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ACCA – Paper F6 Taxation September and December 2015 FA2014 Final assessment

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Notice to Markers

- 1 When commenting about the script performance, please ensure on individual questions and on overall assessment your comments cover areas of examination technique including:

<ul style="list-style-type: none">• Time management	<ul style="list-style-type: none">• Handwriting	<ul style="list-style-type: none">• Presentation and layout	<ul style="list-style-type: none">• Use of English
<ul style="list-style-type: none">• Points clearly and concisely made	<ul style="list-style-type: none">• Relevance of answers to question	<ul style="list-style-type: none">• Coverage and depth of answer	<ul style="list-style-type: none">• Accuracy of calculations
<ul style="list-style-type: none">• Calculations cross-referenced to workings	<ul style="list-style-type: none">• All parts of the requirement attempted	<ul style="list-style-type: none">• Length of answers equates to marks available	<ul style="list-style-type: none">• Read the question carefully

- 2 Please provide suitable constructive comments for both section A, and for each question in section B.

Section / Qn no.	General Comments	Exam Technique Comments

ACCA FINAL ASSESSMENT

Taxation (United Kingdom)

**September and December
2015
FA2014**

Time allowed

Reading and planning: 15 minutes

Writing: 3 hours

All questions are **COMPULSORY** and **MUST** be attempted.

Tax rates and allowances are on pages 3 – 6

Do NOT open this paper until instructed by the supervisor.

During reading and planning time only the question paper may be annotated. You must NOT write in your answer booklet until instructed by the supervisor.

This question paper must not be removed from the examination hall.

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Paper F6 (UK)

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TAX RATES AND ALLOWANCES

Throughout this assessment:

- 1 Calculations and workings need only to be made to the nearest £.
- 2 All apportionments should be made to the nearest month.
- 3 All workings should be shown in Section B.

INCOME TAX

		<i>Normal rates</i>	<i>Dividend rates</i>
		%	%
Basic rate	£1 – £31,865	20	10
Higher rate	£31,866 – £150,000	40	32.5
Additional rate	£150,001 and above	45	37.5

A starting rate of 10% applies to savings income where it falls within the first £2,880 of taxable income.

Personal allowances

Personal allowance

Born on or after 6 April 1948	£10,000
Born between 6 April 1938 and 5 April 1948	£10,500
Born before 6 April 1938	£10,660

Income limit

Personal allowance	£100,000
Personal allowance (born before 6 April 1948)	£27,000

Residence status

Days in UK	Previously resident	Not previously resident
Less than 16	Automatically not resident	Automatically not resident
16 to 45	Resident if 4 UK ties (or more)	Automatically not resident
46 to 90	Resident if 3 UK ties (or more)	Resident if 4 UK ties
91 to 120	Resident if 2 UK ties (or more)	Resident if 3 UK ties (or more)
121 to 182	Resident if 1 UK tie (or more)	Resident if 2 UK ties (or more)
183 or more	Automatically resident	Automatically resident

Child benefit income tax charge

Where income is between £50,000 and £60,000, the charge is 1% of the amount of child benefit received for every £100 of income over £50,000.

Car benefit percentage

The relevant base level of CO₂ emissions is 95 grams per kilometre.

The percentage rates applying to petrol cars with CO₂ emissions up to:

75 grams per kilometre or less	5%
76 to 94 grams per kilometre	11%
95 grams per kilometre	12%

Car fuel benefit

The base level figure for calculating the car fuel benefit is £21,700.

New Individual Savings Accounts (NISAs)

The overall investment limit is £15,000.

Pension scheme limits

Annual allowance	– 2014–15	£40,000
	– 2011–12 to 2013–14	£50,000

The maximum contribution that can qualify for tax relief without evidence of earnings is £3,600.

Authorised mileage allowance: cars

Up to 10,000 miles	45p
Over 10,000 miles	25p

Capital allowances: rates of allowance

Plant and machinery

Main pool	18%
Special rate pool	8%

Motor cars

New cars with CO ₂ emissions up to 95 grams per kilometre	100%
CO ₂ emissions between 96 and 130 grams per kilometre	18%
CO ₂ emissions above 130 grams per kilometre	8%

Annual investment allowance

Rate of allowance	100%
Expenditure limit	£500,000

Cap on income tax reliefs

Unless otherwise restricted, reliefs are capped at the higher of £50,000 or 25% of income.

