

DEPRECIATION REPORT

SYDNEY | MELBOURNE | BRISBANE | ADELAIDE | PERTH | SINGAPORE



Your trusted advisors in property tax depreciation.

NBtax
by Napier & Blakeley

23 February 2021
File Ref 4006079405.J47089.001

Arden Group Holdings Pty Ltd
56 Crosby Road
ALBION QLD 4010

Dear Sir/Madam

Property Tax Allowances Schedules

Taxpayer: SCIW Pty Ltd ACN 644 877 841

Unit 1703, 37 Mayne Road Bowen Hills QLD

Further to our proposal and your subsequent commission we are pleased to enclose our tax allowances schedules relating to the Purchase of the above property.

We recommend that the attached schedules be updated on a regular basis to incorporate any additions or disposals during the course of the financial year. Napier & Blakeley would be pleased to facilitate the update.

Should you have any queries please do not hesitate to contact Kristy Bauer or Kah Yao Pih of this office.

Yours faithfully



NBTax By Napier & Blakeley

Encl



Tax agent
56265006

NBtax by Napier & Blakeley Pty Ltd CAN 006 386 278 ATF Napier & Blakeley
Unit Trust ABN 87 601 474 307 Quantity Surveyors, Building and Sustainability
Consultants, Property Depreciation Consultants (Registered Tax Agents)

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DEPRECIATION REPORT



Unit 1703, 37 Mayne Road
Bowen Hills QLD

Schedule of Property Tax Allowances

Prepared for
SCIW Pty Ltd ACN 644 877 841

Prepared by
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1. Introduction

Under instructions from Carole Hunt of wmd law we have prepared capital allowances schedules for the Purchase of the subject property.

The purpose of this report is to provide independent analysis of the capital allowances available under the Income Tax Assessment Act 1997 (ITAA 1997).

This report identifies and evaluates the following allowances:

- Division 40 Depreciation of depreciating assets
- Division 43 Deductions for capital works
 - Buildings
 - Structural improvements

The taxpayer must choose either the diminishing value or the prime cost method of depreciating assets and both schedules are included in this report. The low-value pool schedule should be used in conjunction with the chosen method of depreciating assets.

2. Certification

We hereby certify that in our opinion the preceding capital costs relate to:

1. Depreciating assets calculated in accordance with the Income Tax Assessment Act 1997, Division 40.
2. Capital works deductions calculated in accordance with the Income Tax Assessment Act 1997, Division 43.

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23 February 2021

3. Valuation Methodology

3.1 Division 40 Depreciation of Depreciating Assets

1. The valuation of depreciating assets has been based on a reasonable attribution of the overall capital expenditure as provided for in Section 40-195 ITAA 1997.
2. The schedules have been prepared on the advice that there were no specific values ascribed to depreciating assets in the purchase contract.
3. The apportionment of the purchase price splits the asset into the following categories:
 - Land
 - Depreciating assets
 - Buildings
4. The amount allocated to buildings represents an apportionment of the Purchase price and is not the basis for the Division 43 Deductions for capital works.
5. This apportionment may be of assistance in the calculations of capital gains tax on whole or partial disposal.
6. The effective lives used in calculating depreciation rates are a combination of effective lives taken from TR 2018/4, and the self-assessment of effective lives as provided for in Section 40-105. The guidelines for assessing effective lives in TR 2018/4 have been followed where self-assessment had been undertaken.
7. The depreciation rates adopted in our schedules are in accordance with the legislation in force at the time of acquisition.
8. Low-cost assets (those with a cost under \$1,000) are contained in the low-value pool schedule in accordance with ITAA 1997. They have been depreciated at a rate of 18.75% over the whole year using the diminishing value method. In future years, these assets should be depreciated at 37.5% under the diminishing value method.
9. Our schedules are based on the understanding that the owner of the property is not a small business taxpayer.

