

The Chartered Tax Adviser Examination

May 2021

Application and Professional Skills

Taxation of Owner-Managed Businesses

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

Adrian Charl

Client Background

Born 18 February 1964.

UK domiciled but currently resident in the country of Morova.

Married Mary on 1 July 2010. Separated from Mary on 1 November 2016 with divorce from her completed on 1 May 2017.

Adrian has no children and is single.

Charl Communications

The business was started by Adrian and Mary in partnership on 1 April 2012 and advises upon and installs telephone systems within the UK.

Mary left the business on 1 November 2016 and since then it has been run on a sole trader basis by Adrian Charl.

Accounts are made up to 31 March each year.

The business currently operates from rented premises.

For several years the day-to-day operations of the business have been dealt with by a manager, Bill Davies, who oversees a small team of technical and administrative employees and reports to Adrian on a periodic basis.

Tax Information

Adrian Charl has not used any of his lifetime limit for business asset disposal relief purposes.

VAT

Registered entity	Adrian Charl
Registration number	111000000
Effective registration date	1 May 2013

All of Charl Communications' supplies are standard rated.

Continued

Continuation

Most recent accounts of Charl Communications

Profit and loss account for the year ended 31 March 2021

	£	£
Sales		255,170
Opening Stock	22,000	
Purchases	115,600	
Less: Closing stock	<u>(20,000)</u>	
Gross Profit		<u>(117,600)</u> 137,570
Expenditure		
Wages	74,500	
Rent & rates	12,800	
Utilities	3,450	
Repairs & renewals	6,160	
Telephone	1,280	
Print & stationery	580	
Advertising	1,650	
Accountancy	2,000	
Vehicle	4,800	
Depreciation	<u>9,600</u>	
		(116,820)
Net Profit for Year		<u><u>20,750</u></u>

Balance Sheet as at 31 March 2021

	£	£
Fixed Assets		
Equipment		69,000
Vehicles		66,000
Current Assets		
Stock	20,000	
Debtors	32,000	
Bank & cash in hand	<u>38,000</u>	
	90,000	
Current Liabilities	<u>(10,000)</u>	
Net Current Assets		80,000
		<u>215,000</u>
Capital Account		<u>215,000</u>