

Example 5 Partnership Tax Return

Trading and Profit and Loss Account for the year ended 31 March 2019

| | | | |
|--|----------------|---------|---------------------|
| Sales of livestock | £14,800 | | |
| Transfers to herd (Note 1) | <u>1,200</u> | 16,000 | |
| Sales of produce: | | | |
| • crops and subsidies | 42,163 | | |
| • milk | 68,337 | | |
| • straw | <u>50</u> | 110,550 | |
| Miscellaneous receipts (Note 2) | 650 | | Box 3.50 |
| Sheep grazing | <u>950</u> | 1,600 | |
| | (Note 2) | 128,150 | Box 3.29 |
| Opening valuation | 42,500 | | |
| Feeds, seeds and fertilisers | <u>42,800</u> | | |
| | | 85,300 | |
| Closing valuation | <u>44,200</u> | 41,100 | Box 3.46 |
| Gross profit | 87,050 | | |
| Rent (Note 3) | 2,350 | | Box 3.52 |
| Rates and water (Note 3) | 1,700 | | Box 3.52 |
| Wages | 14,125 | | Box 3.51 |
| Insurance (Note 4) | 1,205 | | Box 3.54 |
| Equipment and vehicle expenditure (Note 5) | 15,923 | | Box 3.55 & Box 3.48 |
| Light and heat (Note 6) | 3,779 | | Box 3.52 |
| Phone (Note 6) | 759 | | Box 3.54 |
| Contracting and plant hire (Note 7) | 1,991 | | Box 3.53 |
| Lease of milk quota | 4,620 | | Box 3.48 |
| Haulage | 365 | | Box 3.48 |
| Veterinary expenses (Note 8) | 1,215 | | Box 3.58 |
| Bank charges (Note 9) | 2,273 | | Box 3.60 & Box 3.61 |
| Hire purchase interest | 1,274 | | Box 3.61 |
| Silage wrapping | 1,592 | | Box 3.48 |
| Accountancy | 923 | | Box 3.58 |
| Valuation charges | 175 | | Box 3.58 |
| Miscellaneous expenses | 1,297 | | Box 3.63 |
| Depreciation | <u>6,292</u> | | Box 3.62 & Box 3.44 |
| | | 61,858 | |
| Net profit | £25,192 | | |

Balance Sheet at 31 March 2019

| | | | |
|----------------------------|---------------|----------------|-----------|
| Fixed assets | | | |
| Land | 200,269 | | Box 3.100 |
| Buildings | 125,694 | | Box 3.100 |
| Machinery | 32,578 | | Box 3.99 |
| Milk quota | 9,520 | | Box 3.100 |
| Dairy herd (herd basis) | <u>17,700</u> | | Box 3.100 |
| | | 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 3.101 |
| Debtors and prepayments | <u>14,770</u> | | Box 3.102 |
| | | 58,970 | |
| Current liabilities | | | |
| Creditors | 16,021 | | Box 3.106 |
| Overdraft | 11,565 | | Box 3.107 |
| HP account | 25,641 | | Box 3.108 |
| | | 53,227 | |
| Net current assets | | <u>5,743</u> | |
| Net assets | | <u>391,504</u> | Box 3.110 |
| Represented by: | | | |
| Capital Account | | | |
| • Balance at 1/4/18 | 384,623 | | Box 3.111 |
| • Net profit | <u>25,192</u> | | Box 3.112 |
| | | 409,815 | |
| • Less drawings | <u>18,311</u> | | Box 3.114 |
| | | 391,504 | Box 3.115 |

In the following notes the box number refers to the 'Self-employment (full)' pages. The equivalent box number on the Partnership Tax Return is given in brackets.

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 (3.116). The dairy herd is dealt with on the herd basis and is therefore a fixed asset and included in box 84 (3.100) in the 'Balance Sheet'.

Note 2

Miscellaneous receipts comprise haulage (£401) and way leaves (£249). Haulage has been included as an item of business income in box 15 (3.29). The way leaves are included in box 16 (3.50).

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 (3.34).

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 (3.37) (read Note 5 below). As far as the balance is concerned, there's a choice on the 'Self-employment' pages either box 21 or box 23. In this example box 23 (3.52) has been used. Whatever box is chosen, it should be used on a consistent basis from year to year.

