Think Ahead ACCA

F6 UK Revision Test

Introduction

This revision test is made up of two documents:

1. This interactive PDF, which will allow you to answer section A and B questions presented in a similar format to the live exam
2. A separate spreadsheet and/or word processing file, which will allow you to answer section C questions presented in a similar format to the live exam
3. These two documents can be saved and then submitted together for marking.

Some important points to note are as follows:

- These documents cannot replicate the exact functionality of the live exam environment but will provide a similar exam experience
- The questions are presented in a way which closely mirrors, but is not the same as the live exam
- If you have not done so already, please refer to the full specimen exam and other resources available at www.accaglobal.com/uk/en/student/exam-support-resources.html
- The full specimen exam has been prepared by ACCA's examining team and reflects the live exam experience in terms of its structure, range of questions and functionality, and these resources should be a key part of your preparation for the exam.

The content for this F6 UK revision test has been provided by BPP Learning Media.

Instructions

Section A

This section of the exam contains **15 objective test** (OT) questions.

Each question is worth **2 marks** and is compulsory.

This exam section is worth **30 marks** in total.

QUESTION 1

Chan died on 8 December 2017, having made a lifetime cash gift of £500,000 to a trust on 16 October 2016. Chan paid the inheritance tax arising from this gift.

Match the due date for payment of the additional inheritance tax arising from the gift made to the trustees and the persons who are responsible for paying this tax.

DUE DATE	PERSONS RESPONSIBLE
8 June 2018	The trustees
30 June 2018	The personal representatives of Chan's estate

DUE DATE	8 June 2018
PERSONS RESPONSIBLE	The trustees

QUESTION 2

Violet Ltd provides one of its directors with a company motor car which is used for both business and private mileage. For the quarter ended 31 March 2018, the total cost of petrol for the car was £600, of which 30% was for private use by the director. The relevant quarterly scale charge is £415. Both these figures are inclusive of value added tax (VAT).

What output VAT and input VAT entries will Violet Ltd include on its VAT return for the quarter ended 31 March 2018 in respect of the company motor car?

Select: Output VAT of £69 and input VAT of £70

QUESTION 3

For the tax year 2017/18, Nog has a chargeable gain of £23,800 and a capital loss of £10,400. She has unused capital losses of £6,100 brought forward from the tax year 2016/17.

What amount of capital losses can Nog carry forward to the tax year 2018/19?

£

QUESTION 4

Z Ltd prepared accounts for a 16-month period of account from 1 October 2016 to 31 January 2018.

What is the first accounting period end date in this period of account?

- ○ 1 October 2016 to 31 March 2017
- ○ 1 October 2016 to 31 January 2017
- ○ 1 October 2016 to 30 September 2017
- ○ 1 October 2016 to 31 December 2017

QUESTION 5

Which of the following statements correctly explains the difference between tax evasion and tax avoidance?

- ○ Both tax evasion and tax avoidance are illegal, but tax evasion involves providing HM Revenue and Customs with deliberately false information
- ○ Tax evasion is illegal, whereas tax avoidance involves the minimisation of tax liabilities by the use of any lawful means
- ○ Both tax evasion and tax avoidance are illegal, but tax avoidance involves providing HM Revenue and Customs with deliberately false information
- ○ Tax avoidance is illegal, whereas tax evasion involves the minimisation of tax liabilities by the use of any lawful means

QUESTION 6

Quinn will not make the balancing payment in respect of her tax liability for the tax year 2016/17 until 17 October 2018.

What is the total percentage penalty which Quinn will be charged by HM Revenue & Customs (HMRC) in respect of the late balancing payment for the tax year 2016/17?

- ○ 15%
- ○ 10%
- ○ 5%
- ○ 30%

QUESTION 7

Drago Ltd employs 1,000 employees, some of whom receive part of their remuneration in the form of non-cash benefits.

Which classes of national insurance contribution is Drago Ltd responsible for paying?

