Institution **CIOT - CTA**
Course **Awareness**

Event **NA**

Exam Mode **OPEN LAPTOP + NETWORK**

Exam ID [redacted]

Count(s)	Word(s)	Char(s)	Char(s) (WS)
Section 25	**153**	**674**	**814**
Section 26	**99**	**458**	**500**
Section 27	**128**	**603**	**731**
Section 28	**60**	**365**	**394**
Section 29	**29**	**161**	**173**
Section 30	**125**	**417**	**490**
Section 31	**111**	**528**	**637**
Section 32	**148**	**645**	**806**
Section 33	**0**	**0**	**0**
Section 34	**42**	**256**	**282**
Section 35	**32**	**127**	**159**
Section 36	**95**	**378**	**472**

--------------ANSWER-25-BELOW--------------

Answer-to-Question-_25_

Adjusted trading Profit			220,000
Add:			
Legal Fees on renewal of Lease		12,000	
Fine for breach of GDPR Regulation		20,000	
Christmas party (20*10)		200	
Trading Profit			252,0000

<u>Cost of Christmas Party</u>
 The cost of Christmas Party is allowed as it is a staff entertainment. However, the per person cost is more than £150. rest of them will be dissallowed and will be added abck to profit.

Legal Fees
Legal fees on renewal of long lease is not allowed. Only short lease is allowed.

Cost of reparing roof
Cost of reparing roof is allowed in order to ake it usable for the trade.

Interest on loan taken out to buy shop
Interest is allowed as it is taken out for a trade. if it was for any other reason it would go in non-trading LR and will be added back to profit.

Fine for breach of GDPR.
FInes or penaltaties are not allowed for releif.

--------------ANSWER-25-ABOVE--------------

--------------ANSWER-26-BELOW--------------

Answer-to-Question-_26_

	FYA 100%	AIA	Main Pool	Special Pool	CA
AP - 1st October 2023 - 30th September 2024					
WDV b/f			1,100	990,000	
Disposals:					
Car Co2 44g/km			750		
			350	990,000	
Small pool limit			350		350
WDV @ 6%				59,400	59,400
Balance C/f			0	930,600	
Total CA					**59,750**
AP - 1st October 2024 - 31st Dec 24	**FYA 50%**	AIA	Main Pool	Special Pool	CA
WDV B/f				930,600	
Additions:					
Lift	475,000	250,000		475,000	
	475,000	250,000		1,450,600	
AIA		250,000			250,000
FYA 50%	475,000				475,000
WDV @ 6% (3/12)				21,084	21,084
Total CA					**746,084**
Scaled back AIA limit					
AIA	1,000,000				
Avaialble limit (1,000,000*3/12)	250,000				

--------------ANSWER-26-ABOVE--------------

--------------ANSWER-27-BELOW--------------

Answer-to-Question-_27_

There is no relief available on the purchase of Land, Architecht's fees and Planning permission They cannot be claimed SBA as it is not a qualifying expenditure.

The cost of conctruction of warehouse can claim SBA on straight line at 3%. If the warehouse ceases to be used in the business it will fall in disuse. however business can still claim on the remainig periond.

Electrical and Water system.

THis is integral feature. AIA can be claimed however if there is no AIA limit available. FYA 50% can be claimed whre 50% of will be allowed and the rest of the epxesnses will be entered in SPeacial pool rate where 6% can be claimed.

This will require time apporitnment for long or short periond. FYA doens't require appotionement.

--------------ANSWER-27-ABOVE--------------

--------------ANSWER-28-BELOW--------------

Answer-to-Question-_28_

	UK Commercial Propeorty	UK Residential Propeorty	Overseas Commercial Proeorty
Income	150,000	24,000	82,000
Less: Expenses			
Interest (Trading Interest is allowed)	22,000	12,000	
Maintenace cost	5,000	7,000	6,000
Total	123,000	5,000	76,000
	UK Income (Pooled)	Overseas Income	
Income	123,000	76,000	
Less: Loss carried forward	8,000	10,000	
Total Property Busines Income	115,000	66,000	
Cannot Mix and Match UK and Overseas proeorty			

--------------ANSWER-28-ABOVE--------------

--------------ANSWER-29-BELOW--------------

Answer-to-Question-_29_

		Trading profit	Non-Trading (LR)
Income		860,000	6,200
Less:			
Loan of Copy right (Tradign Loan)	50,000*8%*9/12	3,000	
Overdue Interest on CT			2,450
Add:			
Interest on Stock			300
Total		857,000	4,050

