

Alfred and Edward King are brothers. They are trying to calculate their balancing payments for the tax year 2013–14, and the following information is available:

Alfred King

(1) Alfred was born on 14 June 1953.

(2) He has been in partnership with Anne Royal and Mary Regal running a retail shop since 6 April 2004, but Mary resigned as a partner on 1 January 2014.

(3) The partnership's tax adjusted trading profit for the year ended 5 April 2014 is £228,000. This figure is before taking account of capital allowances.

(4) The tax written down value of the partnership's capital allowances main pool at 6 April 2013 was £10,000.

The only capital expenditure during the year ended 5 April 2014 was the cost of £82,000 for refurbishing the second floor of the partnership's shop during January 2014. The cost was made up as follows:

	£
False ceiling	17,600
Display units	15,100
Tiled flooring	32,200
Moveable partition walls	17,100
	<hr/>
	82,000
	<hr/>

(5) The partners have always shared profits equally, and continued to do so after Mary resigned.

(6) During the tax year 2013–14, Alfred received dividends totalling £3,060, of which £720 were from a stocks and shares individual savings account (ISA). These were the actual cash amounts received.

(7) During the tax year 2013–14, Alfred made gift aid donations totalling £1,920 (net) to national charities.

(8) Alfred's payments on account of income tax and class 4 national insurance contributions in respect of the tax year 2013–14 totalled £20,200.

Edward King

(1) Edward was born on 29 October 1951.

(2) Edward is employed by Stately Ltd as a marketing director. During the tax year 2013–14, he was paid gross director's remuneration of £179,000.

(3) On 1 December 2013, Stately Ltd provided Edward with an interest-free loan of £87,000, which he used to purchase a holiday cottage.

(4) Stately Ltd has provided Edward with a home entertainment system for his personal use since 6 April 2010.

The home entertainment system had been purchased by Stately Ltd on 6 April 2010 for £5,200. The company gave the home entertainment system to Edward on 6 April 2013 for no charge, although its market value at that time was £2,200.

(5) During the tax year 2013–14, Edward contributed 4% of his gross director's remuneration of £179,000 into Stately Ltd's HM Revenue and Customs' registered occupational pension scheme. The company contributed a further 6% on his behalf.

(6) During the tax year 2013–14, Edward donated £200 (gross) per month to charity under the payroll deduction scheme.

(7) During the tax year 2013–14, Edward used his private motor car for business purposes. He drove 12,000 miles in the performance of his duties for Stately Ltd, for which the company paid an allowance of 35 pence per mile.

(8) On 1 January 2014, Edward paid a professional subscription of £240 to the Guild of Marketing, an HM Revenue and Customs' approved professional body.

(9) For the tax year 2013–14, Stately Ltd deducted a total of £62,600 in PAYE from Edward's earnings.

Required:

Calculate Alfred and Edward King's respective balancing payments for the tax year 2013–14.

Notes:

1. You should take account of class 4 national insurance contributions when calculating the balancing payment for Alfred King.

2. The following mark allocation is provided as guidance for this requirement:

Alfred (12·5 marks)

Edward (10·5 marks)