3.2 Division 43 Deductions for Capital Works

1. It is a requirement of Division 43 ITAA 1997 that the qualifying expenditure shall be based on the historical cost of construction of the asset.
2. The prime cost rates for deductions for capital works are 2.5% or 4% and are triggered by the date of commencement of the building works, and the type of building. In these schedules the following rates have been used:
 - 2.5% for building works as described in 43-25, 43-75, 43-90 and 43-140 of the Act and which commenced construction after 15 September 1987.
 - 2.5% for external works which qualify as structural improvements as described in Sections 43-20 and 43-140 of the Act, and which commenced construction after 26 February 1992.

3.3 The Division 43 Deductions for Capital Works Have Either:

- been based on the actual historical construction cost as advised which has been tested for accuracy against our knowledge of historical costs, or
- been derived from our estimates of the historical construction costs as set out in Tax Ruling 97/25.

3.4 Information for Substantiation of Schedules

To assist taxpayers in respect of substantiation requirements under the self-assessment provisions we provide the following:-

1. Date of exchange: Not Advised
2. Date of settlement: 9 February 2021
3. Land apportionment in relation to the overall expenditure has been notified as \$13,473 (inclusive of on costs).
4. This report has been prepared on the understanding that all items of depreciating assets listed in the schedules are owned by the taxpayer.
5. The schedules are based on our interpretation of the ITAA 1997, tax cases and tax rulings, all as current at the date of this report and on our understanding of the Commissioner of Taxation's current practices.
6. This schedule is based on the information available to us at the time of preparation. If there are any additions, disposals or changes in ownership of any items, please contact Kristy Bauer or Kah Yao Pih of this office.

4. Expenditure Analysed

1. This report is based on the following overall expenditure:

Purchase price	\$393,174
Stamp duty	\$12,187
Total expenditure analysed	\$405,361

2. The historical construction cost has been advised for the entire complex. We have calculated the construction cost for this lot based on applying the lot entitlement to the construction cost of the entire development. The eligible qualifying expenditure for the purposes of calculating the Division 43 Deductions for capital works has been derived from that total by exclusion of depreciating assets and non-eligible expenditure.
3. The lot entitlement for this lot is 525 out of 152,661.
4. The summary of results includes a figure for the "Balance of capital expenditure". This figure includes both the opening balance for Division 43 capital works and non-eligible expenditure. Non-eligible expenditure includes the difference between the proportion of the purchase price relating to claimable Division 43 capital works and their historical cost and the proportion of the purchase price relating to capital non-deductible items of expenditure.

5. Diminishing Value Depreciation Schedule

**Capital Expenditure Incurred on Depreciating Assets Upon Purchase of
Unit 1703, 37 Mayne Road Bowen Hills QLD**

Prepared for
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**Purchase of Unit 1703, 37 Mayne Road
Bowen Hills QLD**

Capital Expenditure Incurred Upon Depreciating Assets	Total Cost 9-Feb-21	Diminishing Value Rate	Depreciation For First 141 Days	WDV 30-Jun-21
	\$	%	\$	\$
Air-conditioning				
1. Package units (Air conditioning)	13,295	13.34	685	12,610
Carpets				
1. Residential	2,248	20.00	174	2,074
Fire Control and Alarm Systems				
1. Emergency warning and intercommunication system	1,070	16.66	69	1,001
2. Stair pressurisation assets, sensors	1,109	20.00	86	1,023
Hot Water Installation				
1. Electric or gas	3,335	16.66	215	3,121
Kitchen Equipment				
1. Dishwashers	2,038	20.00	157	1,881
2. Exhaust and range hoods	1,575	16.66	101	1,474
3. Ovens	2,224	16.66	143	2,081
4. Stoves	1,204	16.66	78	1,127
Lifts and Elevators				
1. Electric	12,331	6.66	317	12,014
Security Systems and Equipment				
1. Access control systems, code pad, door controllers, detectors and noise makers	1,549	40.00	239	1,310
Ventilation Fans				
1. Ventilation Fans	3,907	10.00	151	3,756
Total	45,886		2,415	43,471

6. Prime Cost Depreciation Schedule

**Capital Expenditure Incurred on Depreciating Assets Upon Purchase of
Unit 1703, 37 Mayne Road Bowen Hills QLD**

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**Purchase of Unit 1703, 37 Mayne Road
Bowen Hills QLD**

