



# Botswana Institute of Chartered Accountants

## Business Planning Taxation Paper

Date: 08 June 2021

Time: 14:00 am -16.30 am

Time allowed: 2 hours 30 minutes

### Instructions to Candidates

This paper consists of **THREE** written test questions (100 marks).

1. Ensure your candidate details are on the front of your answer booklet.
2. Answer each question in black ball point pen only.
3. Answers to each written test question must begin on a new page and must be clearly numbered. Use both sides of the paper in your answer booklet.
4. The examiner will take account of the way in which answers are presented.
5. When the assessment is declared closed, you must stop writing immediately. If you continue to write (even completing your candidate details on a continuation booklet), it will be classed as misconduct.

**Assume that the Finance Act 2020/21 rates and allowances will continue to apply in future years unless you are specifically instructed otherwise.**

### IMPORTANT

Question papers contain confidential information and must NOT be removed from the examination hall.

**DO NOT TURN OVER UNTIL YOU ARE INSTRUCTED TO BEGIN WORK**

## Tax Tables

Use the following tax tables to answer your questions, where necessary.

### Rates of tax from 2020/21 tax years

#### Resident companies

On taxable income

Standard rate	22%
Manufacturing company rate	15%

#### Non-resident companies

Standard rate	30%
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#### Resident individuals

P0 –	P36,000	Nil
P36,001 –	P72,000	Nil + 5% of excess over 36 000
P72,001 –	P108,000	P1,800 + 12.5% of excess over 72 000
P108,001 –	P144,000	P6,300 + 18.75% of excess over 108 000
Over	P144,000	P13,050 + 25% of excess over 144 000

#### Non-resident individuals, trusts and estates

P0 –	P72,000	5% of every pula
P72,001 –	P108,000	P3,600 + 12.5% of excess over 72 000
P108,001 –	P144,000	P8,100 + 18.75% of excess over 108 000
Over	P144,000	P14,850 + 25% of excess over 144 000

#### Capital gains – individuals

P0 –	P18,000	Nil
P18,001 –	P72,000	P0 + 5% of excess over 18 000
P72,000 –	P108,000	P2,700 + 12.5% of excess over 72 000
P108,000 –	P144,000	P7,200 + 18.75% of excess over 108 000
Over	P144,000	P13,950 + 25% of excess over 120 000

#### Capital gains – companies

Net aggregate gains are taxable at the company rates of tax.

Tax on Foreign dividend	15%
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## Capital allowances

The following rates are fixed by Commissioner General of BURS as fair and reasonable having regard to the expected useful economic lives of the assets listed.

### Capital allowances on plant & machinery

Furniture and fittings	10%
Office equipment and machinery	15%
Other industrial (including farming) plant & machinery used directly in manufacture or production	15%
Aircraft and motorised road vehicles	25%
Heavy civil engineering plant and machinery used directly in construction	25%
Other self-propelled portable plant or machinery used directly in manufacture or production	25%
Computer hardware	25%
Off-the-shelf computer software	100%

### Industrial and commercial buildings

Industrial building – initial allowance	25%
Industrial building – annual allowance	2.5%
Commercial building – annual allowance	2.5%

### Basis of valuation of benefits

#### Individuals' vehicle benefit

Vehicle cost	Employee benefit	Fuel cost adjustment
P1 - P50 000	P2 500	P1 000
P50 001 - P100 000	P5 000	P2 000
P100 001 - P150 000	P7 500	P3 000
P150 000 - P200 000	P10 000	P4 000

Benefit on the excess of P200,000 is 15% thereof with a maximum fuel cost adjustment of P5,000.

### Individual's housing benefit:

#### If rated:

10% of the property's rateable value prorated by occupation and reduced by any contribution made by the employee.

#### If not rated:

Gross floor area x P250 per sq metre x 8% for a standard building

The benefit is prorated by period of use and reduced by any contribution made by the employee.

### Individual's furniture benefit

10% of furniture cost in excess of P15, 000 pro - rated by usage.

### CAPITAL TRANSFER TAX RATES

	<i>Aggregate Taxable Value</i>	<i>Rate of Tax per cent</i>
1. Person (other company)	First P100 000	2 per cent
	Next P200 000	3 per cent
	Next P200 000	4 per cent
	Balance	5 per cent
2. Resident company		12.5 per cent
3. Non-resident company		12.5 per cent

### Capital value of an annuity

$$\text{Capital value} = A \times \left[ \frac{1 - (1 + r)^{-N}}{r} \right]$$

Where - A is the annuity payable; r = rate of return  
N = number of years over which the annuity is payable.

