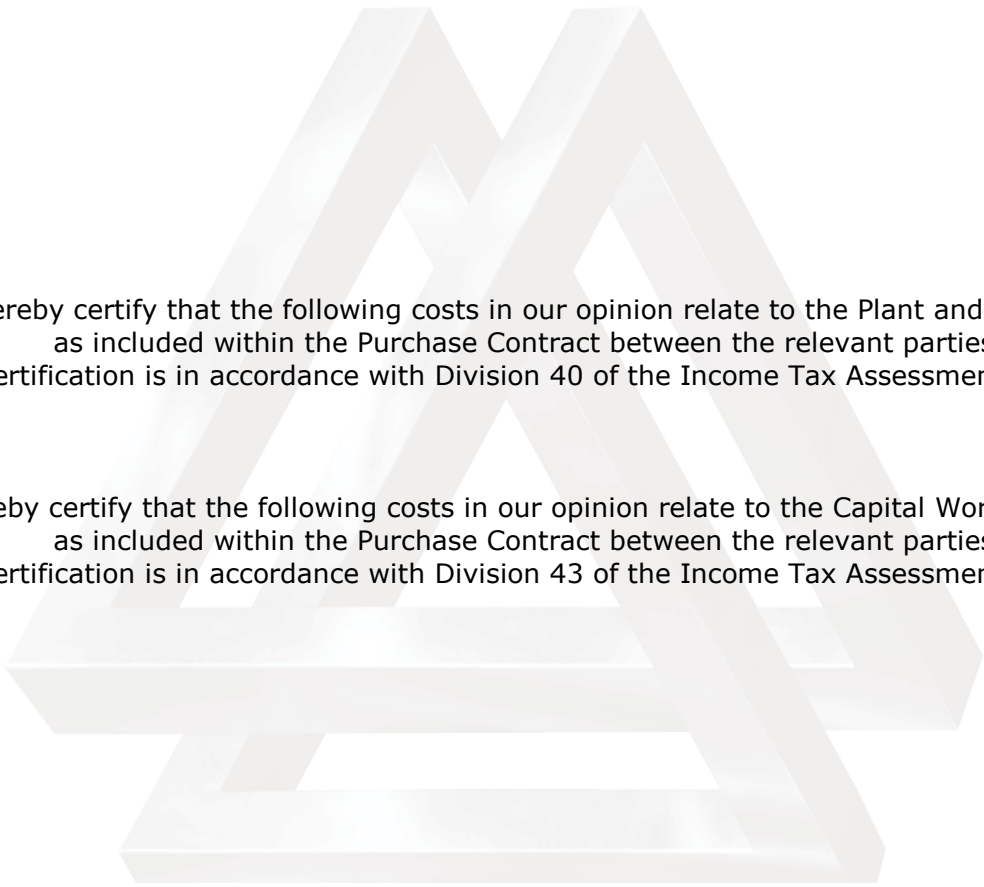
Sample Apartment

DATE OF SETTLEMENT  
September 28, 2009

CONTRACT EXCHANGE DATE  
September 7, 2009

CONSTRUCTION COMMENCEMENT YEAR  
2000

CERTIFICATE OF CAPITAL EXPENDITURE  
INCURRED UPON PLANT AND EQUIPMENT  
ATTRACTING DEPRECIATION AND THE BUILDING ALLOWANCE



We hereby certify that the following costs in our opinion relate to the Plant and Equipment as included within the Purchase Contract between the relevant parties.  
This certification is in accordance with Division 40 of the Income Tax Assessment Act 1997.

We hereby certify that the following costs in our opinion relate to the Capital Works Allowance as included within the Purchase Contract between the relevant parties.  
This certification is in accordance with Division 43 of the Income Tax Assessment Act 1997.



