

## ASSESSMENT NARRATIVE FOR NOVEMBER 2024 APS OMB PAPER

### Structure

A simple pass or fail will be awarded.

### Identification and Application

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

1	20%	Capital gain and BADR for Pedro BADR qualifying conditions, need to be employed at time of sale, base cost is MV at date of acquisition.
2	25%	Possible purchase of Pedro's shares by Michael No benefit to taking funds as salary / dividend, borrowing from bank means tax relief on interest, borrowing from company, allowable purposes, s455, repayment of loan and s455.
3	30%	Capital treatment of share buy-back Qualifying criteria, comments on benefit to trade, need to buy-back in one go, HMRC clearance, stamp duty
4	25%	Termination payment to Pedro Non contractual, tax free to £30k, statutory redundancy, balance taxable, employer NICs, PAYE and P45

### Relevant Advice and Substantiated Recommendations

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

1	40%	Advice on acquisition of Pedro's shares Purchase by Michael using either third party borrowed funds or loan from company not recommended. Company share buy back with capital treatment likely to be better option.
2	30%	Advice on acquisition of Dianna's shares Capital treatment unlikely and possibly unattractive, staged buy back to utilise basic rate band and dividend allowance. IHT considerations
3	30%	Advice on increasing Henry Fall's shareholding Share options either approved or unapproved, issue of forfeitable shares