--------------ANSWER-29-ABOVE--------------

--------------ANSWER-30-BELOW--------------

Answer-to-Question-_30_

		Y/e June 2023	**9m/e march 24**	Y/e Mar 25	Y/e Mar 26
		£ Mil	**£ Mil**	£ Mil	£ Mil
Trading Profit		15	9	0	11
Capital Gain		1	0	2	1
Total		16	9	2	12
Less: CY Claim				2	
Less: PY Claim (9 Motnhs)			9		
Less: PY Claim 3 months		4			
Less: Carry forward to Trading Profit					9
		12	0	0	3
Less: Capital loss Carry foward					1
Balance		12	0	0	2
Loss Memo			Capital Loss		
Loss for y/e Mar 25		24	Loss for March 24	1.5	
Less: CY Claim		2	Less: Carry forward Claim	1	
Less:Py Claim			Remaing Carried forward	0.5	
- 9m/e march 24		9			
- 3 months for June 2023		4			
		9			
Less: Carry Forward		9			

Balance		0			

--------------ANSWER-30-ABOVE--------------

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\--------------ANSWER-31-BELOW--------------
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Answer-to-Question-_31_

Pycelle Ltd:
Pycelle limited can surrender all of it's Trading Loss and NTLR deficit to the Group Releid.

Arrinne LTD:
Arrine LRD cannot surrender Proerty Loss to group releif as it is not in excess. it will be set of agianst the Trading Income in the current years.

Also, Arrinne LTD cannot surrender Qualifying Charitable donations as it is not in excesss.

Rickonn LTD.
Rickong limited can surrender chargeble gain to Arrinnet LTD and Pycellle LTD as they are in capital Grup. the direct holding should be 75% and indirect holding should be 50%.

All the loss will be subject to available profit in the Other comapnies to set of against.

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\--------------ANSWER-31-ABOVE--------------
\---

--------------ANSWER-32-BELOW--------------

Answer-to-Question-_32_

* When Vyserys LTD sold the busilding to Danerys LTd thi transfer would have taken place at no gain / no loss as they are in Capital Group.
* The cost of the Vyserys LTD will become the base cost for the Danerys Ltd at the time of sale.
* on 1st Noveber 24, Vyserys LTD sold the shares in Danyrs LTD within 6 years of making an Intra-Group transfer. Hence, Degrouping charge will arise.
* Degroup charge will be the gain which would have arises if the transfer would have taken place at Market Value and not at No gain no loss.
* This degrouping charge will be added tot eh consideration reieved by Vysrys LTD. If Substantial Shareholding conditions are match and the gain n sale of shares is exempt, degrouping charge will also be exemt.
* Ignore the future value of the shares and building.

--------------ANSWER-32-ABOVE--------------

--------------ANSWER-33-BELOW--------------

Answer-to-Question-_33_

--------------ANSWER-33-ABOVE--------------

--------------ANSWER-34-BELOW--------------

Answer-to-Question-_34_

Rollover releif must have claimed when purchased the Office building.			
The base cost of busilding	800,000		
LesS: Rollover Releif	200,000		
Base cost	600,000		
Proceeds	1,100,000		
Less: Base cost	600,000		
Gain before relief	500,000		
Less: Rollover relief	**300,000**		
Gain after releif(Retained proceeds)	200,000		

--------------ANSWER-34-ABOVE--------------

--------------ANSWER-35-BELOW--------------

Answer-to-Question-_35_

Yes, both the times shares were hold for 12 months and more.
If the company share more than 5% of the share in a comapny it will qualify for the SS Exemption.

--------------ANSWER-35-ABOVE--------------

--------------ANSWER-36-BELOW--------------

Answer-to-Question-_36_

1) Sansabran is a small comany as it's profit is not aboeve 1.5 Million. it will not have to pay tax under isntallment for March 2024. The payment of CT will be on 1 st january 2025. 9 motnhs and 1 day after the AP ends.

2)The company is large for the period end 31st Decemebr 2024. It will need to pay CT under installment. Hwoever the comapny was not large in the previous years so it can make an election to not pay CT by instlamment. It can pay CT by 1st October 2026.