CERTIFICATE  
BASED UPON  
THE DIMINISHING VALUE METHOD

<b>CONSTRUCTION SUMMARY - DIMINISHING VALUE</b>		
DEPRECIATION & BUILDING ALLOWANCES BASED ON THE DIMINISHING VALUE METHOD AS OUTLINED IN THE NEW BUSINESS TAX SYSTEM (CAPITAL ALLOWANCES ) ACT1999. AMENDMENTS TO INCOME TAX ASSESSMENT ACT 1997 BY NEW BUSINESS TAX SYSTEM (CAPITAL ALLOWANCES) ACT 1999 (ACT 164 of 1999, ROYAL ASSENT 10 DECEMBER 1999).		
PROJECT: Sample Apartment		DATE: 2-Dec-11
CLIENT: Sample Apartment		JOB: 30742
DESCRIPTION	VALUE	CALCULATIONS
<b>PURCHASE PRICE</b>	<b>\$575,000</b>	
BUILDING COST (CIRCA 2000)	\$169,084	
ADD BUILDERS PRELIMINARIES	\$30,266	
ADD PROFESSIONAL FEES	\$11,853	
ADD OWNERS INCLUSIONS	\$11,438	
<b>TOTAL CONSTRUCTION COSTS</b>	<b>\$222,641</b>	<b>\$222,641</b>
LESS TOTAL INSTALLED COST OF PLANT & EQUIPMENT ITEMS AS SHOWN OVER	\$51,366	
LESS ALLOWANCE FOR ITEMS NOT ELIGIBLE FOR DEPRECIATION:	\$2,430	
LESS TOTAL VALUE OF LOW POOL ITEMS	\$9,543	
LESS CLIENT INCLUDED CAPITAL WORKS	N/A	
<b>SUB TOTAL</b>	<b>\$63,339</b>	<b>-\$63,339</b>
<b>ORIGINAL BUILDING COSTS - DIVISION 43 ALLOWANCE</b>		<b>\$159,302</b>

**SCHEDULE OF DEPRECIABLE ITEMS BASED UPON THE DIMINISHING VALUE METHOD**

PROJECT: Sample Apartment

DATE: 2-Dec-11

CLIENT: Sample Apartment

JOB: 30742

**Category : ASSETS GENERALLY (18 items)**

Depreciable Item	Cost	Effective Life (DV)	Diminishing Value
Air Cond - Packaged air conditioning units	\$ 10,902	6	33.33%
Beds (30/11/2010)	\$ 2,950	10	20%
Digital Video Display (DVD) players (30/11/2010)	\$ 270	<= \$300**	100%
Door closers (30/11/2010)	\$ 299	<= \$300**	100%
Floor coverings - Carpet	\$ 3,396	4	50%
Furniture, freestanding (30/11/2010)	\$ 4,712	13.33	15%
Gym assets - Cardiovascular	\$ 123	<= \$300**	100%
Gym assets - Resistance	\$ 83	<= \$300**	100%
Hot water systems (excluding piping)	\$ 1,724	6	33.33%
Lifts including hydraulic & traction lifts	\$ 7,963	21	9.52%
Lights - Fittings (excluding hardwired) (30/11/2010)	\$ 1,654	<= \$300**	100%
Lights - Freestanding (30/11/2010)	\$ 1,040	<= \$300**	100%
Linen (30/11/2010)	\$ 610	<= \$300**	100%
Master antenna television (MATV) assets	\$ 173	<= \$300**	100%
Television sets (30/11/2010)	\$ 2,799	10	20%
Ventilation fans	\$ 1,958	11	18.18%
Water pumps	\$ 251	<= \$300**	100%
Window blinds, internal	\$ 1,660	<= \$300**	100%

**Category : FIRE CONTROL ASSETS (2 items)**

Depreciable Item	Cost	Effective Life (DV)	Diminishing Value
Alarms: Heat & smoke	\$ 293	<= \$300**	100%
Extinguishers	\$ 99	<= \$300**	100%



**Category : KITCHEN ASSETS (8 items)**

Depreciable Item	Cost	Effective Life (DV)	Diminishing Value
Cook top	\$ 1,034	5	40%
Crockery (30/11/2010)	\$ 215	<= \$300**	100%
Cutlery (30/11/2010)	\$ 120	<= \$300**	100%
Dishwasher	\$ 1,725	4	50%
Kitchen appliances (30/11/2010)	\$ 265	<= \$300**	100%
Microwave oven (30/11/2010)	\$ 280	<= \$300**	100%
Oven	\$ 1,766	5	40%
Refrigerator (30/11/2010)	\$ 1,320	12	16.66%

**Category : OUTDOOR ASSETS (8 items)**

Depreciable Item	Cost	Effective Life (DV)	Diminishing Value
Automatic garage doors - Controls	\$ 141	<= \$300**	100%
Automatic garage doors - Motors	\$ 75	<= \$300**	100%
Furniture, freestanding	\$ 109	<= \$300**	100%
Sauna heating assets	\$ 49	<= \$300**	100%
Spas - Fixed: Chlorinators & filtration (including pumps)	\$ 39	<= \$300**	100%
Spas - Heaters (Electric or gas)	\$ 35	<= \$300**	100%
Swimming pool assets - Chlorinators & filtration (including pumps)	\$ 98	<= \$300**	100%
Swimming pool assets - Heaters (Electric or gas)	\$ 39	<= \$300**	100%

**Category : SECURITY & MONITORING ASSETS (1 item)**

Depreciable Item	Cost	Effective Life (DV)	Diminishing Value
Access control systems - Code pads & door controllers	\$ 1,095	4	50%

<b>VALUE OF PLANT ITEMS</b>	<b>\$ 51,366</b>
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\*\* Indicates items that are less than or equal to \$300.00.