**COST OF LIVING INDEX – JULY 1982 to December 2020**

<b>YEAR</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
<b>1982</b>	-	-	-	-	-	-	100.0	101.2	101.2	102.1	103.3	103.8
<b>1983</b>	104.1	104.8	105.5	106.6	108.3	108.4	109.0	110.2	110.2	110.7	111.7	112.3
<b>1984</b>	113.5	114.5	115.2	116.0	116.9	118.3	119.1	120.1	119.8	120.7	119.7	119.5
<b>1985</b>	119.9	120.7	122.0	124.1	126.6	128.6	130.1	129.8	131.1	131.5	131.8	132.0
<b>1986</b>	133.9	135.5	135.5	136.8	138.0	140.9	141.2	141.8	142.7	143.4	144.7	146.3
<b>1987</b>	147.4	148.5	148.9	151.9	153.6	154.1	154.9	156.6	156.7	157.1	157.5	158.1
<b>1988</b>	157.8	158.7	160.8	163.4	164.1	165.5	168.0	169.3	171.0	172.6	173.9	174.4
<b>1989</b>	176.9	178.0	180.1	182.7	184.1	186.2	187.3	188.7	190.2	191.1	191.5	194.2
<b>1990</b>	196.6	199.0	200.5	204.1	205.1	206.0	207.2	209.2	210.7	212.6	216.0	217.6
<b>1991</b>	220.5	221.4	223.5	225.8	227.3	229.0	232.0	234.2	237.2	239.5	242.5	244.9
<b>1992</b>	248.3	251.7	256.3	262.1	265.5	269.4	272.3	275.0	277.6	280.1	283.0	285.4
<b>1993</b>	291.0	293.1	295.8	301.1	303.1	306.0	311.6	313.5	315.0	317.6	320.1	321.5
<b>1994</b>	324.2	326.8	328.5	332.7	337.3	340.2	343.1	345.3	347.0	348.4	351.3	353.0
<b>1995</b>	357.9	361.0	364.9	368.6	370.5	374.9	377.8	381.6	384.3	386.0	387.9	391.3
<b>1996</b>	395.5	398.1	402.2	405.6	408.8	413.9	417.0	419.5	421.6	423.8	426.0	428.7
<b>1997</b>	431.6	435.5	439.7	443.6	448.7	451.2	454.1	454.9	457.5	459.7	460.9	461.9
<b>1998</b>	464.8	466.0	469.9	476.0	477.9	478.9	481.0	484.0	484.4	486.9	489.5	491.2
<b>1999</b>	495.1	499.7	504.3	507.5	509.2	513.3	514.3	517.7	521.1	523.5	524.0	525.2
<b>2000</b>	530.8	536.3	538.8	545.5	548.9	552.0	568.6	569.8	571.4	576	577.5	578.7
<b>2001</b>	581.4	582.1	587.2	598.9	596.9	598.6	601.3	603.0	605.4	608.5	610.2	611.0
<b>2002</b>	613.1	613.9	622.1	629.6	631.3	634.0	654.4	662.4	666.7	670.8	677.6	679.3
<b>2003</b>	683.2	689.0	692.2	701.4	705.8	715.0	714.5	698.0	707.0	715.9	717.9	718.9
<b>2004</b>	721.3	728.6	735.8	743.6	754.0	721.3	758.9	761.3	765.7	770.7	772.4	774.9
<b>2005</b>	779.2	781.7	783.8	789.4	801.5	813.2	821.2	834.8	842.3	857.1	859.7	863.1
<b>2006</b>	877.4	884.0	891.5	901.4	909.6	915.0	918.6	924.2	930.8	936.4	935.4	936.4
<b>2007</b>	942.9	948.5	949.5	957.7	968.1	974.5	988.5	991.2	994.1	1004.3	1007.2	1012.8
<b>2008</b>	1022.2	1034.4	1043.1	1064.7	1085.0	1115.1	1136.7	1140.6	1133.8	1135.5	1159.0	1151.2
<b>2009</b>	1152.7	1155.1	1165.0	1172.8	1176.0	1193.4	1204.8	1209.7	1213	1213.3	1217.2	1218.4
<b>2010</b>	1223.2	1225.4	1234.6	1256.2	1268.6	1285.3	1289.7	1290.6	1297.9	1300.6	1304.2	1309.1
<b>2011</b>	1320.0	1330.2	1338.9	1359.0	1373.6	1386.4	1380.6	1403.4	1409.0	1415.0	1424.0	1428.8
<b>2012</b>	1436.1	1440.0	1446.5	1460.4	1480.0	1487.3	1492.1	1496.7	1508.9	1515.4	1530.2	1534.8
<b>2013</b>	1544.3	1546.9	1555.4	1565.6	1570.2	1573.8	1576.7	1580.4	1584.3	1587.9	1593.5	1598.1
<b>2014</b>	1611.1	1618.6	1624.2	1637.2	1641.8	1646.5	1648.4	1653.0	1655.8	1662.4	1667.0	1663.3
<b>2015</b>	1670.7	1664.2	1669.8	1687.5	1690.3	1696.8	1698.7	1701.5	1704.2	1708.9	1709.8	1708.9
<b>2016</b>	1715.4	1714.5	1721.0	1735.9	1737.8	1741.5	1744.3	1747.1	1751.7	1755.2	1758.7	1760.5
<b>2017</b>	1769.2	1772.7	1781.5	1795.5	1799.0	1802.5	1804.3	1806.0	1807.8	1807.8	1811.3	1816.5
<b>2018</b>	1823.5	1828.8	1832.3	1856.8	1858.6	1858.6	1860.3	1860.3	1860.3	1872.6	1879.6	1881.3
<b>2019</b>	1887.0	1890.8	1892.6	1903.9	1905.8	1909.6	1913.3	1913.3	1915.2	1917.1	1919.0	1922.7
<b>2020</b>	1930.3	1932.1	1934.0	1951.0	1951.0	1926.5	1930.3	1934.0	1814.8	1958.5	1962.2	1964.1

