Your firm has been asked to provide advice to Granada Ltd. Granada Ltd wants advice on the corporation tax and value added tax (VAT) implications of the recent acquisition of an unincorporated business.

Granada Ltd:

- Is a UK resident trading company which manufactures knitwear.
- Prepares accounts to 31 December each year.
- Is registered for VAT.
- Acquired the trade and assets of an unincorporated business, Starling Partners, on 1 January 2016.

Starling Partners:

- Had been trading as a partnership for many years as a wholesaler of handbags within the UK.
- Starling Partners' main assets comprise a freehold commercial building and its 'Starling' brand, which were valued on acquisition by Granada Ltd at £105,000 and £40,000 respectively.
- Is registered for VAT.
- The transfer of its trade and assets to Granada Ltd qualified as a transfer of a going concern (TOGC) for VAT purposes.
- The business is forecast to make a trading loss of £130,000 in the year ended 31 December 2016.

Required:

(c) Explain the value added tax (VAT) implications for Granada Ltd in respect of the acquisition of the business of Starling Partners, and the additional information needed in relation to the building to fully clarify the VAT position. (4 marks)