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 (3.55). 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 (3.37). The tractor/combine expenditure has been treated as a direct cost of production and included in the entry in box 17 (3.48), although it would be equally acceptable to separate the repairs expenditure and enter it in box 22 (3.53).

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 (3.34) and 38 (3.36) 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 (3.53). Had the contracting been in respect of contract milkers or contract harvesters, for example, it would have been entered in box 17 (3.48) as a direct cost of production.

Note 8

Veterinary expenses includes £177 for treatment to a privately owned pony. This has been disallowed by including the amount in the entry in box 43 (3.40). All associated expenses of the pony's upkeep have been met privately or charged to drawings.

Note 9

Bank charges include £701 interest charges which are entered separately in box 25 (3.61).

Note 10

Details of the valuation at the year end are included in the 'Any other information' box, box 103 (3.116) to help clarify the figure shown in box 85 (3.101). It isn't necessary for a professional valuation to be obtained but the likely reliability of the valuation will be one of the factors we'll consider in deciding whether to open an enquiry.

Trading and professional income for the year ended 5 April 2019 continued

Income and expenses for this accounting period

You must fill in this page if your annual turnover was between £85,000 and £15 million. If the combined annualised turnover from all your activities was more than £15 million, fill in boxes 3.24 to 3.26 on page 3 and send in the partnership accounts and computations as well. In all cases, complete box 3.83 or box 3.84 on page 5, and the other boxes on page 5 if applicable. Read the Partnership Tax Return Guide, go to www.gov.uk/taxreturnforms

If you were registered for VAT, do the figures in boxes 3.29 to 3.64 include VAT?

3.27 or exclude VAT? 3.28

Direct expenses

| | | allowable penses included in boxes 3.46 to 3.63 | Total expenses | income | Sales/business (turnover) |
|---|----------------------------|---|-----------------------|--------|--|
| | | | | | 3.29 £ 127,901 |
| • Cost of sales | 3.30 | £ | 3.46 £ 41,100 | | |
| • Construction industry subcontractor costs | 3.31 | £ | 3.47 £ | | |
| • Other direct costs | 3.32 | £ | 3.48 £ 18,030 | | |
| | | | | | box 3.29 minus (boxes 3.46 + 3.47 + 3.48) 3.49 £ 68,771 |
| | | | | | Other income/profits 3.50 £ 249 |
| • Employee costs | 3.33 | £ | 3.51 £ 141,125 | | |
| • Premises costs | 3.34 | £ 1,325 | 3.52 £ 7,829 | | |
| • Repairs | 3.35 | £ | 3.53 £ 1,191 | | |
| • General administrative expenses | 3.36 | £ 150 | 3.54 £ 1,754 | | |
| • Motor expenses | 3.37 | £ 1,404 | 3.55 £ 4,680 | | |
| • Travel and subsistence | 3.38 | £ | 3.56 £ | | |
| • Advertising, promotion and entertainment | 3.39 | £ | 3.57 £ | | |
| • Legal and professional costs | 3.40 | £ 177 | 3.58 £ 2,313 | | |
| • Bad debts | 3.41 | £ | 3.59 £ | | |
| • Interest and alternative finance payments | 3.42 | £ | 3.60 £ 701 | | |
| • Other finance charges | 3.43 | £ | 3.61 £ 2,846 | | |
| • Depreciation and loss/(profit) on sale | 3.44 | £ 6,292 | 3.62 £ 6,292 | | |
| • Other expenses including partnership charges | 3.45 | £ | 3.63 £ 1,297 | | |
| | | | | | boxes 3.51 to 3.63 Total expenses 3.64 £ 43,828 |
| | | | | | boxes 3.49 + 3.50 minus 3.64 Net profit/(loss) 3.65 £ 25,192 |
| Tax adjustments to net profit or loss for this accounting period | | | | | |
| • Disallowable expenses | boxes 3.30 to 3.45 3.66 | £ 9,348 | | | |
| • Goods taken for personal use and other adjustments (apart from disallowable expenses) that increase profits | 3.67 | £ | | | |
| • Balancing charges (from box 3.23) | 3.68 | £ | | | |
| Total additions to net profit (deduct from net loss) | | | | | boxes 3.66 + 3.67 + 3.68 3.69 £ 9,348 |
| • Capital allowances (from box 3.22) | 3.70 | £ | | | |
| • Deductions from net profit (add to net loss) | 3.71 | £ | | | boxes 3.70 + 3.71 3.72 £ |
| Net business profit for tax purposes for this accounting period (put figure in brackets if a loss) | | | | | boxes 3.65 + 3.69 minus box 3.72 3.73 £ 34,540 |

