

**PRACTICE AND REVISION KIT For exams in June 2017,
September 2017, December 2017 and March 2018**

Updated: 17 May 2017

Question 4 Jodie (06/15)

My unincorporated business:

Replace table at end of section as follows:

	<i>2013/14</i>	<i>2014/15</i>	<i>2015/16</i>	<i>2016/17</i>	<i>2017/18</i>
	£	£	£	£	£
Trading income	64,000	67,000	2,000	3,000	Nil
Property income	15,000	13,000	17,000	2,500	Nil
Bank interest	2,000	2,000	3,000	3,500	8,000 (est.)

This ensures that there is no doubt that all of the taxable income for 2015/16 is charged at 20% as intended by the examining team.

Question 7 Cate and Ravi (06/15)

Ravi:

Replace fourth bullet point as follows:

- Realises chargeable gains each year from disposals of UK residential property equal to the capital gains tax annual exempt amount.

Question 29 Bond Ltd group (12/14)

Email from your manager

Replace first paragraph of section (a) as follows:

(a) Corporation tax liability of Bond Ltd

Calculate the corporation tax liability of Bond Ltd for the six months ended 30 September 2017 based on the information provided by Mr Stone. You should review Mr Stone's capital allowances figure of £180,000 and assume the company will claim the maximum possible rollover relief.

Marks for part (b) should be 5 marks, not 4 marks.

Marks for part (c) should be 4 marks, not 5 marks.

Answer to Question 17 Kantar (12/14)

Replace the last sentence in the fifth paragraph of (b)(i)(1) as follows:

The capital gains tax saved is £4,400 as shown below.

Replace the computation for 2016/17 in (b)(ii) as follows:

(ii) Future tax payments if loss carried forward

	Notes	£
<i>2016/17</i>		
Balancing payment 31 January 2018		
Income tax £(14,000 – 8,603)	1	5,397
Capital gains tax (part (a)(ii))		11,780
		<u>17,177</u>

Answer to Question 29 Bond Ltd group (12/14)

Marking guide

Part (b)

Add 1 additional mark for 'Phasing in of scheme', total marks for part (b) are now 5 marks.

Part (c)

Maximum 4 marks.

Answer to part (b)

Add following additional paragraph at end of part (b):

In FY 2016, only 90% of the profits within the patent box are taxed at the effective 10% rate. In FY2017, all the profits within the patent box will taxed at an effective 10% rate.

Answer to Mock Exam 2 Question 2 Christina (Sep/Dec 15)

Answer to part (a)

Chargeable gains

Replace computation of chargeable gains as follows:

	<i>Industrial building</i>	<i>Fixed machinery</i>
	£	£
Proceeds	160,000	14,000
Less: cost (£100,000 – £31,800)	(68,200)	(13,700)
indexation allowance (June 2014 to December 2017) (0.037 (265.8 – 256.3)/256.3) × £68,200	(2,523)	
(0.037 × £13,700 – but restricted because indexation allowance cannot create a loss)		(507)
Chargeable gain	<u>89,277</u>	<u>0</u>

This does not change the rest of the answer as the chargeable gain on the fixed machinery remains zero.