**Category : LOW VALUE POOL ITEMS (14 items)**

Depreciable Item	Cost	Effective Life (DV)	Diminishing Value
Furniture, freestanding - <\$1000	\$ 2,540	Low Pool*	18.75%
Garbage compacting systems (excluding chutes)	\$ 344	Low Pool*	18.75%
Rugs (30/11/2010)	\$ 845	Low Pool*	18.75%
Stereo systems (30/11/2010)	\$ 990	Low Pool*	18.75%
Exhaust fans (including light/heating)	\$ 685	Low Pool*	18.75%
Detector - Detectors	\$ 375	Low Pool*	18.75%
Detector - Fire indicator panels	\$ 377	Low Pool*	18.75%
Emergency Warning & Intercommunication Systems (EWIS)	\$ 346	Low Pool*	18.75%
Hoses & nozzles	\$ 325	Low Pool*	18.75%
Pumps (including diesel & electric)	\$ 320	Low Pool*	18.75%
Stair - Pressurisation & extraction fans	\$ 558	Low Pool*	18.75%
Range hood	\$ 541	Low Pool*	18.75%
Clothes dryer	\$ 675	Low Pool*	18.75%
Access control systems - Readers (Proximity)	\$ 624	Low Pool*	18.75%

**VALUE OF LOW POOL ITEMS** \$ **9,543**

\* Indicates items allocated to Low Pool Category. These items must be calculated using Diminishing Value Method. Low Pool items are depreciated at 18.75% in the year of acquisition. In the following year the opening tax value of the pool is written down using the Diminishing Value rate of 37.5% p.a.

**Category : BUILDING ALLOWANCE (Capital Works)**

Depreciable Item	Cost	Effective Life (DV)	Diminishing Value
Building allowance	\$ 159,302	40	2.50%

**VALUE OF BUILDING ALLOWANCE** \$ **159,302**

DIMINISHING VALUE - YEAR END SUMMARY				
Sample Apartment				
DEPRECIATION PLANT & EQUIPMENT	LOW VALUE POOL ITEMS	CAPITAL WORKS DEDUCTIONS	FINANCIAL YEAR END	AMOUNT CLAIMABLE
\$10,490	\$1,445	\$3,011	2009 / 2010	\$14,946
\$12,837	\$2,693	\$3,983	2010 / 2011	\$19,513
\$6,281	\$2,027	\$3,983	2011 / 2012	\$12,290
\$4,471	\$1,267	\$3,983	2012 / 2013	\$9,721
\$3,286	\$792	\$3,983	2013 / 2014	\$8,061
\$2,484	\$495	\$3,983	2014 / 2015	\$6,961
\$1,923	\$309	\$3,983	2015 / 2016	\$6,215
\$1,520	\$193	\$3,983	2016 / 2017	\$5,696
\$1,222	\$121	\$3,983	2017 / 2018	\$5,325
\$996	\$76	\$3,983	2018 / 2019	\$5,054
\$822	\$47	\$3,983	2019 / 2020	\$4,852
\$685	\$29	\$3,983	2020 / 2021	\$4,697
\$576	\$18	\$3,983	2021 / 2022	\$4,577
\$488	\$12	\$3,983	2022 / 2023	\$4,482
\$415	\$7	\$3,983	2023 / 2024	\$4,405
\$356	\$5	\$3,983	2024 / 2025	\$4,343
\$306	\$3	\$3,983	2025 / 2026	\$4,291
\$264	\$2	\$3,983	2026 / 2027	\$4,249
\$229	\$1	\$3,983	2027 / 2028	\$4,213
\$199	\$1	\$3,983	2028 / 2029	\$4,182
\$174	\$0	\$3,983	2029 / 2030	\$4,157
\$152	\$0	\$3,983	2030 / 2031	\$4,135
\$133	\$0	\$3,983	2031 / 2032	\$4,116
\$117	\$0	\$3,983	2032 / 2033	\$4,100
\$103	\$0	\$3,983	2033 / 2034	\$4,086
\$91	\$0	\$3,983	2034 / 2035	\$4,073
\$80	\$0	\$3,983	2035 / 2036	\$4,063
\$71	\$0	\$3,983	2036 / 2037	\$4,054
\$63	\$0	\$3,983	2037 / 2038	\$4,045
\$56	\$0	\$3,983	2038 / 2039	\$4,038