- ☐ Both Class 2 and Class 4
- ☐ Class 1 only
- ☐ Both Class 1 and Class 1A
- ☐ Class 2 only

QUESTION 8

Alice is in business as a sole trader. On 13 May 2017, she sold a freehold warehouse for £184,000, and this resulted in a chargeable gain of £38,600. Alice purchased a replacement freehold warehouse on 20 May 2017 for £143,000. Where possible, Alice always makes a claim to roll over gains against the cost of replacement assets. Both buildings have been, or will be, used for business purposes by Alice.

What is the base cost of the replacement warehouse for capital gains tax purposes?

£ ☐

QUESTION 9

For the tax year 2016/17, Willard filed a paper self-assessment tax return on 10 August 2017.

Identify, by clicking on the relevant boxes in the table below, what the deadline is for Willard to make an amendment to his tax return for the tax year 2016/17, and by what date HM Revenue and Customs (HMRC) will have to notify Willard if they intend to carry out a compliance check into this return?

	Amendment	*Compliance check*
☐	10 August 2018	31 January 2019
☐	10 August 2018	10 August 2018
☐	31 January 2019	10 August 2018
☐	31 January 2019	31 January 2019

QUESTION 10

Celeste bought £25,000 4% Treasury Stock (gilts) on 1 August 2017. The purchase price included accrued interest. The stock pays interest on 31 March and 30 September each year.

What is the amount of interest taxable on Celeste in respect of the Treasury Stock for 2017/18?

£ ☐

QUESTION 11

Samuel is planning to leave the UK to live overseas, having always previously been resident in the UK. Neither the automatic overseas residence nor the automatic UK residence test will apply. Samuel has several ties with the UK and will need to visit the UK for 60 days each tax year. However, he wants to be not resident after he leaves the UK.

For the first two tax years after leaving the UK, what is the maximum number of ties which Samuel could keep with the UK without being treated as resident in the UK?

Select: One

QUESTION 12

Identify, by clicking on the relevant boxes in the table below, which TWO of the following are NOT deducted when calculating the value of a person's chargeable estate for inheritance tax purposes.

An outstanding repayment mortgage ☐	**Funeral expenses** ☐	**A verbal promise to pay a friend's debt** ☐
An outstanding interest-only mortgage ☐	**An outstanding endowment mortgage** ☐	**Credit card debts** ☐

QUESTION 13

Naomi is self-employed. For the year ended 5 April 2018 she made a trading loss of £110,000, having made a trading profit of £24,000 for the year ended 5 April 2017. Naomi also had employment income of £92,000 for the tax year 2016/17.

What is the maximum loss relief claim which Naomi can make against her total income for the tax year 2016/17?

£ [ ]

QUESTION 14

Abdul's tax liabilities for the tax years 2016/17 and 2017/18 are as follows:

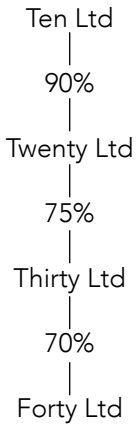
	2016/17	2017/18
	£	£
Income tax payable	300	2,400
Class 4 national insurance contributions	320	1,260
Capital gains tax liability	240	0
	860	3,660

What payment on account will Abdul have to make on 31 July 2018 in respect of his tax liability for the tax year 2017/18?

- ○ £310
- ○ £1,830
- ○ £430
- ○ Nil

QUESTION 15

Ten Ltd is the parent company for a group of companies. The group structure is as follows:



Each percentage holding represents a holding of ordinary share capital.

What is the group relationship between Forty Ltd and Ten Ltd?

- ○ They form a group for both group relief and chargeable gains purposes
- ○ They form a group for group relief purposes but not for chargeable gains purposes
- ○ They form a group for chargeable gains purposes but not for group relief purposes
- ○ They do not form a group for either group relief or chargeable gains purposes

Section B

This section of the exam contains **three OT cases**.

Each OT case contains a scenario which relates to **five OT questions**.

