

## ASSESSMENT BASIS FOR PILOT PAPER

### Structure

A simple pass or fail will be awarded.

### Identification and Application

The following are the relevant topics for assessment with their weightings:

1	20%	Identifying whether the disposal of the Ares Ltd shares may be eligible for SSE, considering the conditions and whether they apply. Calculating the post tax proceeds arising from the share disposal.
2	20%	Identification of the tax implications arising from the disposal of the trade and assets of Ares Ltd rather than the shares. In particular with regard to the property, plant and stock and calculating the post tax proceeds.
3	20%	Identifying the tax issues that arise on the merger of Bishop Ltd and Cable Ltd, with specific reference to property, SDLT, p&m, stock, losses and VAT.
4	20%	Identifying the effect of selling both of the properties before or after the transfer of the trade and calculating the post tax proceeds in both cases.
5	20%	Identifying whether the liquidation of Bishop Ltd may be eligible for SSE, considering the conditions and whether they apply. Calculating the capital loss arising on liquidation.

A grade of 0,1,2,3, or 4 is awarded for each topic. The weighting is applied to that grade to produce a weighted average grade. Thus, supposing a candidate scores 3, 3, 4, 2 and 2 respectively on the above topics, this will equate to weighted scores of 0.6, 0.6, 0.8, 0.4 and 0.4. The total of these scores is 2.8. This is then converted to a final absolute grade by rounding up or down to the nearest grade. Thus, scores in the range 2.5 to 3.49 will be a grade 3. In this example, the candidate will score a grade 3 overall and secure a pass for this skill.

### Relevant Advice and Substantiated Recommendations

The following are the topics for assessment with their weightings:

40%	Advice and recommendations on whether it is best to dispose of the Ares Ltd shares or the trade and assets. Advising on the availability of SSE and the optimum after tax position on a disposal of the shares.
30%	Advice and recommendations on whether it is best to dispose of the properties in Bishop Ltd before or after the merger is effected
10%	Advice and recommendations on utilising the capital loss in Bishop Ltd and the current year trade losses.
20%	Advice and recommendations on when to liquidate Bishop Ltd in order for an allowable capital loss to arise.

The final grade will be determined for this skill in the same way as for Identification and Application.