CORPORATION TAX

Financial year	2012	2013	2014
Small profits rate	20%	20%	20%
Main rate	24%	23%	21%
Lower limit	£300,000	£300,000	£300,000
Upper limit	£1,500,000	£1,500,000	£1,500,000
Standard fraction	1/100	3/400	1/400

Marginal relief

$$\text{Standard fraction} \times (U - A) \times N/A$$

VALUE ADDED TAX

Standard rate	20%
Registration limit	£81,000
Deregistration limit	£79,000

INHERITANCE TAX: tax rates

£1 – £325,000	Nil
Excess – Death rate	40%
– Lifetime rate	20%

Inheritance tax: taper relief

Years before death	Percentage reduction
	%
Over 3 but less than 4 years	20
Over 4 but less than 5 years	40
Over 5 but less than 6 years	60
Over 6 but less than 7 years	80

CAPITAL GAINS TAX

Rates of tax	– Lower rate	18%
	– Higher rate	28%
Annual exempt amount		£11,000
Entrepreneurs' relief	– Lifetime limit	£10,000,000
	– Rate of tax	10%

**NATIONAL INSURANCE CONTRIBUTIONS
(not contracted out rates)**

			%
Class 1 Employee	£1 – £7,956 per year		Nil
	£7,957 – £41,865 per year		12.0
	£41,866 and above per year		2.0
Class 1 Employer	£1 – £7,956 per year		Nil
	£7,957 and above per year		13.8
Class 1A			13.8
Class 2	£2.75 per week		
	Small earnings exception limit		£5,885
Class 4	£1 – £7,956 per year		Nil
	£7,957 – £41,865 per year		9.0
	£41,866 and above per year		2.0

RATES OF INTEREST (assumed)

Official rate of interest:	3.25%
Rate of interest on underpaid tax:	3%
Rate of interest on overpaid tax:	0.5%

Section A – ALL 15 questions are compulsory and MUST be attempted

Please indicate your chosen correct answer for each section A question on a separate sheet of paper and hand this in with your written section B answers for marking.

Note that in the real ACCA F6 exam you will be provided with a Candidate Answer Booklet, the first page of which is specifically designed for providing answers to section A of the exam.

Each question is worth 2 marks.

- 1** Tim was born on 1 June 1949 and has the following income in 2014/15:

	£
Pension income from former employer	4,500
Bank interest	4,300
Interest on a NS&I investment account	3,125

The figures for interest income are the amounts received.

What is Tim's income tax liability for 2014/15?

- A £312
 B £600
 C Nil
 D £468
- 2** Franziska was provided by her employer with the use of a boat from the 6 August 2014 to the 5 January 2015. The market value of the boat was £32,000 and the employer paid £500 per month to rent the boat.

What is the amount of Franziska's employment benefit in respect of the boat for 14/15?

- A £2,667
 B £2,500
 C £6,400
 D £6,000
- 3** Jack started to trade as a sole trader on 1 February 2014. He prepares accounts to 30 April. His tax adjusted trading profit for the 15 month period to 30 April 2015 was £30,000.

What is his trading profit assessment for 2014/15 and to what period do these taxable profits relate?

- A £24,000 1 February 2014 to 31 January 2015
 B £24,000 6 April 2014 to 5 April 2015
 C £24,000 1 May 2014 to 30 April 2015
 D £30,000 1 February 2014 to 30 April 2015

- 4 Beefy is a partner in a partnership. His share of profit for year ended 31 March 2015 is £60,000. Beefy also has property income of £10,000 in 2014/15.

Beefy has trading losses brought forward of £5,000 from when the partnership made a loss in the year to 31 March 2014.

What is the amount of earnings on which Beefy is required to calculate class 4 NICs in 2014/15?

- A £70,000
- B £65,000
- C £60,000
- D £55,000

- 5 Olivia purchased a house as her principal private residence on 1 April 2002.

Olivia initially lived in the whole house, but from 1 April 2008 until 31 May 2012 she used one half of the house entirely for business purposes. On 1 June 2012 Olivia went to live with her daughter and the whole of the house was empty until it was sold on 31 August 2014.

How many months of ownership are exempt from capital gains tax under principal private residence relief?