Each question is worth **2 marks** and is compulsory.

This exam section is worth **30 marks** in total.

THE FOLLOWING SCENARIO RELATES TO QUESTIONS 16-20.

Zoe and Luke are brother and sister who died within a few months of each other.

Zoe
Zoe died on 17 February 2018.

She had always used her annual exemption in April each year and had made the following additional gifts during her lifetime:

(1) On 21 March 2011, Zoe made a cash gift of £633,000 to a trust. Zoe paid the inheritance tax (IHT) arising from this gift. The nil rate band for the tax year 2010/11 is £325,000.

(2) On 17 August 2014, Zoe made a further cash gift of £200,000 to the trust. The trustees paid the IHT arising from the gift. The nil rate band for the tax year 2014/15 is £325,000.

Luke
Luke died on 10 October 2017.

On 7 March 2016, Luke had made a cash gift of £270,000 to his daughter as a wedding gift when she got married.

Luke's wife had died on 25 July 2008. In her will she left £240,000 to her daughter and the remainder of her estate to Luke. She made no lifetime transfers. The nil rate band for the tax year 2008/09 was £312,000.

Luke did not own a main residence at the date of his death.

QUESTION 16

Which TWO of the following statements about Zoe and Luke's lifetime transfers are correct?

- ☐ Zoe's transfer in 2011 will not be cumulated with her transfer in 2014 when working out the lifetime IHT on the 2014 transfer.
- ☐ Luke's transfer in 2016 became chargeable to IHT because he died within three years of making it.
- ☐ The transfer made by Zoe in 2011 must be grossed up because Zoe paid the IHT arising.
- ☐ Taper relief will be available when computing the additional IHT on Zoe's transfer made in 2014.

QUESTION 17

What is the amount of the gross chargeable transfer made by Zoe on 21 March 2011?

- ○ £708,500
- ○ £710,000
- ○ £694,600
- ○ £756,200

QUESTION 18

What is the additional IHT which will be payable, as a result of Zoe's death, in respect of the transfer made on 17 August 2014, assuming that the nil rate band has been completely used by the gross chargeable transfer made by Zoe on 21 March 2011?

- ○ £40,000
- ○ £80,000
- ○ £24,000
- ○ £64,000

QUESTION 19

What is the value of the potentially exempt transfer made by Luke on 7 March 2016?

£

QUESTION 20

What is the amount of Luke's wife's nil rate band which could be transferred and used in calculating the IHT on Luke's death?

- ○ £75,000
- ○ £72,000
- ○ £312,000
- ○ £325,000

THE FOLLOWING SCENARIO RELATES TO QUESTIONS 21-25.

Luna Ltd had the following transactions in shares during the year ended 31 March 2018:

(1) On 29 November 2017, Luna Ltd sold its entire shareholding of £1 ordinary shares in Pluto plc for £53,400. Luna Ltd had originally purchased these shares in Pluto plc on 14 June 2008 for £36,800.

(2) On 30 November 2017, Luna Ltd sold 10,000 of its shares in Neptune plc for £26,000. Luna Ltd had originally purchased 16,000 shares in Neptune plc on 10 May 2010 for £32,000.

(3) On 10 December 2017, Luna Ltd acquired shares under a rights issue in Saturn plc. Luna Ltd had originally purchased 5,000 £1 ordinary shares in Saturn plc for £7,500 in August 2011. There was a 1 for 1 bonus issue in July 2013 when the shares were worth £1.75 each. The December 2017 rights issue was on a 1 for 4 basis and the cost of the rights issue shares was £2.25 per share.

(4) On 12 February 2018, Luna Ltd's shareholding in Asteroid plc was taken over by Comet plc. Luna Ltd had originally purchased 10,000 £1 ordinary shares in Asteroid plc and their indexed cost on 12 February 2018 was £33,000.

