



MitchellBrandtman

Quantity Surveyors & Construction Cost Managers

Sample Report

Depreciation Report

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INTRODUCTION

This report has been prepared for .

Acquisition Date

We understand the acquisition date is 30 June 2006.

The Acquisition Date is based on the Construction Completion Date.

The first year depreciation has been proportioned in relation to the financial year ending 30 June 2006.

Capitalisation Date

We understand the construction commencement date is approximately July 2005, based upon the client's advice or the available documentation.

Construction Cost of Building

Our estimate of the construction cost from the date of completion is \$191,288.

The construction cost has been estimated utilising average costs at the date of construction completion and includes preliminary costs, statutory fees and professional fees, or where available has been based on the contract amount.

Our estimate does not include loose furniture, fittings, equipment, tenant fitout work, etc.

Depreciation and the residual Building Allowance is allowed on the net cost of the building, inclusive of structural improvements if constructed after 1992 and exclusive of land content and landscaping.

Depreciation Methods

Depreciation schedules for both the Prime Cost method and the Diminishing Value method are contained in this report.

Advice should be sought from the client's specialist tax adviser regarding the most appropriate method to be adopted.

Depreciable Items

Schedule 1 contains items of plant that may be depreciated at a higher rate than the capital allowance. The value for these items is based on fair market value at the date of acquisition.

Schedule 2 contains all other building components, which are not contained in Schedule 1. This constitutes the capital allowance. The amount is the same each year over a 25 or 40 year period depending upon the commencement date.

Depreciation Rates

Various rates are applicable to individual items of plant, based upon the Taxation Commissioner's determination of the effective life. The client may make their own estimate of the effective life in certain circumstances.

Individual items of plant with a cost of less than \$300.00 have been depreciated at a rate of 100%. Items under \$1000.00 are able to be depreciated at 18.75% in the first year and remaining years at 37.5% using the Diminishing Value Method. Items with the rate of 18.75% are not required to be proportioned in the first year.

The rate applicable to the capital allowance is determined by the construction commencement date.

The rates contained within these schedules, are based upon the information contained within the current Australian Master Tax Guide.



Disclaimer

The depreciation schedules contained within this report have been prepared from the information provided by the client and the local authority where we have been instructed to obtain building approval searches. This report has been prepared for the sole use of the client and it is not to be relied upon by any third party.

Mitchell Brandtman is a firm of Quantity Surveyors and as such, is not qualified to give professional advice on matters relating to taxation claims and returns. We are, however, qualified to advise on costs of plant, equipment and building works. While we have dissected the various costs into the appropriate categories, in our opinion, we suggest the client consults their specialist tax adviser to confirm the schedules and suggested depreciation rates.

This report is produced on the terms and the understanding that Mitchell Brandtman is not:

- (a) Responsible for the results of any actions taken on the basis of information in this document, or any error in, or omission from, this document.
- (b) Engaged in rendering legal, accounting or taxation advice.

The construction cost estimate has been prepared for depreciation purposes. It is not an estimate of replacement cost nor is it suitable for any other purpose.

