

Example 4

Trading and Profit and Loss Account for the year ended 31 March 2023

| | | | |
|--|---------------|----------------|-----------------|
| Sales of livestock | £14,800 | | |
| Transfers to herd (Note 1) | <u>1,200</u> | 16,000 | Box 15 |
| Sales of produce: | | | |
| • crops and subsidies | 42,163 | | |
| • milk | 68,337 | | |
| • straw | <u>50</u> | 110,550 | Box 15 |
| Miscellaneous receipts (Note 2) | 650 | | |
| Sheep grazing | <u>950</u> | 1,600 | Box 15 & Box 16 |
| | | 128,150 | |
| Opening valuation | 42,500 | | |
| Feeds, seeds and fertilisers | <u>42,800</u> | | |
| | 85,300 | | |
| Closing valuation | 44,200 | 41,100 | Box 17 |
| Gross profit | | 87,050 | |
| Rent (Note 3) | 2,350 | | Box 21 |
| Rates and water (Note 3) | 1,700 | | Box 21 |
| Wages | 14,125 | | Box 19 |
| Insurance (Note 4) | 1,205 | | Box 23 |
| Equipment and vehicle expenditure (Note 5) | 15,923 | | Box 17 & Box 20 |
| Light and heat (Note 6) | 3,779 | | Box 21 |
| Phone (Note 6) | 759 | | Box 23 |
| Contracting and plant hire (Note 7) | 1,991 | | Box 22 |
| Lease of milk quota | 4,620 | | Box 17 |
| Haulage | 365 | | Box 17 |
| Veterinary expenses (Note 8) | 1,215 | | Box 28 |
| Bank charges (Note 9) | 2,273 | | Box 25 & Box 26 |
| Hire purchase interest | 1,274 | | Box 26 |
| Silage wrapping | 1,592 | | Box 17 |
| Accountancy | 923 | | Box 28 |
| Valuation charges | 175 | | Box 28 |
| Miscellaneous expenses | 1,297 | | Box 30 |
| Depreciation | <u>6,292</u> | | Box 29 & Box 44 |
| | | 61,858 | |
| Net profit | | <u>£25,192</u> | |

Balance Sheet at 31 March 2023

| | | | |
|----------------------------|---------------|----------------|--------|
| Fixed assets | | | |
| Land | 200,269 | | Box 84 |
| Buildings | 125,694 | | Box 84 |
| Machinery | 32,578 | | Box 83 |
| Milk quota | 9,520 | | Box 84 |
| Dairy herd (herd basis) | <u>17,700</u> | | Box 84 |
| | | 385,761 | |
| Current assets | | | |
| Valuation (Note 10) | | | |
| Growing crops | 12,200 | | |
| Livestock | 14,750 | | |
| Produce | 14,050 | | |
| Deadstock | <u>3,200</u> | | |
| | 44,200 | | Box 85 |
| Debtors and prepayments | <u>14,770</u> | | Box 86 |
| | 58,970 | | |
| Current liabilities | | | |
| Creditors | 16,021 | | Box 91 |
| Overdraft | 11,565 | | Box 92 |
| HP account | <u>25,641</u> | | Box 93 |
| | 53,227 | | |
| Net current assets | | <u>5,743</u> | |
| Net assets | | <u>391,504</u> | Box 94 |
| Represented by: | | | |
| Capital Account | | | |
| • Balance at 1/4/22 | 384,623 | | Box 95 |
| • Net profit | <u>25,192</u> | | Box 96 |
| | 409,815 | | |
| • Less drawings | <u>18,311</u> | | Box 98 |
| | | 391,504 | Box 99 |

Note 1

Herd basis adjustment to exclude the cost of home-bred additions to the herd. Following the suggestions in this helpsheet, the herd basis reconciliation is included in the 'Any other information' box, box 103.

Note 2

Miscellaneous receipts comprise haulage (£401) and way leaves (£249). Haulage has been included as an item of business income in box 15. The way leaves are included in box 16.

Note 3

The private proportions of rent and rates and water are respectively £475 and £200. These amounts need to be disallowed in arriving at the profit for tax purposes and are included in box 36.

Note 4

There are several figures making up the overall insurance expense. £210 relates to motor vehicles partly used for private purposes. This amount is included in the entry in box 20 (read Note 5 below). There's a choice as far as the balance is concerned. That part relating to the premises and property could be included in the entry in box 21, but it would also be reasonable to enter the full amount of the balance in box 23 on a consistent basis from year to year. The latter approach is adopted here.

Note 5

The equipment and vehicle expenditure comprises the following: tractor/combine repairs, £6,351, tractor/combine diesel, £5,102 and motor car expenses, £4,470. This latter figure, together with the motor insurance costs, is entered in box 20. Of the total motoring costs of £4,680 (£4,470 + £210), 30% are for private use and are disallowed by entering the private proportion, (£1,404) in box 35. The tractor/combine expenditure has been treated as a direct cost of production and included in the entry in box 17, although it would be equally acceptable to separate the repairs expenditure and enter it in box 22.

Note 6

The private proportions of light and heat and phone are respectively £650 and £150. To arrive at the profit for tax purposes, these amounts have to be disallowed and are included in the entries for boxes 36 and 38 respectively.

Note 7

Contracting and plant hire comprises costs of a ditching contractor £1,767 and plant hire, £224. The expenditure all relates to maintenance of the farm and has been entered in box 22. Had the contracting been in respect of contract milkers or contract harvesters, for example, it would have been entered in box 17 as a direct cost of production.