Capital Expenditure Incurred Upon Depreciating Assets	Total Cost 9-Feb-21	Prime Cost Rate	Depreciation For First 141 Days	WDV 30-Jun-21
	\$	%	\$	\$
Air-conditioning				
1. Package units (Air conditioning)	13,295	6.67	343	12,953
Carpets				
1. Residential	2,248	10.00	87	2,161
Fire Control and Alarm Systems				
1. Emergency warning and intercommunication system	1,070	8.33	34	1,036
2. Stair pressurisation assets, sensors	1,109	10.00	43	1,066
Hot Water Installation				
1. Electric or gas	3,335	8.33	107	3,228
Kitchen Equipment				
1. Dishwashers	2,038	10.00	79	1,960
2. Exhaust and range hoods	1,575	8.33	51	1,524
3. Ovens	2,224	8.33	72	2,152
4. Stoves	1,204	8.33	39	1,166
Lifts and Elevators				
1. Electric	12,331	3.33	159	12,172
Security Systems and Equipment				
1. Access control systems, code pad, door controllers, detectors and noise makers	1,549	20.00	120	1,429
Ventilation Fans				
1. Ventilation Fans	3,907	5.00	75	3,832
Total	45,886		1,208	44,679

7. Low-Value Pool Schedule

**Capital Expenditure Incurred on Depreciating Assets Upon Purchase of
Unit 1703, 37 Mayne Road Bowen Hills QLD**

Prepared for
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**Purchase of Unit 1703, 37 Mayne Road
Bowen Hills QLD**

Capital Expenditure Incurred Upon Depreciating Assets - Low Value Pool	Total Cost 9-Feb-21	Diminishing Value Rate	Depreciation For First Year	WDV 30-Jun-21
	\$	%	\$	\$
Automatic Entry System and Mechanical Door Closers	731	18.75	137	594
Blinds	5,189	18.75	973	4,216
Carpets				
1. Rugs	25	18.75	5	21
2. Artificial grass and matting	25	18.75	5	20
Fire Control and Alarm Systems				
1. Detection and alarm systems, fire indicator panel	178	18.75	33	145
2. Detection and alarm systems, heat, manual call point, multi type and smoke detectors	1,245	18.75	233	1,011
3. Fire extinguishers	194	18.75	36	158
4. Hoses and nozzles	120	18.75	23	98
5. Pumps, diesel and electric	115	18.75	22	93
6. Stair pressurisation assets, AC variable speed drive	970	18.75	182	788
7. Stair pressurisation assets, pressurisation and extraction fans	693	18.75	130	563
Furniture and Fittings				
1. Barbecue, fixed, sliding trays and cookers	76	18.75	14	62
2. Door mats	19	18.75	4	16
3. Furniture, freestanding	146	18.75	27	118
4. Furniture outside, freestanding	242	18.75	45	197
5. Plant pots and planters	31	18.75	6	25
Gymnasium Equipment				
1. Cardiovascular	134	18.75	25	109
2. Flooring, rubber	22	18.75	4	18
3. Resistance	46	18.75	9	37
Carried forward	10,202		1,913	8,289

**Purchase of Unit 1703, 37 Mayne Road
Bowen Hills QLD**

Capital Expenditure Incurred Upon Depreciating Assets - Low Value Pool	Total Cost 9-Feb-21	Diminishing Value Rate	Depreciation For First Year	WDV 30-Jun-21
	\$	%	\$	\$
Brought forward	10,202		1,913	8,289
Kitchen Equipment				
1. Microwave ovens	649	18.75	122	527
2. Water filters, Electric	22	18.75	4	18
Laundry Plant				
1. Drying equipment	834	18.75	156	678
Pumps				
	42	18.75	8	34
Sauna and Spa Equipment				
1. Sauna heating equipment	23	18.75	4	19
Security Systems and Equipment				
1. Access control systems, swipe card readers	115	18.75	22	93
2. CCTV cameras & monitors	255	18.75	48	207
Swimming Pools				
1. Filtration assets including pumps	23	18.75	4	19
2. Pool equipment	11	18.75	2	9
Television Receivers				
	51	18.75	10	41
Vehicle Control Equipment				
1. Gates, controls	41	18.75	8	33
2. Gates, motors	48	18.75	9	39
Total	12,316		2,309	10,006