CERTIFICATE  
BASED UPON  
THE PRIME COST METHOD

<b>CONSTRUCTION SUMMARY - PRIME COST</b>		
DEPRECIATION & BUILDING ALLOWANCES BASED ON THE PRIME COST METHOD AS OUTLINED IN THE NEW BUSINESS TAX SYSTEM (CAPITAL ALLOWANCES ) ACT1999. AMENDMENTS TO INCOME TAX ASSESSMENT ACT 1997 BY NEW BUSINESS TAX SYSTEM (CAPITAL ALLOWANCES) ACT 1999 (ACT 164 of 1999, ROYAL ASSENT 10 DECEMBER 1999).		
PROJECT: Sample Apartment		DATE: 2-Dec-11
CLIENT: Sample Apartment		JOB: 30742
DESCRIPTION	VALUE	CALCULATIONS
<b>PURCHASE PRICE</b>	<b>\$575,000</b>	
BUILDING COST (CIRCA 2000)	\$169,084	
ADD BUILDERS PRELIMINARIES	\$30,266	
ADD PROFESSIONAL FEES	\$11,853	
ADD OWNERS INCLUSIONS	\$11,438	
<b>TOTAL CONSTRUCTION COSTS</b>	<b>\$222,641</b>	<b>\$222,641</b>
LESS TOTAL INSTALLED COST OF PLANT & EQUIPMENT ITEMS AS SHOWN OVER	\$60,909	
LESS ALLOWANCE FOR ITEMS NOT ELIGIBLE FOR DEPRECIATION:	\$2,430	
LESS TOTAL VALUE OF LOW POOL ITEMS	N/A	
LESS CLIENT INCLUDED CAPITAL WORKS	N/A	
<b>SUB TOTAL</b>	<b>\$63,339</b>	<b>-\$63,339</b>
<b>ORIGINAL BUILDING COSTS - DIVISION 43 ALLOWANCE</b>		<b>\$159,302</b>

**SCHEDULE OF DEPRECIABLE ITEMS BASED UPON THE PRIME COST METHOD**

PROJECT: Sample Apartment

DATE: 2-Dec-11

CLIENT: Sample Apartment

JOB: 30742

**Category : ASSETS GENERALLY (22 items)**

Depreciable Item	Cost	Effective Life (PC)	Prime Cost
Air Cond - Packaged air conditioning units	\$ 10,902	6	16.67%
Beds (30/11/2010)	\$ 2,950	10	10%
Digital Video Display (DVD) players (30/11/2010)	\$ 270	5	20%
Door closers (30/11/2010)	\$ 299	10	10%
Floor coverings - Carpet	\$ 3,396	4	25%
Furniture, freestanding (30/11/2010)	\$ 4,712	13.33	7.50%
Furniture, freestanding - <\$1000	\$ 2,540	13.33	7.50%
Garbage compacting systems (excluding chutes)	\$ 344	4	25%
Gym assets - Cardiovascular	\$ 123	5	20%
Gym assets - Resistance	\$ 83	8	12.50%
Hot water systems (excluding piping)	\$ 1,724	6	16.67%
Lifts including hydraulic & traction lifts	\$ 7,963	21	4.76%
Lights - Fittings (excluding hardwired) (30/11/2010)	\$ 1,654	5	20%
Lights - Freestanding (30/11/2010)	\$ 1,040	5	20%
Linen (30/11/2010)	\$ 610	5	20%
Master antenna television (MATV) assets	\$ 173	5	20%
Rugs (30/11/2010)	\$ 845	7	14.29%
Stereo systems (30/11/2010)	\$ 990	7	14.29%
Television sets (30/11/2010)	\$ 2,799	10	10%
Ventilation fans	\$ 1,958	11	9.09%
Water pumps	\$ 251	11	9.09%
Window blinds, internal	\$ 1,660	3	33.33%

**Category : BATHROOM ASSETS (1 item)**

Depreciable Item	Cost	Effective Life (PC)	Prime Cost
Exhaust fans (including light/heating)	\$ 685	4	25%

**Category : FIRE CONTROL ASSETS (8 items)**

Depreciable Item	Cost	Effective Life (PC)	Prime Cost
Alarms: Heat & smoke	\$ 293	5	20%
Detector - Detectors	\$ 375	11	9.09%
Detector - Fire indicator panels	\$ 377	8	12.50%
Emergency Warning & Intercommunication Systems (EWIS)	\$ 346	8	12.50%
Extinguishers	\$ 99	7	14.29%
Hoses & nozzles	\$ 325	7	14.29%
Pumps (including diesel & electric)	\$ 320	16	6.25%
Stair - Pressurisation & extraction fans	\$ 558	16	6.25%

