# ENGINUITY TUTORIAL



**Corporation Tax** 



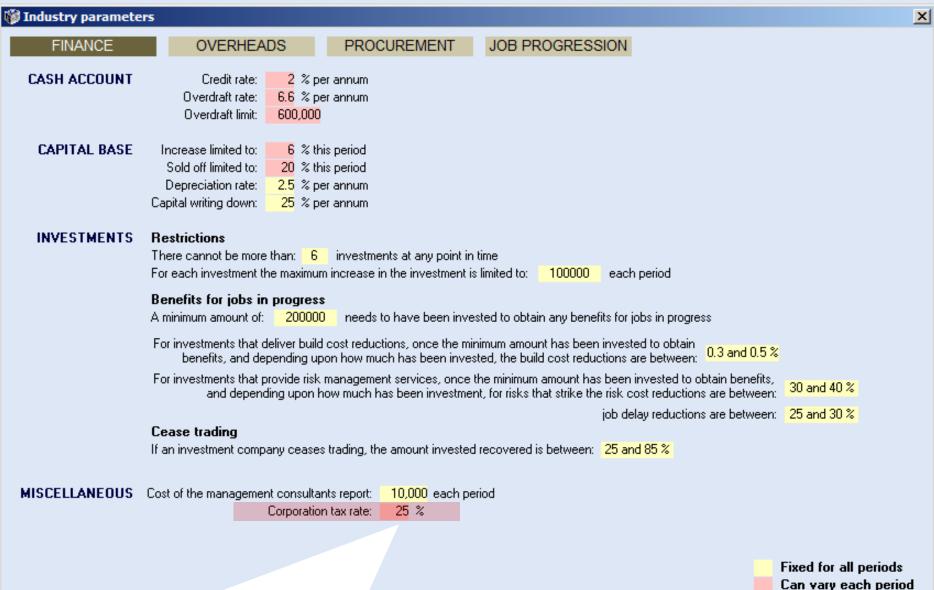
Corporation Tax is a tax on a company's taxable profit, which is defined as :-



**Capital Allowances** are acquired by investing in the company's **capital base**, and are calculated on a 'written down' basis.

If the company makes a operating loss before interest and tax, no corporation tax is paid, and any capital allowances are carried forward to future periods.





The current corporation tax and capital writing down rates are shown in the **Industry parameters**.



Financial Performance

Navigate to "Main menu/Measuring performance/Assessing performance/Financial analysis"

Management consultants report Graphical analysis

report Grapinear analys

OPERATIONAL SHAREHOLDERS

INVESTMENTS

Summary Assets and liabilities

			Job performance				Company performance				Shareholders		Future (		outlook
Per	Status	Year/qtr	Total value	Total cost	Gross profit	GP % cost	Overhead costs	OVH % of cost	Net operating profit	NOP % cost	Share price		Company value	Forward workload	Forward margin
1	History	2023 (Q1)	0	0	0		34,080		-30,580		0.93		4,844,420	0	0
2	History	2023 (Q2)	0	0	0		84,000		-80,522		1.06		4,646,054	21,681,700	937,916
3	History	2023 (Q3)	7,880,711	7,402,859	477,852	6.5 %	169,720	2.3 %	237,934	3.2 %	1.05	1.4 %	4,754,218	20,973,480	903,198
4	History	2023 (Q4)	12,720,600	12,293,440	427,161	3.5 %	155,000	1.3 %	213,947	1.7 %	1.04	0.9 %	4,852,965	20,831,500	905,458

#### PERIOD 4

#### CLICK ON A LINE IN THE THE SUMMARY ABOVE TO SHOW THE PERIOD DETAILS

JOB PERFORMANCE		COMPANY PERFORMANCE		
Measured value:	12,834,570 ?	(less) Overheads:	155,000	☑ (1.3 % of job costs)
Early completion bonus:	0	Gross operating profit:	272,161	_
(less) Retention held:	131,220 ?	(less) Corporation tax:	60,668	<b>্</b>
Retention repaid:	17,253 ?	(plus) Credit interest:	2,454	
Total value:	12,720,600	(less) Overdraft interest:	0	
(less) Costs:	12,293,440 ?	Net operating profit:	213,947 (1	
Gross profit:	427,161 (3.5%	6 of job costs)		

FUTURE OUTLOOK
Forward workload: 20,831,500 ?

Forward margin: 905,458

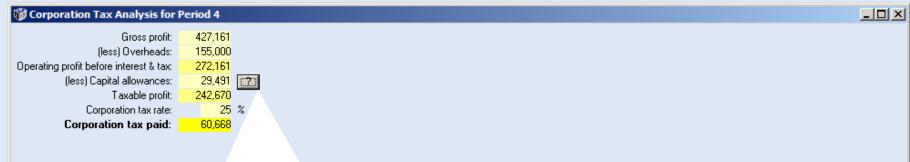
Consider the following example where a company is in period 5, and the Financial Details are being reviewed for period 4.

For Period 4 we can see that the company's Gross Operating Profit (before tax & interest) was 272,161.

The Gross Operating Profit was then subject to Corporation Tax of 60,668. How was this calculated?

We can use the **drill-down** to investigate further.





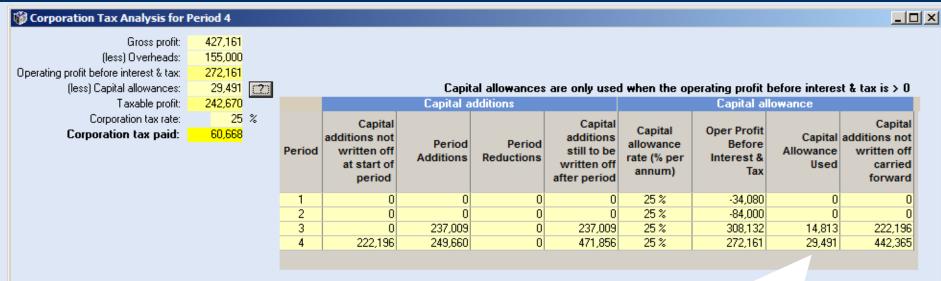
During period 4 a Corporation tax rate of 25% was levied on the taxable profit of 242,670 to give Corporation Tax of 60,668.

The tax burden was offset by the **Capital Allowances** of 29,491.

Capital Allowances are acquired by investing in the company's infrastructure (capital base), and are calculated on a 'written down' basis; the rate of writing down allowances is given in the **Industry parameters**.

We can use the **drill-down** to see exactly how the 29,491 was calculated.





The Capital Allowances to be written off is adjusted each period as follows :-

- Increased/reduced by changes in the company's capital base
- Reduced by using up capital allowances that are written off by 25% per annum (6.25% per period)

Capital allowances are not used if an operating loss is made.

In period 4 an operating profit before interest & tax of 272,161 was made, and as a result capital allowances were used.

These amounted to 6.25% of 471,856, the amount still to be written off, giving a capital allowance figure of 29,491.