8. Division 43 Capital Works Schedule

**Capital Expenditure Incurred Upon Purchase of
Unit 1703, 37 Mayne Road Bowen Hills QLD**

Prepared for
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**Purchase Of Unit 1703, 37 Mayne Road
Bowen Hills QLD**

**Qualifying Capital Expenditure Incurred On Eligible Capital Works
In Accordance With Division 43 Of The ITAA 1997.**

		Total Historical Cost	Prime Cost Rate	Annual Claim	Opening Residual Value 9-Feb-21	Allowance For 141 Days	Closing Residual Value 30-Jun-21
Construction Dates (Start - Completion)		\$	%	\$	\$	\$	\$
1.	5/11/18 - 18/9/20	210,298	2.50	5,257	208,224	2,031	206,193
Total		210,298		5,257	208,224	2,031	206,193

**Purchase Of Unit 1703, 37 Mayne Road
Bowen Hills QLD**

**Qualifying Capital Expenditure Incurred On Structural Improvements
In Accordance With Division 43 Of The ITAA 1997.**

		Total Historical Cost	Prime Cost Rate	Annual Claim	Opening Residual Value 9-Feb-21	Allowance For 141 Days	Closing Residual Value 30-Jun-21
Construction Dates (Start - Completion)		\$	%	\$	\$	\$	\$
1.	5/11/18 - 18/9/20	1,432	2.50	36	1,418	14	1,404
Total		1,432		36	1,418	14	1,404

9. Summary of Results

1. Summary Of Capital Expenditure

Apportionment of cost relating to depreciating assets:		\$58,201
Apportionment of cost not relating to depreciating assets:		
(i) Land	\$13,473	
(ii) Balance of capital expenditure*	\$333,687	\$347,160
Total Expenditure Analysed		\$405,361
Percentage of depreciating assets relative to expenditure		14%

2. Division 43 Deductions - Historical Cost

Capital works	- Original Cost	\$210,298
	- Opening Balance	\$208,224
Structural improvements	- Original Cost	\$1,432
	- Opening Balance	\$1,418

3. Summary Of Total Allowances Available

		Total Opening Balance At 9-Feb-21	141 Days Diminishing Value Method	141 Days Prime Cost Method
Low-value pool depreciating assets	\$12,315			
Depreciating Assets	\$45,886	\$58,201	\$4,724	\$3,516
Division 43 Capital works		\$208,224	\$2,031	\$2,031
Division 43 Structural improvements		\$1,418	\$14	\$14
Totals		\$267,843	\$6,769	\$5,561

* See Section 3 Expenditure analysed

10. Tax Allowance Flow

Diminishing Value Method				
Year	Division 40 Allowances	Low Value Pool	Division 43 Deductions	Totals
	\$	\$	\$	\$
1 - 2021 (141 days only)	2,415	2,309	2,045	6,769
2 - 2022	5,844	3,752	5,293	14,890
3 - 2023	4,876	2,345	5,293	12,514
4 - 2024	4,109	1,466	5,293	10,868
5 - 2025	3,491	916	5,293	9,701
6 - 2026	2,986	573	5,293	8,852
7 - 2027	2,567	358	5,293	8,219
8 - 2028	2,218	224	5,293	7,735
9 - 2029	1,924	140	5,293	7,357
10 - 2030	1,675	87	5,293	7,056
11 - 2031	1,463	55	5,293	6,811
12 - 2032	1,282	34	5,293	6,609
13 - 2033	1,126	21	5,293	6,441
14 - 2034	992	13	5,293	6,299
15 - 2035	876	8	5,293	6,178
16 - 2036	776	5	5,293	6,074
17 - 2037	689	3	5,293	5,985
18 - 2038	613	2	5,293	5,908
19 - 2039	547	1	5,293	5,841
20 - 2040	489	1	5,293	5,783
21 - 2041	438	0	5,293	5,732
22 - 2042	393	0	5,293	5,687
23 - 2043	354	0	5,293	5,647
24 - 2044	319	0	5,293	5,612
25 - 2045	288	0	5,293	5,581
26 - 2046	260	0	5,293	5,554
27 - 2047	236	0	5,293	5,529
28 - 2048	214	0	5,293	5,507
29 - 2049	195	0	5,293	5,488
30 - 2050	177	0	5,293	5,470
31 - 2051	162	0	5,293	5,455
32 - 2052	147	0	5,293	5,441
33 - 2053	135	0	5,293	5,428
34 - 2054	123	0	5,293	5,417
35 - 2055	113	0	5,293	5,406
36 - 2056	104	0	5,293	5,397
37 - 2057	95	0	5,293	5,388
38 - 2058	87	0	5,293	5,381
39 - 2059	80	0	5,293	5,374
40 - 2060	74	0	5,293	5,367
41 +	934	0	1,160	2,093
Totals	45,886	12,315	209,642	267,843

