



## High Specification Industrial Development

Development of a high specification single storey warehouse unit with 2 storey integral offices, completed in 2004 situated on an established industrial estate in Manchester.

### Type of Claim

The owner in this instance developed the property and therefore an unrestricted capital allowances claim was prepared based on the expenditure incurred under the provisions of Section 11 CAA 2001.

Additionally the property was eligible for industrial buildings allowances, having established that it was being used within a "qualifying industrial use" as defined by the Capital Allowances Act 2001. Having been newly constructed, the allowances would be available at 4% per annum over its maximum deemed 25 year industrial life.

### Facts

Development Cost: £11 million

Gross Internal Floor Area: 19,350m<sup>2</sup>

Description: Steel framed building with granolithic floors in warehouse and concrete upper floors and staircases in office areas. Profiled sheet wall cladding part with aluminium patent glazing under a pitched roof finished with profiled sheet roof cladding. Aluminium double glazed windows to offices elevations.

Painted concrete floors generally throughout the warehouse with medium quality carpet tiles to the office areas and linoleum in WC areas. Walls are unfinished in the warehouse and are finished with plaster and painted with emulsion in the office areas. Ceilings are suspended with acoustic tiles in the office areas.

Gas fired central heating with wall mounted radiators and part comfort cooling to offices, industrial gas fired warm air heating to main warehouse. Other services include extract ventilation to toilets and canteen areas, hot water, sanitary ware, 8 person passenger lift serving two floors, electrical supplies for computer installation, automatic light sensors to office areas, fire alarm installation, emergency lighting, sprinkler installation, smoke vents and smoke curtains. 21 automatic dock levellers, public address system, security alarm and comprehensive CCTV system, standby diesel generator, canteen and kitchen fittings, storage racking and vehicle control equipment.

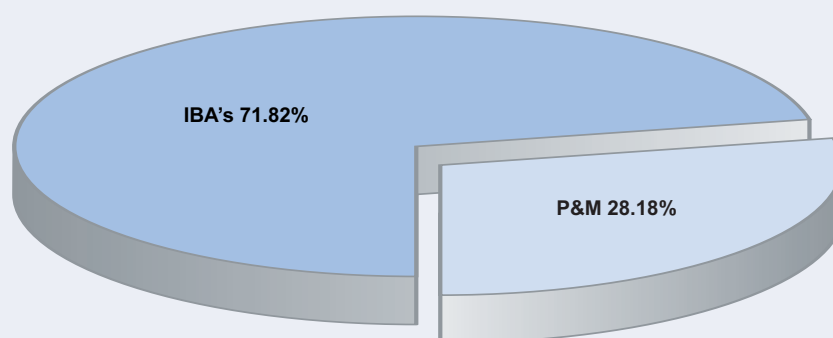
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For further information or a capital allowances assessment without obligation

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#### Capital Allowances Analysis

Percentage of £11m  
Development Cost

Expenditure on qualifying machinery and plant	£3,100,000	28.18%
Expenditure qualifying for industrial buildings allowances	£7,900,000	71.82%

#### Cash Flow

In this case the capital allowances of £3,100,000 were available to the taxpayer to offset against tax at 25% per annum on a reducing balance basis.

The industrial buildings allowances of £7,900,000 were also available over a 25 year period.

The following table sets out the availability of these allowances over the first five years that the property is in the taxpayer's ownership, assuming a 30% corporation tax rate.

	Balance of Plant & Machinery Allowances £	Annual P&M Write-Down at 25% £	IBA Annual Writing-Down Allowance £	Tax Relief to a 30% Taxpayer £
Year 1	3,100,000	775,000	316,000	327,300
Year 2	2,325,000	581,250	316,000	269,175
Year 3	1,743,750	435,938	316,000	225,581
Year 4	1,307,813	326,953	316,000	192,886
Year 5	980,859	245,215	316,000	168,365

On the assumption that the property remains in the taxpayer's ownership for the 5 year period, the total tax saved will amount to in excess of £1,180,000.