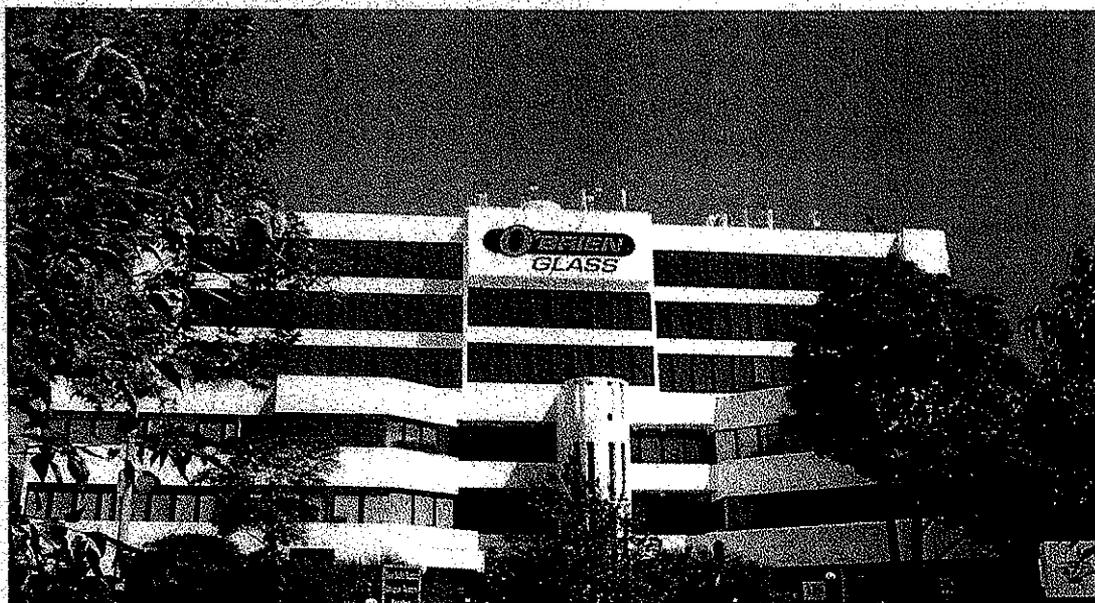


# **NB** Napier & Blakeley

**Lot 50 402-410 Chapel Road  
Bankstown NSW**



## **Schedule Of Property Tax Allowances**

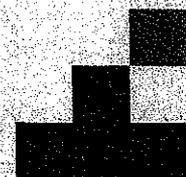
Prepared for  
Esin & Metin Akpinar  
Suite 6 Level 6, 402-410 Chapel Road

**BANKSTOWN NSW 2200**

Prepared by  
Napier & Blakeley Pty Ltd  
ACN 006 386 278  
Level 11 Lumley House  
309 Kent Street  
SYDNEY NSW 2000  
Tel 02 9299 1899 Fax 02 9299 9525

**6 May 2005**

**File Ref 25258-50**





Napier & Blakeley Pty Ltd  
SYDNEY

Level 11  
309 Kent Street  
SYDNEY NSW 2000

T 02 9299 1899  
F 02 9299 9525  
E sydinfo@napierblakeley.com  
napierblakeley.com

6 May 2005  
File Ref 25258-50

Esin Akpinar  
Commercial Property Partners  
Suite 6 Level 6, 402-410 Chapel Road  
BANKSTOWN NSW 2200

Dear Madam

**Property Tax Allowances Schedules**

**Taxpayer: Esin & Metin Akpinar  
Lot 50 402-410 Chapel Road Bankstown NSW**

Further to our proposal and your subsequent commission we are pleased to enclose two copies of 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 Steven See or David Liddelow of this office.

Yours faithfully

A handwritten signature in black ink that reads 'Napier &amp; Blakeley Pty Ltd'. The signature is written in a cursive, slightly slanted style.