Prime Cost Method				
Year	Division 40 Allowances \$	Low Value Pool \$	Division 43 Deductions \$	Totals \$
1 - 2021 (141 days only)	1,207	2,309	2,045	5,561
2 - 2022	3,126	3,752	5,293	12,171
3 - 2023	3,126	2,345	5,293	10,764
4 - 2024	3,126	1,466	5,293	9,885
5 - 2025	3,126	916	5,293	9,335
6 - 2026	3,006	573	5,293	8,872
7 - 2027	2,816	358	5,293	8,467
8 - 2028	2,816	224	5,293	8,333
9 - 2029	2,816	140	5,293	8,249
10 - 2030	2,816	87	5,293	8,197
11 - 2031	2,608	55	5,293	7,955
12 - 2032	2,277	34	5,293	7,604
13 - 2033	1,978	21	5,293	7,292
14 - 2034	1,493	13	5,293	6,799
15 - 2035	1,493	8	5,293	6,794
16 - 2036	1,144	5	5,293	6,442
17 - 2037	606	3	5,293	5,902
18 - 2038	606	2	5,293	5,901
19 - 2039	606	1	5,293	5,901
20 - 2040	606	1	5,293	5,900
21 - 2041	531	0	5,293	5,824
22 - 2042	411	0	5,293	5,704
23 - 2043	411	0	5,293	5,704
24 - 2044	411	0	5,293	5,704
25 - 2045	411	0	5,293	5,704
26 - 2046	411	0	5,293	5,704
27 - 2047	411	0	5,293	5,704
28 - 2048	411	0	5,293	5,704
29 - 2049	411	0	5,293	5,704
30 - 2050	411	0	5,293	5,704
31 - 2051	264	0	5,293	5,558
32 - 2052	0	0	5,293	5,293
33 - 2053	0	0	5,293	5,293
34 - 2054	0	0	5,293	5,293
35 - 2055	0	0	5,293	5,293
36 - 2056	0	0	5,293	5,293
37 - 2057	0	0	5,293	5,293
38 - 2058	0	0	5,293	5,293
39 - 2059	0	0	5,293	5,293
40 - 2060	0	0	5,293	5,293
41 +	0	0	1,160	1,160
Totals	45,886	12,315	209,642	267,843

11. Disclaimer

1. This report is the opinion of Napier & Blakeley Pty Ltd ACN 006 386 278 ATF Napier & Blakeley Unit Trust ABN 87 601 474 307 (**Napier & Blakeley**) and is to be read together with and is subject to the term and conditions of our engagement. Our opinions in this report are based on the information referred to in this report that has been made available to us by or on behalf of the addressee (**Information**).
2. Napier & Blakeley has not obtained independent verification of the Information. As such, our opinion may be different if the Information is incorrect or inaccurate in any way. This report was prepared solely for the addressee and its use is limited to the purpose for which it was provided. No third party may rely on this report without first obtaining the prior written consent of Napier & Blakeley.
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