Note 8

Veterinary expenses include £177 for treatment to a privately owned pony. This has been disallowed by including the amount in the entry in box 43. All associated expenses of the pony's upkeep have been met privately or charged to drawings.

Business expenses

Please read the 'Self-employment (full) notes' before filling in this section.

| Total expenses | | Disallowable expenses | |
|---|--|---|---|
| If your annual turnover was below £85,000, you may just put your total expenses in box 31 | | Use this column if the figures in boxes 17 to 30 include disallowable amounts | |
| 17 | Cost of goods bought for resale or goods used | 32 | |
| £ | 5 9 1 3 0 . 0 0 | £ | |
| 18 | Construction industry – payments to subcontractors | 33 | |
| £ | | £ | |
| 19 | Wages, salaries and other staff costs | 34 | |
| £ | 1 4 1 2 5 . 0 0 | £ | |
| 20 | Car, van and travel expenses | 35 | |
| £ | 4 6 8 0 . 0 0 | £ | 1 4 0 4 . 0 0 |
| 21 | Rent, rates, power and insurance costs | 36 | |
| £ | 7 8 2 9 . 0 0 | £ | 1 3 2 5 . 0 0 |
| 22 | Repairs and maintenance of property and equipment | 37 | |
| £ | 1 9 9 1 . 0 0 | £ | |
| 23 | Phone, fax, stationery and other office costs | 38 | |
| £ | 1 7 5 4 . 0 0 | £ | 1 5 0 . 0 0 |
| 24 | Advertising and business entertainment costs | 39 | |
| £ | | £ | |
| 25 | Interest on bank and other loans | 40 | |
| £ | 7 0 1 . 0 0 | £ | |
| 26 | Bank, credit card and other financial charges | 41 | |
| £ | 2 8 4 6 . 0 0 | £ | |
| 27 | Irrecoverable debts written off | 42 | |
| £ | | £ | |
| 28 | Accountancy, legal and other professional fees | 43 | |
| £ | 2 3 1 3 . 0 0 | £ | 1 7 7 . 0 0 |
| 29 | Depreciation and loss or profit on sale of assets | 44 | |
| £ | 6 2 9 2 . 0 0 | £ | 6 2 9 2 . 0 0 |
| 30 | Other business expenses | 45 | |
| £ | 1 2 9 7 . 0 0 | £ | |
| 31 | Total expenses (total of boxes 17 to 30) | 46 | Total disallowable expenses (total of boxes 32 to 45) |
| £ | 1 0 2 9 5 8 . 0 0 | £ | 9 3 4 8 . 0 0 |

Note 5

Note 5

Notes 3 and 6

Note 7

Note 6

Note 4

Note 9

Note 8

Balance sheet

If your business accounts include a balance sheet showing the assets, liabilities and capital of the business, fill in the relevant boxes below. If you do not have a balance sheet, go to box 100. Read the 'Self-employment (full) notes' for more information.

| Assets | | Liabilities | |
|--------|--|----------------------------|---|
| 83 | Equipment, machinery and vehicles | 91 | Trade creditors |
| £ | 32578.00 | £ | 16021.00 |
| 84 | Other fixed assets | 92 | Loans and overdrawn bank account balances |
| £ | 353183.00 | £ | 11565.00 |
| 85 | Stock and work in progress | 93 | Other liabilities and accruals |
| £ | 44200.00 | £ | 25641.00 |
| 86 | Trade debtors | Net business assets | |
| £ | 14770.00 | 94 | Net business assets (box 90 minus (boxes 91 to 93)) |
| 87 | Bank or building society balances | £ | 391504.00 |
| £ | | Capital account | |
| 88 | Cash in hand | 95 | Balance at start of period |
| £ | | £ | 384623.00 |
| 89 | Other current assets and prepayments | 96 | Net profit or loss (box 47 or box 48) |
| £ | | £ | 25192.00 |
| 90 | Total assets (total of boxes 83 to 89) | 97 | Capital introduced |
| £ | 444731.00 | £ | |
| | | 98 | Drawings |
| | | £ | 18311.00 |
| | | 99 | Balance at end of period |
| | | £ | 391504.00 |

Class 2 and Class 4 National Insurance contributions (NICs)

| | | | |
|--------------------------|---|-----|--|
| 100 | If your total profits for 2022–23 are less than £6,725 and you choose to pay Class 2 NICs voluntarily, put 'X' in the box | 102 | Adjustment to profits chargeable to Class 4 NICs |
| <input type="checkbox"/> | | £ | |
| 101 | If you're exempt from paying Class 4 NICs, put 'X' in the box | | |
| <input type="checkbox"/> | | | |

Any other information

103 Please give any other information in this space

Details of professional valuations in box 83

| | |
|----------------------------|----------------|
| Growing crops | 12,200 |
| Livestock (not herd basis) | 14,750 |
| Produce | 14,050 |
| | <u>3,200</u> |
| | £44,200 |

Note 10

Herd basis reconciliation @ 31 03 22

| | | | |
|--------------|-----------|--------|----------------|
| Opening herd | 20 @ £200 | 4,000 | |
| | 20 @ £625 | 12,500 | 16,500 |
| Additions | 2 @ £600 | | <u>1,200</u> |
| | | | £17,700 |

Note 1