## Question 1

You are a BICA Chartered Accountant and the newly appointed finance director at MB Ltd, a Botswana resident company in the engineering and property development industry.

Your predecessor, Tebogo Dintsi is a BICA Chartered Accountant. He resigned unexpectedly last week and left the company immediately. Tebogo was the Senior Accounting Officer of the MB Ltd group.

### Background information

In April 2016 MB Ltd established a Permanent Establishment (PE) in Zimbabwe. The PE acts as an employment agency to recruit engineers for the MB Ltd. The PE has made trading losses since it was set up, however it made a trading profit for the first time in the year ending 31 March 2021. The summarized tax results are included in **Exhibit 1**.

An assistant from the MB Ltd finance department prepared some notes which set out the work completed on the draft company tax computations of MB Ltd together with some unresolved matters (**Exhibit 2**).

### BURS tax inquiry

During your review of files left by Tebogo, you discover a letter from BURS which was dated 6 March 2021 and marked as delivered by hand to Tebogo as the Senior Accounting Officer.

The letter refers to a BURS tax inquiry into the recoverability of tax losses incurred at MB Ltd's PE for the years ended 31 March 2018, 2019 and 2020. The inquiry focuses on whether the PE trade is separate from or is part of the trade of MB Ltd.

Tebogo left a note to say that he had not responded to the previous correspondence from BURS regarding the inquiry. MB Ltd now needs to respond urgently to the inquiry especially because BURS has threatened to impose penalties and institute legal proceedings.

### Requirements

- 1.1 Recommend the appropriate tax treatment of the unresolved matters (**Exhibit 2**) and calculate the revised taxable total profits for MB Ltd and the income tax payable for the year ended 31 March 2021. Assume that MB Ltd's PE represents a separate trade for the purposes of this requirement.
- 1.2 Identify and explain the ethical implications for you and MB Ltd and the actions you should take, arising from BURS's letter and Tebogo's note. Set out the potential penalties which BURS could impose.

**Total: 40 marks**

## Exhibit 1 – Summary of tax results

Notes prepared by finance assistant on draft corporation tax computations.