Under the terms of the takeover, for each of its £1 ordinary shares in Asteroid plc, Luna Ltd received £6.50 in cash plus one £1 ordinary share in Comet plc. Immediately after the takeover, Comet plc's £1 ordinary shares were quoted at £4.50.

Retail price indices (RPIs) are as follows:

June 2008	216.8
May 2010	223.6
November 2017	273.8

QUESTION 21

Identify, by clicking on the relevant boxes in the table below, whether each of the following statements concerning the indexation allowance is true or false.

Indexation allowance can reduce a gain to nil but not create a loss	**TRUE** ☐	**FALSE** ☐
Indexation allowance can increase an unindexed loss	**TRUE** ☐	**FALSE** ☐

QUESTION 22

What is Luna Ltd's chargeable gain on the sale of Pluto plc shares on 29 November 2017?

£ ☐

QUESTION 23

What is the indexed cost of Luna Ltd's holding in Neptune Ltd immediately after the sale on 30 November 2017?

- ○ £12,000
- ○ £39,184
- ○ £24,490
- ○ £14,694

QUESTION 24

What is the unindexed cost of Luna Ltd's holding in Saturn plc immediately after the rights issue on 10 December 2017?

- ○ £13,125
- ○ £11,875
- ○ £10,313
- ○ £21,875

QUESTION 25

What is the cost that was used to compute Luna Ltd's chargeable gain on the takeover of Asteroid plc on 12 February 2018?

£ _____

THE FOLLOWING SCENARIO RELATES TO QUESTIONS 26-30.

Zim has been registered for value added tax (VAT) since 1 April 2006. The following information is available for the year ended 31 March 2018:

(1) Sales invoices totalling £126,000 were issued, of which £115,200 were in respect of standard rated sales and £10,800 were in respect of zero rated sales. Zim's customers are all members of the general public.

(2) Purchase invoices totalling £49,200 were received, of which £43,200 were in respect of standard rated purchases and £6,000 were in respect of zero rated purchases.

(3) On 31 March 2018, Zim wrote off two impairment losses which were in respect of standard rated sales. The first impairment loss was for £780, and was in respect of a sales invoice which had been due for payment on 15 August 2017. The second impairment loss was for £660, and was in respect of a sales invoice which had been due for payment on 15 September 2017.

(4) During the year ended 31 March 2018, Zim spent £2,600 on mobile telephone calls, of which 40% related to private calls.

(5) During the year ended 31 March 2018, Zim spent £1,560 on entertaining customers, of which £240 was in respect of overseas customers.

All of the above figures are inclusive of VAT where applicable.

Zim does not use either the cash accounting scheme or the flat rate scheme. If he did use the flat rate scheme the relevant percentage for his business is 12%.

QUESTION 26

What is the net amount of VAT payable on the sales in (1) and the purchases in (2)?

£ ____

QUESTION 27

What is the amount of input VAT which can be recovered on the impairment losses in (3)?

- ○ Nil
- ○ £110
- ○ £130
- ○ £240

QUESTION 28

What is the amount of input VAT which can be recovered on the expenditure on the mobile phone calls in (4) and entertaining customers in (5)?

	Mobile phone	*Customers*
○	Nil	£220
○	Nil	£40
○	£260	£220
○	£260	£40

QUESTION 29

Match the thresholds for Zim to be able to join and to be required to leave the flat rate scheme.

Taxable turnover excluding VAT not more than £150,000 in next 12 months	Total turnover including VAT more than £230,000 in previous 12 months
Taxable turnover including VAT not more than £150,000 in next 12 months	Total turnover excluding VAT more than £230,000 in previous 12 months

JOIN	Taxable turnover excluding VAT not more thar
LEAVE	Taxable turnover excluding VAT not more thar

QUESTION 30

How much VAT would Zim have paid in the year to 31 March 2018 if he had been in the flat rate scheme for the whole of that year?

- ○ £15,120
- ○ £13,860
- ○ £13,824
- ○ £9,216

Section C

Please now refer to the separate spreadsheet and/or word processing file to complete Section C questions.