--------------ANSWER-36-ABOVE--------------

Institution **CIOT - CTA**
Course **Awareness**

Event **NA**

Exam Mode **OPEN LAPTOP + NETWORK**

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Count(s)	Word(s)	Char(s)	Char(s) (WS)
Section 37	**55**	**258**	**278**
Section 38	**59**	**261**	**281**
Section 39	**54**	**269**	**293**
Section 40	**57**	**312**	**340**
Section 41	**45**	**210**	**254**
Section 42	**102**	**495**	**600**
Section 43	**52**	**207**	**266**
Section 44	**13**	**82**	**86**
Section 45	**47**	**217**	**252**
Section 46	**54**	**251**	**291**
Section 47	**57**	**280**	**313**
Section 48	**108**	**436**	**537**

--------------ANSWER-37-BELOW--------------

Answer-to-Question-_37_

		NSI	SI
		£	£
Employement Income		64,000	
Interest			1,000
Child benefit		936	
		64936	1,000
Less: PA		12570	
Net		52,336	
37,700 @ 20%	7540		
18,666 @ 40%	7466		
500 @ 0	0		
500 @ 40%	200		
Total Tax	15,206		
Child benefit			
Adjusted Net income	65,000		
Scale Back child Benefit (65,000-60,000)/200*1%	25%		
Available Benefit	1248*25%	312	936

--------------ANSWER-37-ABOVE--------------

--------------ANSWER-38-BELOW--------------

Answer-to-Question-_38_

		NSI	Div
Income		5,000	
Div			105,000
Less: PA		5,000	2,570
		0	102,430
Tax			
500 @ 0%	0		
37,700 @ 8.75%	3299		
64, 230 @ 33.75%	21,678		
Total	24,977		
Basic Rate band	37,700		
Gift Aid	500		
New Band	38,200		
PA Avialable			
Adjusted net income	110,000		
Less:	100,000		
Excess Divived by 2	10,000/2	5000	
PA	12570		
Less: Excess	5,000	Available	7570

--------------ANSWER-38-ABOVE--------------

--------------ANSWER-39-BELOW--------------

Answer-to-Question-_39_

Laura's Class 1 Secondary	Director We take annual income		
Income	5000 *12	60,000	
Bonues	10,000	10,000	
Total Earnis for Class 1 Secondary		70,000	
Class 1 secondary			
(70,000-9100)= 60,900	@ 13.8%	8404	**8404**
Beatrice			
(2000-1048)*12	11,424 @ 6%	685	**685**
Class 1A			
Bonus	250		
Private Medical Cover	1,200		
	1,450		
@ 13.8%	200		
Class 1A	**200**		

--------------ANSWER-39-ABOVE--------------

--------------ANSWER-40-BELOW--------------

Answer-to-Question-_40_

Banefits on Loan			
No repayments made (no sepretare strict or average calculation)			
Benefit (15,000*2.25%)	338		
Less: Interest paid	100		
Taxable Benefit	238		**238**
Car Benefit			
List Price	42,000		
Less: Capital	5,000	Maximum 5000 is allowed	
Revised List price	37,000		
Benefit (42,000 * (105-75/5)+20%)	37,000 * 26%	9620	
Car benefit	9620		**9620**
Fuel Benefit (27,800*26%)	7,228		**7,228**

--------------ANSWER-40-ABOVE--------------

--------------ANSWER-41-BELOW--------------

Answer-to-Question-_41_

Travel From Home to Bukeep is not allowed.

Travel from Home to the client is allowed for deductions.

Cost of sweet and small toys - this may be cosidered as client entertainment which is not allowed for deduction however Bukeep can reimburse it the cost.

--------------ANSWER-41-ABOVE--------------

--------------ANSWER-42-BELOW--------------

Answer-to-Question-_42_

Option One - Residential
* Alice cannot claim expenses incurred on the replacing a boiler for the residential property. Also, she cannot claim purchase of the furniture .

* SBA is not allowed on resdential property.

Option Two - Commercial

Alice, can claim Capital allowance for the commercial property.
Furniture and Fitting can be claimed under AIA nd will get 100% Relief.
Also, SBA can be claimed on the Qualifyig purchase of the building. If purchased unused form the Developer then she can claim SBA for 331/3 years for 3% on straight line basis.
SBA is allowed she is using accruel system.

--------------ANSWER-42-ABOVE--------------

--------------ANSWER-43-BELOW--------------

Answer-to-Question-_43_

Third Overseas test will be applicable here:
* Spend Less than 91 days - Ben spends 21 days.
* Ben worked only for 5 days in in the UK
* There is no significant break as he was in UK only to visit family and friends.

Ben meets third automatice overseas test.

--------------ANSWER-43-ABOVE--------------

--------------ANSWER-44-BELOW--------------

Answer-to-Question-_44_

Tax Liability	370,000		
Less: PAYE	152,703		
	217,297		
SEIS Relief (220,000*50%)	110,000		
Tax Payable			

--------------ANSWER-44-ABOVE--------------

-------------ANSWER-45-BELOW-------------

Answer-to-Question-_45_

On Grant
There is a tax implication on the grant of the EMI.

On excercise
There is no Income tax implication on Excersice as they were excersided withing 3 years and 20 years from the Grant.

