

The Chartered Tax Adviser Examination

May 2026

Application and Professional Skills

VAT and Other Indirect Taxes

Pre-seen information

You may print this copy of the pre-seen information but you will not be permitted to take this into the test centre. It will be contained in the final Exhibit in each question.

Pre-seen information

Client Name: Darius Azimi

Date of Birth: 11 January 2002

Home Address: 17 Wheatfield, Maynard Keats, Hendleshire, MK17 8PP.

Darius is a partner in ZRID Construction. He started a sole trade business as a personal trainer in April 2025. Accounts have not yet been prepared for this business and it is not currently VAT registered.

ZRID Construction

ZRID Construction is a partnership formed in 2010 which builds small-scale new housing developments on greenfield sites it acquires, selling the houses to individual buyers. It also does general building work. The original partners were Reza (Darius's father) and Zia (Darius's uncle) who split capital and income profits equally. Iskander (Darius's brother) was given a 12.5% share by Reza in 2022 when he turned 21 and Darius was given a 12.5% share by Reza in 2023 when he turned 21.

Zia died on 31 March 2026 leaving his share of the partnership equally between Darius and Iskander. The split of income and capital profits of the partnership is as follows:

<u>Name</u>	<u>Until 31 March</u>	<u>Inheritance</u>	<u>From 1 April</u>
Zia	50%	(50%)	0%
Reza	25%	-	25%
Iskander	12.5%	25%	37.5%
Darius	12.5%	25%	37.5%
Totals	<u>100%</u>	<u>0%</u>	<u>100%</u>

Accounts have always been made up to 31 March. The latest draft accounts for ZRID Construction are shown below.

The partnership and all its members are clients.

The partnership is registered for VAT with stagger periods of June, September, December and March. It had its last inspection in September 2022; no issues were identified. The partnership has not made an option to tax over any of its property assets.

Continued

Draft Partnership Accounts for y/e 31 March 2026

Profit and Loss Account

	<u>Year ended 31 March</u> <u>2026</u>	<u>Year ended 31 March</u> <u>2025</u>
	£	£
Sales	2,711,334	2,377,968
Less Cost of Sales	<u>(857,425)</u>	<u>(788,100)</u>
Gross Profit	1,853,909	1,589,868
<u>Less Expenses:</u>		
Wages & Subcontract Labour	(843,679)	(797,431)
Other Construction Expenses	(121,812)	(119,231)
Administrative Expenses	<u>(79,225)</u>	<u>(68,477)</u>
Net Profit	<u>£809,193</u>	<u>£604,729</u>

Balance Sheet

	<u>31 March 2026</u>	<u>31 March 2025</u>
	£	£
<u>Fixed Assets</u>		
Land & Property	867,300	885,000
Plant & Machinery	383,199	377,642
Fixtures & Fittings	<u>33,174</u>	<u>23,125</u>
Total Fixed Assets	1,283,673	1,285,767
<u>Current Assets</u>		
Stock	621,942	474,897
Debtors	217,217	201,387
Cash at Bank	<u>1,673,096</u>	<u>1,358,999</u>
Total Assets	<u>3,795,928</u>	<u>3,321,050</u>
<u>Current Liabilities</u>		
Trade Creditors	88,644	97,412
Other Creditors	284,117	226,718
Accruals	<u>8,175</u>	<u>6,246</u>
Total Liabilities	<u>380,936</u>	<u>330,376</u>
Total Equity	<u>£3,414,992</u>	<u>£2,990,674</u>
Represented By:		
Partners' Capital Accounts	2,750,000	2,750,000
Partners' Current Accounts	<u>664,992</u>	<u>240,674</u>
Total	<u>£3,414,992</u>	<u>£2,990,674</u>