- A 106
- B 90
- C 115
- D 97

- 6 Jessica sold 10,000 shares in Rabbit plc on 1 June 2014. Jessica had acquired shares in Rabbit plc as follows:

Date	Number
1 May 2003	4,000
29 August 2013	10,000
26 May 2014	2,000
1 June 2014	3,000
26 June 2014	1,500

What is the order of matching the 10,000 shares sold on 1 June 2014 to those purchased by Jessica?

- A 3,000 shares to the purchase on 1 June 2014, 2,000 shares to the purchase on 26 May 2014 and the balance of 5,000 shares to the share pool as at 1 June 2014.
- B All 10,000 shares to the share pool as at 1 October 2014.
- C 3,000 shares to the purchase on 1 June 2014, 1,500 shares to the purchase on 26 June 2014 and the balance of 5,500 shares to the share pool as at 1 June 2014.
- D 1,500 shares to the purchase on 26 June 2014 and the balance of 8,500 shares to the share pool as at 1 June 2014.

- 7 Which of the following statements concerning the income tax self-assessment system are correct?**
- (i) Payments on account are never required for Class 4 National Insurance Contributions
 - (ii) An individual with property income in the tax year 2014/15 is required to keep records to support their tax return until 5 April 2020.
 - (iii) An individual who pays their capital gains tax liability for 2014/15 of £10,000 on 15 August 2016 will be charged a penalty of £1,000.
- A (ii) and (iii) only
B (i) and (ii) only
C (ii) only
D (iii) only
- 8 Sophie submitted her tax return for 2014/15 electronically on 1 January 2016. She made payments on account of her 2014/15 liability.**
- Which of the following statements are correct?**
- (i) HM Revenue & Customs have until 30 September 2016 to correct any obvious errors in the return.
 - (ii) HM Revenue & Customs have until 31 January 2017 to give written notice of a compliance enquiry check into the 2014/15 tax return.
 - (iii) If Sophie wishes to reduce her payments on account for 2015/16 she must submit a claim to HM Revenue & Customs before 31 January 2016.
- A (i) only
B (i) and (ii) only
C (ii) and (iii) only
D (iii) only
- 9 Ox Ltd is a large company that pays its corporation tax liability by instalments.**
- During the year it forecast that its corporation tax liability for the year ended 31 March 2015 would be £450,000. However, after the end of the accounting period it calculated its actual corporation tax liability as £500,000.
- How much should Ox Ltd have paid as a first instalment of its corporation tax liability for the year ended 31 March 2015 and by when in order to avoid any interest being charged by HM Revenue & Customs?**
- A £125,000 by 14 October 2014
B £112,500 by 14 October 2014
C £125,000 by 22 October 2014
D £112,500 by 22 October 2014

- 10** Hippo Ltd started trading on 1 September 2014 and prepared its first set of accounts to 31 March 2015. It has one associated company.

Hippo Ltd’s company’s taxable total profits for the period to 31 March 2015 are £100,000.

Hippo Ltd received dividends from its associated company of £12,000.

What is the corporation tax liability of Hippo Ltd for the period ended 31 March 2015?

- A £20,285
- B £20,156
- C £20,000
- D £17,500

- 11** Plank Ltd ceased to trade on 31 May 2015. Its recent results have been as follows:

	<i>Year ended 31.5.2015</i>
	£
Tax adjusted trading profit/(loss)	(160,000)
Chargeable gain	40,000
Qualifying charitable donation	5000

What is the amount of the company’s terminal loss which may be carried back to the three years preceding the year ended 31 May 2015?

- A £165,000
- B £160,000
- C £120,000
- D £125,000

- 12** Daquan died on 1 June 2006 with an estate valued at £210,900. He left his investments in new Individual Savings Accounts (NISAs) worth £57,000 to his son and the remainder to his wife Guang.

Guang died on 1 April 2015 with an estate valued at £950,000 which she left to her son.

Neither Daquan nor Guang had made any lifetime gifts.

What is the nil rate band available to Guang’s estate assuming all beneficial elections are made?

The nil rate band in 2006/07 was £285,000.

- A £585,000
- B £553,000
- C £650,000
- D £325,000

13 Which of the following statements concerning inheritance tax are correct?

- (i) The due date for payment of lifetime tax on a gift to a trust made on 1 September 2014 is 30 April 2015.
- (ii) The value of all gifts in the previous seven years must be deducted from the nil rate band available when calculating the lifetime tax on a gift to a trust.
- (iii) The annual exemption will always be set against a lifetime gift of £5,000 made to an individual, where this is the only gift in the tax year.