**Category : KITCHEN ASSETS (9 items)**

Depreciable Item	Cost	Effective Life (PC)	Prime Cost
Cook top	\$ 1,034	5	20%
Crockery (30/11/2010)	\$ 215	5	20%
Cutlery (30/11/2010)	\$ 120	5	20%
Dishwasher	\$ 1,725	4	25%
Kitchen appliances (30/11/2010)	\$ 265	5	20%
Microwave oven (30/11/2010)	\$ 280	10	10%
Oven	\$ 1,766	5	20%
Range hood	\$ 541	5	20%
Refrigerator (30/11/2010)	\$ 1,320	12	8.33%

**Category : LAUNDRY ASSETS (1 item)**

Depreciable Item	Cost	Effective Life (PC)	Prime Cost
Clothes dryer	\$ 675	4	25%

**Category : OUTDOOR ASSETS (8 items)**

Depreciable Item	Cost	Effective Life (PC)	Prime Cost
Automatic garage doors - Controls	\$ 141	4	25%
Automatic garage doors - Motors	\$ 75	5	20%
Furniture, freestanding	\$ 109	4	25%
Sauna heating assets	\$ 49	6	16.67%
Spas - Fixed: Chlorinators & filtration (including pumps)	\$ 39	4	25%
Spas - Heaters (Electric or gas)	\$ 35	6	16.67%
Swimming pool assets - Chlorinators & filtration (including pumps)	\$ 98	4	25%
Swimming pool assets - Heaters (Electric or gas)	\$ 39	6	16.67%

**Category : SECURITY & MONITORING ASSETS (2 items)**

Depreciable Item	Cost	Effective Life (PC)	Prime Cost
Access control systems - Code pads & door controllers	\$ 1,095	4	25%
Access control systems - Readers (Proximity)	\$ 624	5	20%

**VALUE OF PLANT ITEMS \$ 60,909**

**Category : BUILDING ALLOWANCE (Capital Works)**

Depreciable Item	Cost	Effective Life (PC)	Prime Cost
Building allowance	\$ 159,302	40	2.50%

**VALUE OF BUILDING ALLOWANCE \$ 159,302**



PRIME COST - YEAR END SUMMARY				
Sample Apartment				
DEPRECIATION PLANT & EQUIPMENT	LOW VALUE POOL ITEMS	CAPITAL WORKS DEDUCTIONS	FINANCIAL YEAR END	AMOUNT CLAIMABLE
\$5,068	N/A	\$3,011	2009 / 2010	\$8,079
\$7,982	N/A	\$3,983	2010 / 2011	\$11,964
\$8,895	N/A	\$3,983	2011 / 2012	\$12,878
\$8,477	N/A	\$3,983	2012 / 2013	\$12,459
\$6,771	N/A	\$3,983	2013 / 2014	\$10,754
\$5,565	N/A	\$3,983	2014 / 2015	\$9,547
\$3,245	N/A	\$3,983	2015 / 2016	\$7,227
\$2,333	N/A	\$3,983	2016 / 2017	\$6,316
\$2,089	N/A	\$3,983	2017 / 2018	\$6,072
\$1,955	N/A	\$3,983	2018 / 2019	\$5,938
\$1,955	N/A	\$3,983	2019 / 2020	\$5,938
\$1,409	N/A	\$3,983	2020 / 2021	\$5,391
\$1,088	N/A	\$3,983	2021 / 2022	\$5,070
\$880	N/A	\$3,983	2022 / 2023	\$4,862
\$581	N/A	\$3,983	2023 / 2024	\$4,564
\$434	N/A	\$3,983	2024 / 2025	\$4,416
\$392	N/A	\$3,983	2025 / 2026	\$4,375
\$379	N/A	\$3,983	2026 / 2027	\$4,362
\$379	N/A	\$3,983	2027 / 2028	\$4,362
\$379	N/A	\$3,983	2028 / 2029	\$4,362
\$379	N/A	\$3,983	2029 / 2030	\$4,362
\$92	N/A	\$3,983	2030 / 2031	\$4,075
\$0	N/A	\$3,983	2031 / 2032	\$3,983
\$0	N/A	\$3,983	2032 / 2033	\$3,983
\$0	N/A	\$3,983	2033 / 2034	\$3,983
\$0	N/A	\$3,983	2034 / 2035	\$3,983
\$0	N/A	\$3,983	2035 / 2036	\$3,983
\$0	N/A	\$3,983	2036 / 2037	\$3,983
\$0	N/A	\$3,983	2037 / 2038	\$3,983
\$0	N/A	\$3,983	2038 / 2039	\$3,983