**Napier & Blakeley Pty Ltd**

Encl

**COST ■ RISK ■ RETURN**



## Table Of Contents

1.	Introduction .....	1
2.	Valuation Methodology .....	2
3.	Expenditure Analysed.....	4
4.	Diminishing Value Depreciation Schedule .....	5
5.	Prime Cost Depreciation Schedule .....	7
6.	Low-Value Pool Schedule.....	9
7.	Division 43 Capital Works Schedule.....	12
8.	Certification .....	14
9.	Summary of Results.....	15
10.	Tax Allowance Flow .....	16
11.	Disclaimer.....	17



## 1. Introduction

1. Under instructions from Esin Akpinar of Commercial Property Partners we have prepared capital allowances schedules for the Purchase of the subject property.
2. The purpose of this report is to provide independent analysis of the capital allowances available under the Income Tax Assessment Act 1997 (ITAA 1997).
3. This report identifies and evaluates the following allowances:
  - Division 40 Depreciation of depreciating assets
  - Division 43 Deductions for capital works
    - Buildings
4. 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. Valuation Methodology**

### **2.1 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 2000/18, and the self-assessment of effective lives as provided for in Section 40-105. The guidelines for assessing effective lives in TR 2000/18 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.

### **2.2 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.
  -

# NB

## 2.3 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.

## 2.4 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: 18 February 2004
2. Date of settlement: 25 March 2004
3. Land apportionment in relation to the overall expenditure has been notified as \$26,397 (inclusive of on costs).
4. For the purpose of this report the property was visited on 22 February 2001 and a detailed inspection completed. The inspection included identification, measurement and establishment of use of depreciating assets and structure. In addition, a full photographic record of the depreciating assets and building has been prepared for use in the substantiation of the existence of the assets.
5. This report has been prepared on the understanding that all items of depreciating assets listed in the schedules are owned by the taxpayer.
6. 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.
7. 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 Steven See or David Liddelow of this office.



### 3. Expenditure Analysed

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

Purchase price	\$190,000
Stamp duty	\$5,805
Legal fees for conveyance	\$295
<b>Total expenditure analysed</b>	<b>\$196,100</b>

2. The historical construction cost has been advised for the entire complex. We have calculated the construction cost for this lot as \$90,295 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 920 out of 100,000.
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.



#### **4. Diminishing Value Depreciation Schedule**

### **Capital Expenditure Incurred on Depreciating Assets Upon Purchase of Lot 50 402-410 Chapel Road Bankstown NSW**

Prepared for  
Esin & Metin Akpinar

Prepared by  
Napier & Blakeley Pty Ltd  
ACN 006 386 278  
Level 11 Lumley House  
309 Kent Street  
SYDNEY NSW 2000  
Tel: 02 9299 1899 Fax: 02 9299 9525

**May 2005**



Purchase Of Lot 50 402-410 Chapel Road  
Bankstown NSW

Capital Expenditure Incurred Upon Depreciating Assets	Total Cost 25-Mar-04 \$	Diminishing Value Rate %	Depreciation For First 97 Days \$	WDV 30-Jun-04 \$
<b>Air-conditioning</b>				
1. Plenum air ceilings	6,262	7.50	124	6,138
2. Dampers, VAV's, humidifiers, mini split systems & room units	1,363	15.00	54	1,309
3. Cooling towers, condensing sets, chillers (AC), packaged units and controls	6,644	10.00	176	6,468
4. Air handling units, chillers (WC) and pumps	4,259	7.50	85	4,174
<b>Blinds</b>	4,660	22.50	278	4,382
<b>Carpets</b>				
1. Business places, hotels etc.	7,465	30.00	594	6,872
<b>Electrical Machinery &amp; Equipment</b>				
1. Distribution gear	2,099	7.50	42	2,057
<b>Fire Control &amp; Alarm Systems</b>				
1. Water services	517	3.00	4	513
<b>Lifts &amp; Elevators</b>				
1. Electric	12,522	5.00	166	12,356
<b>Ventilating Plant</b>				
1. Ventilation plant	3,759	7.50	75	3,684
<b>Total</b>	<b>49,551</b>		<b>1,597</b>	<b>47,954</b>



**5. Prime Cost Depreciation Schedule**

**Capital Expenditure Incurred on Depreciating Assets Upon Purchase of  
Lot 50 402-410 Chapel Road Bankstown NSW**

Prepared for  
Esin & Metin Akpinar

Prepared by  
Napier & Blakeley Pty Ltd  
ACN 006 386 278  
Level 11 Lumley House  
309 Kent Street  
SYDNEY NSW 2000  
Tel: 02 9299 1899 Fax: 02 9299 9525

