

The Chartered Tax Adviser Examination

May 2022

Application and Professional Skills

Human Capital Taxes

Pre-seen information

You may print this copy of the pre-seen information for your exam, however it will be contained in the final Exhibit in each question.

Pre-seen information

Client name

Cable plc

Services provided to client

They are a tax consultancy client. Audit and compliance services are provided by a large international firm of accountants.

Date of incorporation

7 November 1958

Board of Directors

Fred Drayter (Managing Director)
Emmanuele Le Stange (Finance Director)
Jennifer Finnerton (Operations Director)
Michelle Handleton (HR Director)

HR Manager

Milly Coule

Client Background

Cable plc is a UK trading company and is also the parent company of an international group. The group manufactures a wide range of cabling for domestic homes and the IT and power generation industries.

Cable plc group is one of the largest businesses in this field and has invested significantly in robotics and advanced technologies to improve manufacturing processes.

Due to the diversity of their products and award-winning innovations on eco-friendly products, they have been highly successful. Cable plc was listed on the London Stock Exchange in 1990 and its share price has increased steadily since then.

As well as its own trading activities, Cable plc provides head office services to its subsidiaries and also undertakes much of the design work for the group. Cable plc has 758 employees in the UK.

All subsidiaries are wholly owned.

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SubsidiariesIndian Cable and Pipe Pvt Ltd

<u>Location</u>	<u>Date of Incorporation</u>	<u>Date of acquisition</u>	<u>Specialism or function</u>	<u>Number of employees</u>
Bangalore, India	12 September 1987	From incorporation	Manufacture and sale of industrial and power products.	215

Cable Inc

<u>Location</u>	<u>Date of Incorporation</u>	<u>Date of acquisition</u>	<u>Specialism or function</u>	<u>Number of employees</u>
Pittsburg, USA	4 October 1994	From incorporation	Manufacture and sale of industrial products connected to the steel industry.	389

Lille Electrical Cable SA

<u>Location</u>	<u>Date of Incorporation</u>	<u>Date of acquisition</u>	<u>Specialism or function</u>	<u>Number of employees</u>
Lille, France	17 January 1999	12 August 2006	Manufacture and sale of mainly IT and data cabling.	241

Cable Company GmbH

<u>Location</u>	<u>Date of Incorporation</u>	<u>Date of acquisition</u>	<u>Specialism or function</u>	<u>Number of employees</u>
Frankfurt, Germany	19 March 2001	From incorporation	Design, manufacture and sale of mainly IT and data cabling.	139

Cable & Pipe LLC

<u>Location</u>	<u>Date of Incorporation</u>	<u>Date of acquisition</u>	<u>Specialism or function</u>	<u>Number of employees</u>
Beijing, China	7 August 2001	From incorporation	Manufacture of wide variety of domestic and industrial power products.	220

Eirepipe Ltd

<u>Location</u>	<u>Date of Incorporation</u>	<u>Date of acquisition</u>	<u>Specialism or function</u>	<u>Number of employees</u>
Dublin, Ireland	18 November 1977	7 November 2017	Design, manufacture and sale of civil and industrial products.	203

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Group Consolidated Profit and Loss Accounts to 31 December 2021

	<u>2021</u>	<u>2020</u>
	£ million	£ million
Turnover	14,779	14,540
Cost of sales & administrative expenses	<u>(11,884)</u>	<u>(11,760)</u>
Operating profit/(loss)	2,895	2,780
Interest expense	<u>(813)</u>	<u>(1,026)</u>
Profit/(loss) before taxation	2,082	1,754
Taxation	<u>(437)</u>	<u>(368)</u>
Profit/(loss) after taxation	<u>£1,645</u>	<u>£1,386</u>

Consolidated Balance Sheet on 31 December 2021

	<u>2021</u>	<u>2020</u>
	£ million	£ million
<u>Fixed Assets</u>		
Land & buildings	42,042	39,925
Plant & machinery	9,589	9,221
Intangibles	5,647	8,693
Net current assets	8,537	6,301
Current liabilities	(387)	(408)
Long term creditors	<u>(914)</u>	<u>(793)</u>
Net Assets	<u>£64,514</u>	<u>£62,939</u>
<u>Equity</u>		
Share Capital	60,000	60,000
Reserves	<u>4,514</u>	<u>2,939</u>
	<u>£64,514</u>	<u>£62,939</u>