Put the total of boxes 3.30 to 3.45 in box 3.66 below

Partnership business and investment income for the year ended 5 April 2019

Taxable profit or loss for this accounting period

| | | | |
|---|------|---|--|
| • Adjustment on change of basis | 3.82 | £ | |
| Net profit for this accounting period (if loss, enter '0' here) from box 3.26 or box 3.73 | 3.83 | £ | |
| Allowable loss for this accounting period (if profit, enter '0' here) from box 3.26 or box 3.73 | 3.84 | £ | |
| Tick box 3.93 if the figure in box 3.83 or box 3.84 is provisional | 3.93 | | |

Copy this figure to box 11A in the Partnership Statement

Copy this figure to box 11 in the Partnership Statement

Copy this figure to box 12 in the Partnership Statement

Subcontractors in the construction industry

| | | | |
|---|------|---|--|
| • Deductions on payment and deduction statements from contractors – construction industry subcontractors only | 3.97 | £ | |
|---|------|---|--|

Copy this figure to box 24 in the Partnership Statement

Tax taken off trading income

| | | | |
|---|------|---|--|
| • Tax taken off trading income (excluding deductions made by contractors on account of tax) | 3.98 | £ | |
|---|------|---|--|

Read the Partnership Tax Return Guide if you are a 'CT Partnership', go to www.gov.uk/taxreturnforms

Copy this figure to box 24A in the Partnership Statement

Summary of balance sheet for this accounting period

Leave these boxes blank if you don't have a balance sheet or your annual turnover was more than £15 million.

| | | | | | | | |
|--------|--|-------|---|---------------------|-------|---|---------|
| Assets | • Plant, machinery and motor vehicles | 3.99 | £ | 32,578 | | | |
| | • Other fixed assets for example, premises or goodwill investments | 3.100 | £ | 353,183 | | | |
| | • Stock and work in progress | 3.101 | £ | 44,200 | | | |
| | • Debtors/prepayments/other current assets | 3.102 | £ | 14,770 | | | |
| | • Bank/building society balances | 3.103 | £ | | | | |
| | • Cash in hand | 3.104 | £ | | | | |
| | | | | boxes 3.99 to 3.104 | 3.105 | £ | 444,731 |

| | | | | | | | |
|-------------|-------------------------------------|-------|---|----------------------|-------|---|--------|
| Liabilities | • Trade creditors/accruals | 3.106 | £ | 16,021 | | | |
| | • Loans and overdrawn bank accounts | 3.107 | £ | 11,565 | | | |
| | • Other liabilities | 3.108 | £ | 25,641 | | | |
| | | | | boxes 3.106 to 3.108 | 3.109 | £ | 53,227 |

Net business assets (put the figure in brackets if you had net business liabilities)

box 3.105 minus box 3.109
3.110 £ 391,504

Represented by partners' current and capital accounts

| | | | | |
|-------------------------------|-------|---|---------|--|
| • Balance at start of period* | 3.111 | £ | 384,623 | |
| • Net profit/(loss)* | 3.112 | £ | 25,192 | |
| • Capital introduced | 3.113 | £ | | |
| • Drawings | 3.114 | £ | 18,311 | |
| • Balance at end of period* | 3.115 | £ | 391,504 | |

* If the capital account is overdrawn, or the business made a net loss, show the figure in brackets.

Box 3.116 'Additional information' is on page 3.

Partnership trade charges

| | | | |
|---|-------|---|--|
| • Net partnership charges paid in the period 6 April 2017 to 5 April 2018 (not the accounting period) | 3.117 | £ | |
|---|-------|---|--|