### Summary of brought forward losses at 1 April 2020:

	MB Ltd
Unrelieved trading losses brought forward:	P'000
Year ended:	
31 March 2020	150,000
31 March 2019	210,000
31 March 2017	370,000
31 March 2015	440,000
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Total	1,170,000
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### Brought forward capital losses

MB Ltd incurred capital losses of P2,600,000 in the year ended 31 March 2020.

The draft tax results are for the year ended 31 March 2021 as follows:

	P'000
Trading income	2,258,000
PE trading income	221,000

The tax results above exclude the tax implications from the unresolved matters in

### Zimbabwean PE results

The PE will suffer Zimbabwean tax corresponding to P53,040 on its trading income of P221,000 for the year ended 31 March 2021.

P98,800 was remitted to MB Ltd in March 2021 and was not subject to any withholding tax in Zimbabwe.

## **Exhibit 2 - Unresolved matters**

No amounts are included in the above draft corporation tax computations for the following matters:

### **Debenture and share sale**

On 1 September 2010 MB Ltd bought 30,000 shares in Tshedi Ltd for P1,480,000 which represented a 5% shareholding.

On 1 April 2015 Tshedi Ltd was taken over by Moseetso Ltd. MB Ltd received 18 ordinary shares and a P100 non-convertible 10% debenture in Moseetso Ltd for each 5 shares it owned in Tshedi Ltd. At that date, Moseetso Ltd's shares were quoted at P5 per share and the P100 debentures at P120. All the companies were resident in Botswana.

On 13 February 2021 MB Ltd sold its 6,000 P100 non-convertible 10% debentures for P1,100,000 and 210,000 shares for P1,400,000 in Moseetso Ltd in order to raise some working capital for the company.

All the companies are resident in Botswana.

### **Sale of property in South Africa**

On 1 December 2020 MB Ltd sold a property in South Africa for R18 million. The property cost R9 million on 4 June 2016. The property was let out as offices to other companies.

MB Ltd paid South African tax of R1.5 million on the disposal.

The relevant exchange rates are as follows:

4 June 2016	P1: R1.10
1 December 2020	P1: R1.25

The net proceeds were remitted to MB's account in Botswana. Tebogo was not sure of whether the disposal of a foreign property would be taxed in Botswana.

### **Foreign dividend from a Tunisian company**

MB Ltd had shares in a Tunisian company which paid a gross dividend of P50,000. A withholding tax of P10,000 was deducted at source.



## **Training levy**

MB Ltd had paid training levy of P250,000 during the year ended 31 March 2021. Tebogo was not sure of the tax treatment for the training levy and did not include it in the computation of the taxable income.

## **Leased office block**

In May 2010, MB Ltd completed the construction of an office block in Gaborone at a cost of P1,800,000, including the cost of land of P400,000. The office was rented out immediately on the condition that the tenant should extend it at a cost of P800,000. The extension was duly completed in May 2012. The lease agreement ended on 31 May 2020 when the market value of the extensions were valued at P1,300,000. A new lease commenced on 1 July 2020 with another client. MB Ltd had made an appropriate election to defer any tax liabilities in 2012 regarding the leased property. Tebogo was not sure of the tax implication arising on the reversion of the office block to MB Ltd.

Furthermore, capital allowances were appropriately claimed in prior years but no allowances have been computed on the office block for the year ended 31 March 2021. Tebogo was not sure of the tax treatment when the original lease ended on 31 May 2020.

## **Purchase of equipment from South Africa**

On 13 November 2020, MB Ltd purchased land surveying equipment for R264,000 on credit. The invoice was settled on 3 January 2021 in full.

The relevant exchange rates are as follows:

13 November 2020	P1: R1.20
27 February 2021	P1: R1.32

The capital allowance rate on this equipment is 15%. Capital allowances have not been computed yet for this equipment.

## **Disposal of an office block in October 2020**

In October 2020 MB Ltd sold an office block in Francistown for P2,224,114. The office block was acquired in July 2013 for P1,200,000 out of the proceeds of the disposal of a warehouse. The warehouse was acquired for P800,000 and realised a chargeable gain of P520,000 in May 2013. The appropriate election to defer the chargeable gain on the disposal of warehouse was correctly made in the tax year 2013. The income tax and capital gains tax implications for this disposal have not been dealt with.

## Question 2

You are employed as a tax adviser for a firm of BICA Chartered Accountants. Your manager briefs you on some new clients, Kabo and Baeti Modibedi and their company BK Ltd, a Botswana resident company.