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Mitchell Brandtman



DEPRECIATION SCHEDULE - PRIME COST METHOD

DESCRIPTION	O P E N I N G			DEPRECIATION		CLOSING Value \$
	Estimated	Previous	Value	Rate	Amount	
	Cost	Depreciation		%	\$	
	\$	\$	\$			\$
SCHEDULE 1						
Automatic Doors/Gates						
Motors	803	0	803	10.00	80	723
Bathroom Assets						
Bathroom Exhaust Fans	528	0	528	10.00	53	475
Electrical						
Light Fittings (excl. hardwired)	836	0	836	20.00	167	669
Fire Control Assets						
Smoke Detectors	286	0	286	100.00	286	0
Floor Finishes						
Carpets	2,957	0	2,957	10.00	296	2,661
Hot Water Systems						
Gas Hot Water	1,414	0	1,414	8.33	118	1,296
Intercom System Assets						
Intercom Unit	693	0	693	10.00	69	624
Kitchen Assets						
Cooktops	748	0	748	8.33	62	686
Dishwasher	1,309	0	1,309	10.00	131	1,178
Insinkerator	314	0	314	15.00	47	267
Oven	1,056	0	1,056	8.33	88	968
Rangehood	352	0	352	8.33	29	323
Laundry Assets						
Clothes Dryer	385	0	385	10.00	39	346
Mechanical Services						
Split Units up to 20kw	4,510	0	4,510	10.00	451	4,059
Swimming Pool Assets						
Chlorinators	124	0	124	100.00	124	0
Cleaning Assets	83	0	83	100.00	83	0
Filtration Assets	124	0	124	100.00	124	0
Window Treatments						
Blinds	3,750	0	3,750	10.00	375	3,375
Sub-Total	20,272	0	20,272		2,622	
SCHEDULE 2						
Capital Allowances						
Capital Allowance	171,017	0	171,017	2.50	4,275	166,742
TOTAL					6,897	



DEPRECIATION FORECAST - PRIME COST METHOD

DESCRIPTION	Year 1 \$	Year 2 \$	Year 3 \$	Year 4 \$	Year 5 \$	Year 6 \$	Year 7 \$	Year 8 \$	Year 9 \$	Year 10 \$
SCHEDULE 1										
Automatic Doors/Gates										
Motors	80	80	80	80	80	80	80	80	80	80
Bathroom Assets										
Bathroom Exhaust Fans	53	53	53	53	53	53	53	53	53	51
Electrical										
Light Fittings (excl.	167	167	167	167	167	1	0	0	0	0
Fire Control Assets										
Smoke Detectors	286	0	0	0	0	0	0	0	0	0
Floor Finishes										
Carpets	296	296	296	296	296	296	296	296	296	293
Hot Water Systems										
Gas Hot Water	118	118	118	118	118	118	118	118	118	118
Intercom System Assets										
Intercom Unit	69	69	69	69	69	69	69	69	69	69
Kitchen Assets										
Cooktops	62	62	62	62	62	62	62	62	62	62
Dishwasher	131	131	131	131	131	131	131	131	131	130
Insinkerator	47	47	47	47	47	47	32	0	0	0
Oven	88	88	88	88	88	88	88	88	88	88
Rangehood	29	29	29	29	29	29	29	29	29	29
Laundry Assets										
Clothes Dryer	39	39	39	39	39	39	39	39	39	34
Mechanical Services										
Split Units up to 20kw	451	451	451	451	451	451	451	451	451	451
Swimming Pool Assets										
Chlorinators	124	0	0	0	0	0	0	0	0	0
Cleaning Assets	83	0	0	0	0	0	0	0	0	0
Filtration Assets	124	0	0	0	0	0	0	0	0	0
Window Treatments										
Blinds	375	375	375	375	375	375	375	375	375	375
Sub-Total	2,622	2,005	2,005	2,005	2,005	1,839	1,823	1,791	1,791	1,780
SCHEDULE 2										
Capital Allowances										
Capital Allowance	4,275	4,275	4,275	4,275	4,275	4,275	4,275	4,275	4,275	4,275
TOTAL	6,897	6,280	6,280	6,280	6,280	6,114	6,098	6,066	6,066	6,055