- A All of them
- B (i) and (iii) only
- C (ii) and (iii) only
- D (i) and (ii) only

14 Jamal, a sole trader, has joined the VAT annual accounting scheme. His VAT year end is 30 November 2014.**By what date is he required to file his annual VAT return?**

- A 7 January 2015
- B 31 January 2015
- C 7 February 2015
- D 31 December 2014

15 Which of the following actions by a Chartered Certified Accountant would be a breach of the ACCA's Professional Code of Ethics'?

- (i) Providing information, at the client's request, to the client's wife so that she may respond to a query from HM Revenue & Customs.
- (ii) Providing advice to a client, that you wanted to be checked by a more experienced staff member, but had insufficient time to do so because of the urgency of the request.
- (iii) Informing a friend who has mentioned that he is about to invest in a company, which is a client of your firm, that you are aware that the company is having financial difficulties.

- A All of them
- B (i) and (iii) only
- C (ii) and (iii) only
- D (i) and (ii) only

Section B – ALL SIX questions are compulsory and MUST be attempted

1 You should assume that today's date is 1 June 2015.

You are a trainee accountant with a firm of accountants that has recently been appointed as tax advisers to Halibut Ltd. Your firm has been given the following information in connection with the company's tax affairs:

(a) Year ended 31 March 2015

- (1) Halibut Ltd's financial accountant has prepared a draft corporation tax computation for the company showing taxable total profits of £250,000 for the year ended 31 March 2015. The taxable total profits include a chargeable gain of £80,000 which arose on the disposal of a factory for £594,000 on 1 May 2014.
- (2) Your manager has informed you that the corporation tax computation prepared by the financial accountant does not take into account that Halibut Ltd acquired a 100% shareholding in Plaice Ltd on 1 April 2014.
- (3) Plaice Ltd made a tax adjusted trading loss of £76,800 for the year ended 31 March 2015 but anticipates breaking even in the following year.
- (4) On 15 February 2015 Plaice Ltd purchased a new freehold office building for £550,000 that is to be used 100% for trading purposes.

Required:

- (i) **Briefly explain the effect on Halibut Ltd's taxable total profits for the year ended 31 March 2015 of the acquisition of Plaice Ltd, assuming all beneficial elections and claims are made in respect of Plaice Ltd's trading loss and its acquisition of the office building. (4 marks)**
- (ii) **State the date by which the elections and claims identified in part (i) must be submitted to HM Revenue & Customs. (2 marks)**

(b) Year ended 31 March 2014

Halibut Ltd's financial accountant has informed you that he submitted a corporation tax return for the year ended 31 March 2014 showing taxable total profits of £200,000 on 30 March 2015. He had been very busy at the time that the tax return was due and in order to submit the return on time he was unable to carry out his usual final checks on the figures. He now realises that the taxable total profits were understated by £40,000.

Required:

- (i) **Advise Halibut Ltd of the date by when it may amend its corporation tax return for the year ended 31 March 2014. (1 mark)**
- (ii) **State the maximum penalty and interest that may be charged by HM Revenue & Customs if Halibut Ltd does not disclose the error and it is subsequently discovered by HM Revenue & Customs and the relevant tax is paid on 1 May 2016. (3 marks)**

(Total: 10 marks)

2 (a) You are provided with the following information relating to Octavius for the quarter ended 31 March 2015:

(1) The VAT-exclusive management accounts:

	£	£
Sales		15,400
Purchases	9,300	
Impaired debts written off	1,500	
Other expenses	2,500	
	—————	(13,300)
Profit		2,100

- (2) The sales and other expenses are all standard rated for VAT.
- (3) Input tax on all purchases is recoverable.
- (4) The impaired debts were written off in March 2015. Payment for the original sales was due on 20 December 2014.
- (5) A sales invoice for £3,000 excluding VAT had been omitted in error from the VAT return for the quarter to 31 December 2014.
- (6) Included in the expenses figure is the cost of both business and private petrol for Octavius’s car which had CO₂ emissions of 200 g/km. The quarterly car fuel charge (VAT inclusive) is £470.
- (7) Included in the expenses figure is £100 spent entertaining a key client.
- (8) Octavius has always submitted returns and paid VAT on time.