Kabo and Baeti are married. Kabo is 55 years old and recently retired from his job as a doctor employed by a private hospital. Baeti is 50 years old and worked as a data/sales manager for a large technological company, Elite Ltd, until she retired on 31 January 2020. Both Baeti and Kabo receive pension income of P60,000 each pa.

Baeti and Kabo are concerned about whether BURS will consider them as employees or self-employed of the companies that they have entered into a contract with during the year.

### Elite Ltd contract

On 1 March 2020 Baeti and Kabo set up a company, BK Ltd (BK). BK prepares accounts to 30 June annually.

On 1 July 2020 Elite Ltd offered BK a 24-month contract to provide Baeti's services of managing Elite Ltd's online sales & advertising activities. The contract specifies that BK charges Elite Ltd a daily rate of P6,000 and BK is responsible for any tax liabilities that may arise from the contract. Elite Ltd provides the office computers and equipment for the work. The contract requires Baeti to work for three days each week at Elite Ltd's premises. Baeti will also be responsible for the supervision of the sales & advertising department of Elite Ltd which has a complement of three members. The contract provides that only Baeti should do the work and she cannot send any other person to work on her behalf.

### Montle Health Ltd contract

From 1 July 2020, BK contracted with a private healthcare provider, Montle Health Ltd, for Kabo to undertake private patient examinations and training of their medical staff. BK invoices Montle Health Ltd for these examinations. Kabo has two employees for him who assist him with the examinations and the training.

BK receives a fixed fee of P2,500 for each examination. The examinations are performed at Kabo's surgery using his own equipment. Kabo can choose how many examinations he undertakes for Montle Health Ltd and when he undertakes these.

BK will pay a total dividend of P500,000 on 31 May 2021 to Baeti and Kabo as shareholders.

Baeti and Kabo sent your manager a draft statement of profit or loss for BK for the year ending 30 June 2021 (**Exhibit 1**).

Baeti also sent information about a proposed contract with Bokamoso, a government body (**Exhibit 2**).

## Requirements

Draft an email to Baeti and Kabo which includes:

- 2.1 An explanation of the distinction between an employee and a self-employed.
- 2.2 An evaluation of whether the Baeti and Kabo would be considered to be employees or self-employed in the case of each of the contracts undertaken by BK in the year ending 30 June 2021.
- 2.3 Calculations of the tax implications for BK and Baeti assuming that only the contract with Elite Ltd treats Baeti as an employee and not a contractor/self-employed.
- 2.4 Calculations of the annual VAT payable or refundable for BK for the year ended 30 June 2021. Assume Baeti is treated as an employee as in 2.3 above.

**Total: 30 marks**

### Exhibit 1 Note from Baeti and Kabo Modibedi

BK Ltd statement of profit or loss for the year ending 30 June 2021:

	P	P
Revenue		
Contract with ELITE Ltd – standard rated	936,000	
Contract with Montle Health Ltd – examination – standard rated	484,000	
Contract with Montle Health Ltd – training – exempted		280,000
		-----
		1,700,000
Expenses:		
Salary – Baeti	180,000	
Salary – Kabo	120,000	
Salaries for employees	120,000	
Depreciation (note 2)	74,000	
Business costs (note 3)	30,000	
Medical business insurance (note 4)	20,000	
General overhead expenses (note 5)	45,000	
		-----
		(589,000)
		-----
Profit before tax		1,111,000
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**Notes:**

1. All the figures are stated exclusive of VAT, wherever relevant.
2. The depreciation relates to car costing P370,000 which was purchased in July 2020 and is used 80% for the Elite Ltd contract by Baeti.
3. BK Ltd is registered for VAT. The business costs relate to the Montle Ltd contract. These costs are standard rated inputs.
4. The medical business insurance is to cover Kabo against claims for his work performed for the Montle Health Ltd contract. This expense is a standard rated input.
5. The general overheads are incurred at Kabo's business premises and not directly attributable to either the medical examinations or training.

### Question 3

You work in the tax department of Dube Tax Accountants (Dube), a firm of BICA Chartered Accountants. Your firm acts as tax advisers for Ditlou Ltd, a Botswana resident company in the events management business. Ditlou Ltd has a 30 June year end.