On Sale

Proceeds	200*1000	200,000	
Less: Cost	90*1000	90,000	
Gain		110,000	

-------------ANSWER-45-ABOVE-------------

--------------ANSWER-46-BELOW--------------

Answer-to-Question-_46_

Car
Sale of car is exempt from Capital Gain

Rental Propoerty
Sold to connected person so the transfer will take place at no gain no loss.

Painting
Sold for Less than 6,000 it is exempt from CGT.

Jewellary

Proceeds	7,500		
Cost	2,000		
Gain	5,500		
5/3 will apply			
5/3(7500-6000)	2500	Lower gian will apply here.	

--------------ANSWER-46-ABOVE--------------

--------------ANSWER-47-BELOW--------------

Answer-to-Question-_47_

Period of Ownership	10 Years		
Period of occupation	8 years	3 years for any reason.	
PRR is no available as she did not oocupy proeproty after the deemed occupation.			
Proceeds	670,000	Basica rate band	37,700
Less: Cost	320,000	(48,000-12570)	35,430
Gain	350,000		2,270
Less: AEA	3,000		
Taxable Gain	347,000		
2,270 @ 18%	409		
344,730 @ 24%	82735		

--------------ANSWER-47-ABOVE--------------

--------------ANSWER-48-BELOW--------------

Answer-to-Question-_48_

		NS	Div
Income		200,000	
DIv			40,000
No PA Available			
33,700 @ 20%	7540		
87,440 @ 40%	34976		
74,860 @ 45%	33,687		
500@ 0%			
39,500 @ 39.35%	15,603		
Tax Liability	91,806		

* Flat penalty of £100 on the late filling of return. = £100
* Daily penalty of £10 can be levied by HMRC for upto 90 Days.
* Further penalty of 5% as it was 6 motnhs late. = 91,806 * 5% = £4590
*

As the return was Deliberate but not concealed.

HMRC can levy maximum 70% and Minimum 20% if he makes and Unprompted disclosure. The penalty will be base don the quality of the disclosure.

--------------ANSWER-48-ABOVE--------------

Institution **CIOT - CTA**
Course **Awareness**

Event **NA**

Exam Mode **OPEN LAPTOP + NETWORK**

Exam ID [redacted]

Count(s)	Word(s)	Char(s)	Char(s) (WS)
Section 49	**20**	**122**	**129**
Section 50	**40**	**183**	**209**
Section 51	**48**	**257**	**279**
Section 52	**130**	**612**	**738**
Section 53	**38**	**210**	**217**
Section 54	**56**	**251**	**284**
Section 55	**52**	**243**	**272**
Section 56	**41**	**191**	**219**
Section 57	**43**	**242**	**261**
Section 58	**104**	**503**	**620**
Section 59	**80**	**357**	**435**
Section 60	**68**	**283**	**354**

--------------ANSWER-49-BELOW--------------

Answer-to-Question-_49_

Trading Profit		80,000	
Add:			
15% Leasing cost	720		
Fine	1,500		
Part of premium (20,000-(2%(10-1)*20,000/ 10	1640		
		3860	
Taxable Tradig profit		83,860	

--------------ANSWER-49-ABOVE--------------

--------------ANSWER-50-BELOW--------------

Answer-to-Question-_50_

1) Under Actual	£		
Fuel Cost	2100		
Parking Charges	320		
Total Expenses	2,420		
Capital allowance may be claimed for the cost of the car.			
2) Under Flat Rate	NO CA		
- Expenses (12,000*45p)	5400		
Add: Parking Charges	320		
Total	5,720		

--------------ANSWER-50-ABOVE--------------

--------------ANSWER-51-BELOW--------------

Answer-to-Question-_51_

Cash basis	£	£	Notes
Minal			
Invoice paid		36,400	37,000-600
Less: Purchases		7,800	8000-200
Purchase of Laptop		840	1200*70(Business USeonly)
Busines Use of Home		312	130 hrs monthly
Taxable Profit		27,448	
Nimra			
Income	1,900		
Less: Trading Allowance	1,000		
Income	900		
It is beneficial to claim trading allowance			

--------------ANSWER-51-ABOVE--------------

--------------ANSWER-52-BELOW--------------

Answer-to-Question-_52_

Roof of the Factory
The roof of the factory will be allowed Capital Allowance under speacial pool at 6%. However, is he has Annual Investment allownace he should priotise AIA before Special Pool.

Air conditioned
Air COnditioned is an integral feature and will be allowed for Capital Allowance. AIA should be given priority over SPecial rate pool.

Plot of Land
No CA is available for the Land.

