

ICAEW Partner in Learning

ACA TUTOR CONFERENCE 2018

Tax Compliance

How we mark

Student answers

Written Question - Student B

	A	B	C	D	E	F	G	H	I	J	K
1											
2	<p>The fundamental principles threatened are objectivity and confidentiality.</p> <p>Safeguards:</p> <ul style="list-style-type: none"> -notify both clients about the situation -obtain written consent to act from both -if consent is obtained, the firm can act for both with safeguards ie: -use separate teams and partners -physical separation teams -establish information barriers -confidentiality agreements should be signed by team members -instructions should be given to staff to prevent information being leaked from one team to the other and to confirm that they understand that they have to respect the confidentiality of the information acquired as a result of business relationships -secure data filing -regular review of safeguards in place by an independent senior person not involved in the engagements -if consent is not obtained from both, the firm should not act for both. 										
3											
4	<p>Further procedures:</p> <ul style="list-style-type: none"> -discuss with management to assess whether they appear to have integrity -perform client due diligence procedures to comply with Money Laundering Regulations and to verify that management is who they say they are -obtain consent from client and contact the previous' auditors. They may provide information about the client ie in respect of unlawful acts by the client or disagreements between management and auditors. -this may give evidence regarding management's integrity -review prior years' audited financial statements and previous auditors' report -search on the internet and press to find about adverse media comments -perform searches on the Companies House for directors' disqualifications 										
5											

Written Question - Student C

	A	B	C	D	E	F	G	H	I	J	K	
1	1.1											
2												
3	One of the fundamental principles that is threatened is the principle of objectivity as people within the firm will have											
4	knowledge on both of the companies which may then affect any of the work they do for one of the clients or the											
5	advice given due to the information they have in relation to the other company.											
6												
7	Confidentiality is also threatened as people in the firm may unintentionally when giving advice to one of the clients let											
8	information slip about the other company they act for in the same sector.											
9												
10												
11												
12	Safeguards that can be put in place to manage these threats are:-											
13	1) to assign a different partner in the firm to each of the clients											
14	2) Assign different members of staff to each client ensuring that no member of staff works for both clients if											
15	possible if not ensure that no information is used in decision making.											
16	3) Keep working papers and records for each client separate and protected to ensure only have access to the											
17	information relating to the client they work for.											

Computational Question - Student B

	A	B	C
1			
2	Mathison's taxable total profits		
3	tax adjusted trading profits	980000	
4	trading loss b/f	(37200)	
5	NTLR	20000	
6	chargeable gains (w1)	435620	
7	Qualifying charitable donations:		
8	donation to political party	0	
9	donation to UK registered charity	(4500)	
10	taxable total profits	1393920	
11			
12	(b) corporation tax payable (@20%)	278784	
13			
14			
15			
16	(w1)chargeable gain		
17	disposal proceeds(400000+218920)	618920	
18	cost	(150000)	
19		468920	
20	IA(265.5-217.2)/217.2=0.222 x150000	(33300)	
21	chargeable gain	435620	
22			

22			
23	(a) Degrouping charge		
24	initial sale of property		
25	deemed proceeds	121080	
26	cost	(60000)	
27	IA (255.7-126.7)/126.7=1.018 x60000	(61080)	
28	NIL GAIN/ NIL LOSS	0	
29			
30	degrouping charge		
31	MV at date of disposal	340000	
32	cost	(121080)	
33		218920	
34			

