

Your manager has sent you a memorandum in relation to the Harrow Tan Ltd group. An extract from the memorandum and a schedule of group information prepared by Corella, the group finance director, are set out below.

**Memorandum from your manager – dated 7 September 2017**

**Background**

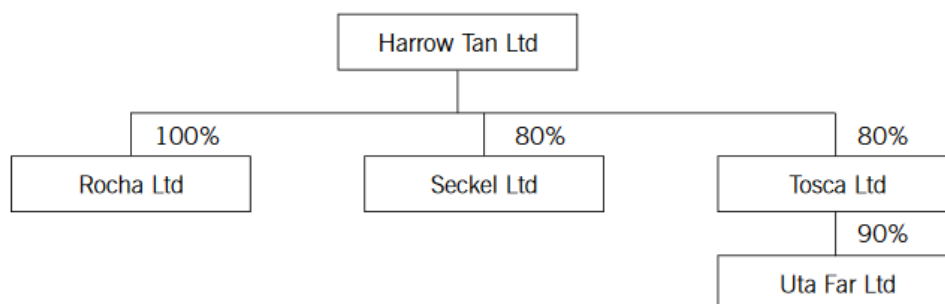
- All five group companies are UK resident trading companies which prepare accounts to 31 December each year.

**Please prepare notes for us to use in a meeting with Corella, which EXPLAIN the following matters:**

**Schedule of group information – from Corella, the group finance director**

**(ii) Group relief – year ending 31 December 2017**

- By reference to the information in part B of Corella's schedule, the maximum amount of Seckel Ltd's trading loss which can be surrendered to each of the other companies in the Harrow Tan Ltd group.



**B: Budgeted results for the year ending 31 December 2017**

	HarrowTan Ltd	Rocha Ltd	Seckel Ltd	Tosca Ltd	Uta Far Ltd
	£	£	£	£	£
Trading profit/(loss)	40,000	60,000	(180,000)	70,000	600,000
Chargeable gains	Note 1	–	–	–	Note 2

**Notes:**

1. Disposal of shares in Rocha Ltd.
2. Uta Far Ltd sold a building used in its business on 1 May 2017 for £1,800,000. This resulted in a chargeable gain of £85,000.

**Required:**

Prepare the meeting notes as requested by your manager.

The following marks are available:

**(ii) Group relief – year ending 31 December 2017.**

**(6 marks)**