



# **The Chartered Tax Adviser Examination**

Sample Paper – Pre-Seen Information

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## **Application and Professional Skills**

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**VAT and Other Indirect Taxes**

Pre-seen information

Client name SuperStationery Ltd

Client background The company was incorporated in England & Wales on 1 June 2018 and the first accounts will be made up for the period to 30 September 2019. Subsequent accounts will be made up to 30 September each year.

The shareholders are Alex Wilko, Josephine Wilko (Alex's wife) and Samuel Wilko (Alex's Uncle) who each own 1 ordinary share of £1 each.

All three shareholders are directors and they have received no dividends or remuneration from the company:

Alex Wilko is the Managing Director, running the business day-to-day.

Josephine Wilko carries out administrative duties, for example, bookkeeping, answering the phone and raising invoices.

Samuel Wilko takes no part in the day-to-day running of the company.

Business

The company started to trade on 1 September 2018.

It has concluded several two year contracts to supply white boards and laminators.

The gross profit margin is around 20%.

VAT

SuperStationery Ltd became VAT registered on 1 September 2018.

Registration number GB122334456.

First VAT return not yet filed for the period 1 September 2018 to 30 November 2018.

Has not opted for cash accounting, annual accounting or Flat Rate Scheme.

Other information

Samuel Wilko is an additional rate taxpayer

Alex and Josephine Wilko resigned from their jobs as stationery sales reps to set up SuperStationery Ltd. They were both higher rate taxpayers in their previous jobs (Alex earned £65,000 a year and Josephine earned £55,000) and are currently living off their savings of £30,000 whilst building up the business. They anticipate withdrawing profits of £30,000 each for the first year.

£50,000 loan received from Samuel Wilko in August 2018 (currently loaned to the company at a flat rate of 5% per annum, payable monthly). There are no specific terms agreed for repayment. SuperStationery Ltd will repay the loan as it has sufficient funds to do so.