Contructions cost = 140,000
Since, Rajesh follows the accruel system he can claim SBA at the rate of 3% on a straigh line basis. At any time, if Rajesh stops using the warehouse it will fall in disuse however SBA can be claimed for the remaing periodn. At Any point, Rajesh starts using it for the residential purpose furhter SBA cannot be claimed.

--------------ANSWER-52-ABOVE--------------

--------------ANSWER-53-BELOW--------------

Answer-to-Question-_53_

		Total	Adam	Malcom	Travis
Profit		80,000			
Less: Salary		100,000		55,000	45,000
Balance		-20,000			
Distribution			-4000	-8000	-8000
Total			-4000	47,000	37,000
Notioanl Loss Distribute (47:37)				-2238	-1762
Total			0	44,762	35,238
Class 4 NIC					
35238-12570 * 6%		**1360**			

--------------ANSWER-53-ABOVE--------------

--------------ANSWER-54-BELOW--------------

Answer-to-Question-_54_

		20/21	21/22	22/23	23/24	
Profit		39,0000	45,000	60,000	42,000	
Claim under FIFO						
		39,000				
			45,000			
				51,000		
Net Table Income		0	0	10,000	42,000	
Loss Memo						
Loss 24/25		135,000				
Less:						

S.64 Claim should be maide by first Anniversary from the Due date = 31 January 2027
S. 72 Loss the claim should be made by 31 January 2027

--------------ANSWER-54-ABOVE--------------

--------------ANSWER-55-BELOW--------------

Answer-to-Question-_55_

Loss of March 2025 =

Loss Memo			
Loss	50,000		
Less:			
CY Claim	10,000		
PY Claim	8,000		Only agianst Trading income Proeorty will be covered by PA.
Balance	32,000		
Make S.71 cliam agianst Capital gain	16,000		
Balance C/f	**16,000**		
Gain	26,000		
Less: Bought forward loss	7,000		
AEA	3000		
S.71 Loss	16,000		
Gain	**0**		

--------------ANSWER-55-ABOVE--------------

--------------ANSWER-56-BELOW--------------

Answer-to-Question-_56_

Gift to Connected perosn would have taken place at No Gain no Loss.

Base Cost for Hanna

MV	200,000		
Less: Cost	40,000		
Gain	160,000	Frozen if joint election made.	
Base Cost for Hanna	200,000		
Less: Frozen Gain	160,000		
Base cost	40,000		

--------------ANSWER-56-ABOVE--------------

--------------ANSWER-57-BELOW--------------

Answer-to-Question-_57_

Proceeds		400,000	
Less: Cost	82,000		
Legal Fees	2,000		
Extenstion cost	38,000	122,000	
Gain before relief		278,000	
Less: ROllover Relief		198,000	
Gain (Proceeds not invested) 400,000-320,000		80,000	Taxable Gain
Base cost of new asset			
Cost	320,000		
Rollover releif	198,000		
Base cost	**122,000**		

--------------ANSWER-57-ABOVE--------------

--------------ANSWER-58-BELOW--------------

Answer-to-Question-_58_

Profits Prior to Debbie
* Joseph and David will calculate the profit upt to Debbie joins the partnership. The profits will be tme apportined assuming equal amount was earned throughtout the years.
* Joseph and David wil share this profit.

Debbie Joins
* From 1 September 24, Debbie joins the partnership. SHe will share the remiaing profits with Joseph and David. SHe will receive profit only from the 1st Septemeber.
* Debbie will be allowed to deduct the interest paid on cash introduced at the time of joining partnership as it is allowable deduction.
* Debbie's gain on sale of building will be Frozen.

--------------ANSWER-58-ABOVE--------------

--------------ANSWER-59-BELOW--------------

Answer-to-Question-_59_

Ben
Profit Seeking Motive - Ben has profit seeking motive so likely trading.
Frequancy - If Ben is doing frequanlty it is likely it's going to be trade.
Alteration of Modification- Before selling Ben is modifying them to generate higher price. this is likely a trading.

Jason
Frequancy - This looks like a one of transaction so not a trade.
Gap - There is a significant gap in buying and selling them for a profit. SO not liket a trade.

--------------ANSWER-59-ABOVE--------------

--------------ANSWER-60-BELOW--------------

Answer-to-Question-_60_

* The balancing payment for 23/24 will be £5,880
* Tax for 23/24 should have been paid by 31st Jan 2025. If it was paid more than 30 day late so 5% penalty will be applicable. = **294 Penalty**

Kathy will also need to pay the installment for the 24/25 on 31st january. 1,234. There is no penalty on the late payment interest but interest will be charged.