DEPRECIATION SCHEDULE - DIMINISHING VALUE METHOD

DESCRIPTION	OPENING			DEPRECIATION		CLOSING Value \$
	Estimated	Previous	Value	Rate	Amount	
	Cost	Depreciation		%	\$	
	\$	\$	\$			
SCHEDULE 1						
Automatic Doors/Gates						
Motors	[LVP] 803	0	803	18.75	151	652
Bathroom Assets						
Bathroom Exhaust Fans	[LVP] 528	0	528	18.75	99	429
Electrical						
Light Fittings (excl. hardwired)	[LVP] 836	0	836	18.75	157	679
Fire Control Assets						
Smoke Detectors	286	0	286	100.00	286	0
Floor Finishes						
Carpets	2,957	0	2,957	15.00	444	2,513
Hot Water Systems						
Gas Hot Water	1,414	0	1,414	12.50	177	1,237
Intercom System Assets						
Intercom Unit	[LVP] 693	0	693	18.75	130	563
Kitchen Assets						
Cooktops	[LVP] 748	0	748	18.75	140	608
Dishwasher	1,309	0	1,309	15.00	196	1,113
Insinkerator	[LVP] 314	0	314	18.75	59	255
Oven	1,056	0	1,056	12.50	132	924
Rangehood	[LVP] 352	0	352	18.75	66	286
Laundry Assets						
Clothes Dryer	[LVP] 385	0	385	18.75	72	313
Mechanical Services						
Split Units up to 20kw	4,510	0	4,510	15.00	677	3,833
Swimming Pool Assets						
Chlorinators	124	0	124	100.00	124	0
Cleaning Assets	83	0	83	100.00	83	0
Filtration Assets	124	0	124	100.00	124	0
Window Treatments						
Blinds	3,750	0	3,750	15.00	563	3,187
Sub-Total	20,272	0	20,272		3,680	
SCHEDULE 2						
Capital Allowances						
Capital Allowance	171,017	0	171,017	2.50	4,275	166,742
TOTAL					7,955	183,334
This report includes						
[LVP] : LOW VALUE POOL items in total of		\$4,659.00		\$874.00		3,785



DEPRECIATION FORECAST - DIMINISHING VALUE METHOD

DESCRIPTION	Year 1 \$	Year 2 \$	Year 3 \$	Year 4 \$	Year 5 \$	Year 6 \$	Year 7 \$	Year 8 \$	Year 9 \$	Year 10 \$
SCHEDULE 1										
Automatic Doors/Gates										
Motors	151	245	153	95	60	37	23	15	9	6
Bathroom Assets										
Bathroom Exhaust Fans	99	161	101	63	39	24	15	10	6	4
Electrical										
Light Fittings (excl.	157	255	159	99	62	39	24	15	10	6
Fire Control Assets										
Smoke Detectors	286	0	0	0	0	0	0	0	0	0
Floor Finishes										
Carpets	444	377	320	272	232	197	167	142	121	103
Hot Water Systems										
Gas Hot Water	177	155	135	118	104	91	79	69	61	53
Intercom System Assets										
Intercom Unit	130	211	132	83	51	32	20	13	8	5
Kitchen Assets										
Cooktops	140	228	143	89	56	35	21	14	8	5
Dishwasher	196	167	142	121	102	87	74	63	54	45
Insinkerator	59	96	60	37	23	15	9	6	3	2
Oven	132	116	101	88	77	68	59	52	45	40
Rangehood	66	107	67	42	26	17	10	6	4	3
Laundry Assets										
Clothes Dryer	72	117	74	46	29	18	11	7	4	3
Mechanical Services										
Split Units up to 20kw	677	575	489	415	353	300	255	217	184	157
Swimming Pool Assets										
Chlorinators	124	0	0	0	0	0	0	0	0	0
Cleaning Assets	83	0	0	0	0	0	0	0	0	0
Filtration Assets	124	0	0	0	0	0	0	0	0	0
Window Treatments										
Blinds	563	478	406	345	294	250	212	180	153	130
Sub-Total	3,680	3,288	2,482	1,913	1,508	1,210	979	809	670	562
SCHEDULE 2										
Capital Allowances										
Capital Allowance	4,275	4,275	4,275	4,275	4,275	4,275	4,275	4,275	4,275	4,275
TOTAL	7,955	7,563	6,757	6,188	5,783	5,485	5,254	5,084	4,945	4,837