**May 2005**



**Purchase Of Lot 50 402-410 Chapel Road  
Bankstown NSW**

<b>Capital Expenditure Incurred Upon Depreciating Assets</b>	<b>Total Cost 25-Mar-04</b>	<b>Prime Cost Rate</b>	<b>Depreciation For First 97 Days</b>	<b>WDV 30-Jun-04</b>
	\$	%	\$	\$
<b>Air-conditioning</b>				
1. Plenum air ceilings	6,262	5.00	83	6,179
2. Dampers, VAV's, humidifiers, mini split systems & room units	1,363	10.00	36	1,327
3. Cooling towers, condensing sets, chillers (AC), packaged units and controls	6,644	6.67	117	6,527
4. Air handling units, chillers (WC) and pumps	4,259	5.00	56	4,203
<b>Blinds</b>	4,660	15.00	185	4,475
<b>Carpets</b>				
1. Business places, hotels etc.	7,465	20.00	396	7,070
<b>Electrical Machinery &amp; Equipment</b>				
1. Distribution gear	2,099	5.00	28	2,071
<b>Fire Control &amp; Alarm Systems</b>				
1. Water services	517	2.00	3	514
<b>Lifts &amp; Elevators</b>				
1. Electric	12,522	3.33	111	12,412
<b>Ventilating Plant</b>				
1. Ventilation plant	3,759	5.00	50	3,709
<b>Total</b>	<b>49,551</b>		<b>1,065</b>	<b>48,486</b>



## **6. Low-Value Pool Schedule**

### **Capital Expenditure Incurred on Depreciating Assets Upon Purchase of Lot 50 402-410 Chapel Road Bankstown NSW**

Prepared for  
Esin & Metin Akpinar

Prepared by  
Napier & Blakeley Pty Ltd  
ACN 006 386 278  
Level 11 Lumley House  
309 Kent Street  
SYDNEY NSW 2000  
Tel: 02 9299 1899 Fax: 02 9299 9525

**May 2005**



**Purchase Of Lot 50 402-410 Chapel Road  
Bankstown NSW**

<b>Capital Expenditure Incurred Upon Depreciating Assets - Low Value Pool</b>	<b>Total Cost 25-Mar-04</b>	<b>Diminishing Value Rate</b>	<b>Depreciation For First Year</b>	<b>WDV 30-Jun-04</b>
	\$	%	\$	\$
<b>Automatic Entry System &amp; Mechanical Door Closers</b>	576	18.75	108	468
<b>Electrical Machinery &amp; Equipment</b>				
1. Emergency lighting installation	250	18.75	47	203
2. Lighting units	5,667	18.75	1,063	4,604
3. Motors	22	18.75	4	18
<b>Fire Control &amp; Alarm Systems</b>				
1. Alarms, hoses & nozzles	367	18.75	69	298
2. Fire crowd control equipment	190	18.75	36	154
3. Fire extinguishers	168	18.75	31	136
4. Smoke ventilation equipment	201	18.75	38	163
<b>Furniture &amp; Fittings</b>				
1. Furniture	479	18.75	90	389
2. Plant pots & planters	29	18.75	5	23
3. Trade & information signs	27	18.75	5	22
<b>Garden Watering Systems</b>	4	18.75	1	3
<b>Hand Dryers</b>	121	18.75	23	98
<b>Hot Water Installation</b>	419	18.75	79	341
<b>Materials Handling Plant &amp; Equipment</b>				
1. Lifting beams & eyes	17	18.75	3	14
<b>Plant Access</b>				
1. Ladders	4	18.75	1	4
<b>Pumps</b>	248	18.75	46	201
<b>Security Systems &amp; Equipment</b>				
1. Electronic	431	18.75	81	350
<b>Carried forward</b>	<b>9,219</b>		<b>1,729</b>	<b>7,490</b>



**Purchase Of Lot 50 402-410 Chapel Road  
Bankstown NSW**

<b>Capital Expenditure Incurred Upon Depreciating Assets - Low Value Pool</b>	<b>Total Cost 25-Mar-04</b>	<b>Diminishing Value Rate</b>	<b>Depreciation For First Year</b>	<b>WDV 30-Jun-04</b>
	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>\$</b>
<b>Brought forward</b>	<b>9,219</b>		<b>1,729</b>	<b>7,490</b>
<b>Telephone Installations</b>				
1. Telephone system	265	18.75	50	215
<b>Vehicle Control Equipment</b>				
1. Boom gates	284	18.75	53	230
2. Non-electronic	11	18.75	2	9
<b>Ventilating Plant</b>				
1. Ventilation plant	8	18.75	2	7
<b>Total</b>	<b><u>9,786</u></b>		<b><u>1,835</u></b>	<b><u>7,952</u></b>