Dube also acts for the two shareholders and directors of Ditlou Ltd, Ronaldo and Katlego Banda. On 1 June 2012 Ronaldo and Katlego subscribed for 150,000 and 100,000 P1 ordinary shares, respectively, at par in Ditlou Ltd. They both work full time for Ditlou Ltd.

Ronaldo was born in Zambia and came to the Botswana in April 2012 when he and Katlego married. Ronaldo has been a Botswana resident since then. Katlego was born in the Botswana and is a Botswana. They have two children.

Your manager gives you the following briefing:

“Ronaldo and Katlego will divorce in the near future. Ronaldo intends to return to Zambia in July 2021 and will live there permanently. He will make short visits to the Botswana to visit his children who will live with Katlego in the Botswana.

“Ronaldo and Katlego, as the only directors and shareholders of Ditlou Ltd, passed a shareholders’ resolution to sell Ditlou Ltd on 30 June 2021.

Ditlou Ltd have agreed to transfer a car to an employee, David Morapedi. The car was purchased in July 2015 for P328,000 for the private use of David. The estimated fair market value of the car is P150,000 at 30 June 2021. David was also paid a terminal pay of P320,710 which was fully taxable.

“Ronaldo and Katlego have provided a note with the tax results for Ditlou Ltd, information about Ditlou Ltd’s assets and their alternative proposals concerning the timing of the sale of Ditlou Ltd’s net assets and the payment of the distribution to Ronaldo and Katlego (**Exhibit**).

“I have confirmed with the Dube ethics partner that Dube can put in place sufficient safeguards against any ethical threats for it to continue to act for Ditlou Ltd, Ronaldo and Katlego.

“I have arranged a meeting with Ronaldo and Katlego and I will need you to prepare a briefing paper.”

## Requirements

Prepare a briefing note for your manager which includes:

- 3.1 A calculation of the income tax and capital gains tax implications for Ditlou Ltd arising from the disposal of the business and the company tax payable for year ended 30 June 2021 under the two options. Your answer should include the tax implications of transferring the car to David.
- 3.2 For each of Option 1 and Option 2 (**Exhibit**), a calculation of the tax implications for Ronaldo and Katlego and a recommendation of the most tax advantageous option for the Ronaldo and Katlego. Your answer must consider the calculations in 3.1 above.

**Total: 30 marks**

### **Exhibit – Note from Ronaldo and Katlego**

#### **Estimated taxable income for the year ended 30 June 2021:**

The taxable income for the year ended 30 June 2021 has been determined as P1,424,000 excluding the effects from the disposal of the company, the transfer of the car to David Morapedi and his termination payment. Ditlou had estimated its taxable income for the year ended 30 June 2021 to be P2,570,000 and the self-assessment instalment payments for the first 3 quarters were based on this amount. It was decided that the tax liabilities would be settled by Ditlou Ltd whichever option is used to dispose of the business.

The accumulated retained earnings brought forward at 1 July 2020 was P430,000.

#### **Disposal of Ditlou Ltd**

The directors have decided to sell the company either by the sale of shares or by the sale of net and then winding up the company. The sale agreement has been concluded with Pula Ltd but the directors of Ditlou Ltd have the option of choosing how the company will be disposed of.

### Option 1 – Sale of shares

Sell all the shares for P14 million. Ditlou Ltd will incur legal costs of P210,000. The directors have owned the shares since inception on 1 June 2012. In October 2017, a bonus issue of 1 for 4 was made.

### Option 2 – Sale of net assets

The breakdown of the sales proceeds was as follows:

	Note	Cost/carrying amount P	Income Tax value b/f P	Sales proceeds P
Conference hall	1	2,900,000	?	6,500,000
Tents (gazebo)		2,200,000	1,240,000	1,800,000
Delivery vans		1,880,000	470,000	1,260,000
Chairs & tables		290,000	174,000	150,000
Net current assets		480,000	550,000	730,000
Goodwill		0	0	3,560,000
Total proceeds		7,750,000		14,000,000

Notes:

1. The breakdown of the cost of the conference was as follows:

	P
1/2/2002 Purchased land	350,000
30/9/2004 Completed the conference hall	1,500,000
30/3/2010 Completed the extension to the hall	1,050,000
Total	2,900,000

2. Assume that the NCOLI for June 2021 was 1981.0.