Required:

(i) **Complete the VAT account for the three-month period ended 31 March 2015, showing how much VAT is payable.**

The ‘cash accounting’ scheme is not being used. (5 marks)

(ii) **Explain the consequences if the VAT return and VAT payment for the quarter ended 31 March 2015 is submitted one month late. (3 marks)**

(b) In order to encourage more prompt payment, Octavius is considering offering all of its customers a 5% discount if they pay within one month of the date of the sales invoice. No discount is currently offered.

Explain the VAT implications of Octavius offering all of its customers a 5% discount for prompt payment. (2 marks)

(Total: 10 marks)

- 3 Hector Stilo is expected to die in the near future due to ill health. You should assume that today's date is 31 December 2014.

The current value of his estate is as follows:

	£
30,000 shares (4% holding) in Orb plc, a quoted company	40,000
ISA deposits	80,000
Main residence	350,000
Rental property	110,000
	580,000

Under the terms of the will, Hector will leave all of his assets to his son.

Hector has made the following transfers of value during his lifetime:

- (1) On 1 November 2006, he made a gift of £203,000 into a trust. The trust paid any IHT arising on the gift.
- (2) On 1 October 2011, he gave his son £150,000 as a wedding gift.
- (3) On 1 February 2013, he gave £200 to his granddaughter.

Required:

Calculate the IHT liabilities that would arise if Hector were to die on 31 December 2014 and state the relevant due dates of payment.

The nil rate bands for earlier years are as follows:

2006/07	£285,000	
2011/12	£325,000	
2012/13	£325,000	(Total: 10 marks)

- 4 (a) In September 1992 Fred purchased a flat, not his principal private residence, for £50,000. In May 1995, when its value was £120,000 he gave the flat to his wife Freda. In May 2014 Freda sold the flat for £170,000. Fred and Freda were living together throughout the period. Both are higher rate taxpayers.

The flat has never been used for business purposes.

Required:

Calculate the amount of any chargeable gains arising on these transactions and any capital gains tax payable assuming Fred and Freda have no other chargeable gains in 2014/15. (3 marks)

- (b) In February 2003 Anne bought a diamond bracelet for £30,000. It was stolen in July 2014 and Anne's insurance company paid £35,000 in compensation. In October 2014 Anne purchased a replacement bracelet costing £37,000.

Required:

Calculate the chargeable gain for the tax year 2014/15 on the original bracelet and the base cost for capital gains tax purposes of the replacement bracelet assuming that Anne makes all available elections in respect of the transactions. (3 marks)

- (c) Gamma Ltd is a small unquoted trading company. Kevin purchased a 20% shareholding in Gamma Ltd for £48,000 in June 2011, when he went to work for the company as its finance director.

In February 2015 he left the company and immediately sold his shares for £132,000. Kevin has made no other disposals in 2014/15 and has taxable income of £25,000.

Required:

Calculate Kevin's capital gains tax payable for 2014/15, assuming all beneficial reliefs are claimed, and state the due date of payment of this liability. (4 marks)

(Total: 10 marks)

- 5 Sally Roberts was born on 1 May 1975. The following information is available for 2014/15:

Employment income

- (1) Sally is employed by Pulsar Ltd and is paid a gross salary of £38,500 per annum. She paid PAYE of £15,395 in 2014/15.
- (2) Sally is paid a bonus in May each year following the Directors' Board meeting in March at which the bonus for the previous year is decided. Sally received a bonus of £7,700 in May 2014 and £9,350 in May 2015. She pays 5% of her gross salary into the company's registered occupational pension scheme.
- (3) Pulsar Ltd provides Sally with a car which had a list price when new in January 2013 of £28,050. The car has a carbon dioxide emission rating of 222 g/km. Sally contributed £5,500 towards the cost of the car when it was first provided.
- (4) In 2014/15, Sally drove 12,000 miles, of which 80% were private. Pulsar Ltd pays for all of the running costs of the car including all of the diesel used by Sally. The total cost of the diesel fuel was £2,500. Sally pays £55 per month towards the cost of the diesel used by her for private purposes.
- (5) Sally purchased a wide-screen digital television from Pulsar Ltd on 30 June 2014 for £275. The television, which cost Pulsar Ltd £2,420 on 6 April 2012, has always been kept at her house for her use. Its market value was £660 on 30 June 2014.
- (6) On 1 August 2014, Pulsar Ltd made a loan of £27,500 to Sally which she used to build a tennis court at her house. Interest is charged on the loan at 1.5% per annum payable monthly in arrears and the loan is due to be repaid in 2016.

