**ASSESSMENT NARRATIVE – TAXATION OF LARGER COMPANIES AND GROUPS**

<u>Structure</u>

A simple pass or fail will be awarded.

<u>Identification and Application</u>

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

| 1 | 35% | Implications of using different forms of consideration for the acquisition, including potential tax consequences on the shareholders. |
|---|-----|---|
| 2 | 25% | Analysis of the items raised in the HMRC enquiry, including calculation of potential penalties, and their impact on brought forward losses. |
| 3 | 15% | Impact of acquisition on R&D claims and CIR, including identifying and quantifying the difference between the SME and large company R&D rules. |
| 4 | 15% | Calculation of brought forward losses and consideration of treatment of trading losses following acquisition. |
| 5 | 10% | Discussion on operating a share scheme for the directors and key employees. |

A grade of 0,1,2,3, or 4 is awarded for each topic. The weighting is applied to that grade to produce a weighted average grade. This is then converted to a final absolute grade by rounding up or down to the nearest grade. Thus, scores in the range 2.5 to 3.49 will be a grade 3.

<u>Relevant Advice and Substantiated Recommendations</u>

The following are the topics for assessment with their weightings:

| 50% | Advice on what form the consideration for the acquisition of Stormback Ltd should take. |
|-----|---|
| 20% | Advice on dealing with the points arising in the HMRC enquiry. |
| 15% | Advice on how to maximise the R&D benefit. |
| 15% | Recommendations on what share scheme to operate after acquisition for the directors and key individuals. |

The final grade will be determined for this skill in the same way as for Identification and Application.