



The Chartered Tax Adviser Examination

Sample Paper – Pre-Seen Information

Application and Professional Skills

Owner Managed Businesses

- Client Name - Horatio Stiles
- Client Background
- Horatio was born on 1 May 1960
 - He was married to Sheila until her death on 31 January 2008
 - He has not remarried
 - Horatio's only child is Patti
 - Patti was born on 1 March 1990 and is unmarried
 - Horatio's business is Stiles Construction Ltd
- Business
- Stiles Construction Ltd is a building company
 - It was incorporated on 10 January 1973 by Horatio's father.
 - The sole director is Horatio Stiles
 - There are 1,000 ordinary shares of £1 each in issue, all of which are held by Horatio Stiles.
 - Horatio inherited his shares from his father, Albert, on his death on 31 January 1999.
 - On 31 January 1999 the shares were valued at £13,000
- VAT
- Registered entity: Stiles Construction Ltd
 - Registration number 987654321
 - Registration date 10 January 1973
 - No option to tax has been made
- Corporation Tax - Taxable Total Profit for Stiles Construction Ltd

<u>Year Ended</u>	<u>£</u>
31 March 2018	120,500
31 March 2017	88,746
31 March 2016	102,916

Summarised accounts for Stiles Construction Ltd for the year ended 31 March 2018

Profit & loss account for the year ended 31 March 2018

	£	£
Sales		643,250
Cost of sales		(301,800)
Gross profit		<u>341,450</u>
Other income:		
Bank interest	4,300	4,300
Expenditure:		
Director's remuneration	45,000	
Bank loan interest	3,500	
Employment costs	145,000	
Other administration costs	34,750	
		<u>(228,250)</u>
Net profit		<u><u>£108,900</u></u>

Balance sheet as at 31 March 2018

	£
Freehold property	50,000
Plant & machinery	47,500
Debtors/inventory	76,750
Bank current account	21,250
deposit account	185,000
Less: creditors	<u>(67,500)</u>
	<u>£313,000</u>
Capital & reserves:	£
Share capital	1,000
Profit and loss	<u>312,000</u>
	<u>£313,000</u>

Employment costs include all (including director's) Class 1 secondary National Insurance contributions and company pension contributions

The bank loan interest relates to a loan taken out to purchase some equipment used in the company's trade.

The freehold property is used in the company's trade and was acquired in January 1997.