## **7. Division 43 Capital Works Schedule**

### **Capital Expenditure Incurred Upon Purchase of Lot 50 402-410 Chapel Road Bankstown NSW**

Prepared for  
Esin & Metin Akpinar

Prepared by  
Napier & Blakeley Pty Ltd  
ACN 006 386 278  
Level 11 Lumley House  
309 Kent Street  
SYDNEY NSW 2000  
Tel: 02 9299 1899 Fax: 02 9299 9525

**May 2005**



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 25-Mar-04	Allowance For 97 Days	Closing Residual Value 30-Jun-04
Construction Dates (Start - Completion)		\$	%	\$	\$	\$	\$
1.	31/3/88 - 31/5/89	58,154	2.50	1,454	36,612	385	36,227
<b>Total</b>		<b>58,154</b>		<b>1,454</b>	<b>36,612</b>	<b>385</b>	<b>36,227</b>



## 8. Certification

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

1. Depreciating assets as included in the Purchase contract between Esin & Metin Akpınar and Maxwell Phillip Delmege & Anthony Charles Veale and are 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.

*Napier & Blakeley Pty Ltd*  
**Napier & Blakeley Pty Ltd**  
Level 11 Lumley House  
309 Kent Street  
SYDNEY NSW 2000  
Tel: 02 9299 1899 Fax: 02 9299 9525

**6 May 2005**



## 9. Summary of Results

### 1. Summary Of Capital Expenditure

Apportionment of cost relating to depreciating assets:			\$59,337
Apportionment of cost not relating to depreciating assets			
(i) Land		\$26,397	
(iii) Balance of capital expenditure*		\$110,366	\$136,763
<b>Total Expenditure Analysed</b>			<b>\$196,100</b>
Percentage of depreciating assets relative to expenditure			30%

### 2. Division 43 Deductions - Historical Cost

Capital works	- Original Cost	\$58,154
	- Opening Balance	\$36,612

### 3. Summary Of Total Allowances Available

		Total Opening Balance At 25-Mar-04	97 Days Diminishing Value Method	97 Days Prime Cost Method
Low-value pool depreciating asse	\$9,786			
Depreciating Assets	\$49,551	\$59,337	\$3,432	\$2,899
Division 43 Capital works		\$36,612	\$385	\$385
<b>Totals</b>		<b>\$95,949</b>	<b>\$3,817</b>	<b>\$3,284</b>

\* See Section 3 Expenditure analysed



## 10. Tax Allowance Flow

Diminishing Value Method			
Year	Division 40 Allowances \$	Division 43 Deductions \$	Totals \$
1 - (97 days only)	3,432	385	3,817
2	8,710	1,454	10,164
3	6,535	1,454	7,989
4	5,035	1,454	6,489
5	3,983	1,454	5,437
6	3,231	1,454	4,685
7	2,682	1,454	4,136
8	2,273	1,454	3,727
9	1,960	1,454	3,414
10	1,716	1,454	3,170
11 +	19,780	23,142	42,922
<b>Totals</b>	<b>59,337</b>	<b>36,612</b>	<b>95,949</b>

Prime Cost Method			
Year	Division 40 Allowances \$	Division 43 Deductions \$	Totals \$
1 - (97 days only)	2,899	385	3,284
2	7,000	1,454	8,454
3	5,881	1,454	7,335
4	5,183	1,454	6,636
5	4,746	1,454	6,200
6	4,077	1,454	5,531
7	2,809	1,454	4,263
8	2,284	1,454	3,738
9	1,937	1,454	3,391
10	1,895	1,454	3,349
11 +	20,626	23,142	43,768
<b>Totals</b>	<b>59,337</b>	<b>36,612</b>	<b>95,949</b>



## 11. Disclaimer

1. These schedules have been prepared for the sole purpose of claiming property tax allowances and are not to be used for any other purpose.
2. These schedules are confidential to the owners of the premises, the future owner and essential parties dealing with a claim.
3. Napier & Blakeley 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.