Other income

Sally received bank interest of £485 and dividends from United Kingdom resident companies of £4,554 in 2014/15.

Other information

- (1) Sally is married to Ian. Ian had taxable income in 2014/15 of £45,000. They have one child and Sally received child benefit of £1,066 in 2014/15.
- (2) In 2014/15 Sally paid £2,000 to a national charity under the Gift Aid scheme.

Required:

Calculate Sally Roberts' income tax payable/repayable for 2014/15.

(Total: 15 marks)

- 6 Spectrum Ltd is a computer manufacturer. The company's summarised statement of profit or loss for the year ended 31 March 2015 is as follows:

	£	£
Gross profit		1,342,239
Operating expenses		
Depreciation	102,195	
Gifts and donations (Note 1)	2,800	
Impaired debts (Note 2)	1,420	
Professional fees (Note 3)	12,400	
Repairs and renewals (Note 4)	128,200	
Other expenses (Note 5)	416,025	
	—————	(663,040)
Operating profit		679,199
Profit from sale of capital assets		
Disposal of factory building (Note 6)		96,095
Income from investments		
Loan interest (Note 7)		15,605
		—————
		790,899
Interest payable (Note 8)		(48,400)
		—————
Profit before taxation		742,499
		—————

Note 1 – Gifts and donations

Gifts and donations are as follows:

	£
Gifts to customers (bottles of champagne costing £20 each)	1,720
Donation to a national charity	1,000
Donation to a local charity (Spectrum Ltd received free advertising in the charity's magazine)	80
	—————
	2,800
	—————

Note 2 – Impaired debts

Impaired debts are as follows:

	£
Trade debts recovered from previous years	(2,680)
Loan to a customer written off	4,100
	—————
	1,420
	—————

Note 3 – Professional fees

Professional fees are as follows:

	£
Accountancy and audit fee	6,200
Legal fees	
– in connection with the acquisition of a 25-year property lease	3,000
– Debt collection	3,200
	12,400
	12,400

Note 4 – Repairs and renewals

The figure of £128,200 for repairs and renewals includes £41,800 for replacing the roof of an office building, which was in a bad state of repair.

Note 5 – Other expenses

Other expenses include £5,000 for leasing a car with CO₂ emissions of 135 grams per kilometre. The remaining expenses are all fully allowable.

Note 6 – Disposal of factory building

The profit of £96,095 is in respect of a freehold warehouse building that was sold on 20 November 2014 for £293,995. A chargeable gain of £20,695 was realised on the disposal.

Note 7 – Loan interest received

The loan interest is in respect of a loan that was made on 1 June 2014. Interest of £11,555 was received on 30 November 2014, and interest of £4,050 was accrued at 31 March 2015. The loan was made for non-trading purposes.

Note 8 – Interest payable

The interest payable is in respect of a loan note that is used for trading purposes.

Note 9 – Plant and machinery

On 1 April 2014 the tax written down values of plant and machinery were as follows:

	£
General pool	10,000
Special rate pool	17,500
Short-life asset	2,300

The following transactions took place during the year ended 31 March 2015:

		<i>Cost/(proceeds)</i>
		£
14 June 2014	Sold a motor car	(33,000)
6 October 2014	Purchased a new motor car	16,000
1 November 2014	Sold the short-life asset	(460)
10 December 2014	Purchased equipment	507,800

The car sold on 14 June 2014 for £33,000 originally cost £31,100 on 27 October 2012 and had a CO₂ emission rate of 169 g/km. The motor car purchased on 6 October 2014 has a CO₂ emission rate of 77 grams per kilometre.

Required:

- (a) Calculate Spectrum Ltd's tax adjusted trading profit for the year ended 31 March 2015.

Your computation should commence with the profit before taxation figure of £742,499 and should list all the items mentioned in Notes (1) to (8) indicating by the use of zero (0) any items that do not require adjustment. (12 marks)

- (b) Calculate Spectrum Ltd's taxable total profits for the year ended 31 March 2015.

(3 marks)

(Total: 15 marks)