# Example 4

Trading and Profit and Loss Account for the year ended 31 March 2021			Balance Sheet at 31 March 2021 Fixed assets					
Sales of livestock	£14,800			Land		200,269		Box 84
Transfers to herd (Note 1)	1,200	16,000	Box 15	Buildings		125,694		Box 84
Sales of produce:				Machinery		32,578		Box 83
<ul> <li>crops and subsidies</li> </ul>	42,163			Milk quota		9,520		Box 84
• milk • straw	68,337 50	110,550	Box 15	Dairy herd (her	d basis)	17,700		Box 84
• straw Miscellaneous		110,550	DUX ID		,		385,761	
receipts (Note 2)	650							
Sheep grazing	950	1.600	Box 15 &	Current assets				
			Box 16	Valuation (Note 10) Growing crops Livestock		12,200		
		128,150	D			14,750		
Opening valuation 42,50				Produce		14,050		
Feeds, seeds and fertilisers	42,800			Deadstock		3,200		
	85,300			Deadstock		44,200		Box 85
Closing valuation	44,200	41,100	Box 17	Debtors and pr	anavments	14,770		Box 85
Gross profit		87,050		Debtors and prepayments		58,970		DOX OO
Rent (Note 3)	2,350		Box 21			50,570		
Rates and water (Note 3)	1,700		Box 21	Current liabilit	ies			
Wages	14,125		Box 19	Creditors	16,021			Box 91
Insurance (Note 4)	1,205		Box 23	Overdraft	11,565			Box 92
Equipment and vehicle			Box 17 &	HP account	25,641			Box 93
expenditure (Note 5)	15,923		Box 20			53,227		
Light and heat (Note 6)	3,779		Box 21					
Phone (Note 6)	759		Box 23	Net current as	sets		5,743	
Contracting and							391,504	Box 94
plant hire (Note 7)	1,991		Box 22	Net assets			591,504	DUX 94
Lease of milk quota	4,620		Box 17	Depresented by				
Haulage	365		Box 17	Represented by:				
Veterinary expenses (Note 8			Box 28	Capital Account <ul> <li>Balance at 1/4</li> </ul>		201622		Pov 0E
Bank charges (Note 9)	2,273	$Z_1 Z_1 Z_2 X_2 X_3 X_3 X_3 X_3 X_3 X_3 X_3 X_3 X_3 X_3$		Net profit	4/20	384,623 25,192		Box 95 Box 96
	1 274		Box 26			409,815		
Hire purchase interest	1,274		Box 26	<ul> <li>Less drawings</li> </ul>	i.	18,311		Box 98
Silage wrapping	1,592		Box 17				391,504	Box 99
Accountancy	923		Box 28					
Valuation charges	175		Box 28					
Miscellaneous expenses	1,297		Box 30					
Depreciation	6,292		Box 29 & Box 44					
		61,858	DOX 11					
Net profit		£25,192						
prom								

# 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 ( $\pounds$ 401) and way leaves ( $\pounds$ 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  $\pounds 475$  and  $\pounds 200$ . 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.  $\pounds 210$  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  $\pounds 650$  and  $\pounds 150$ . 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.

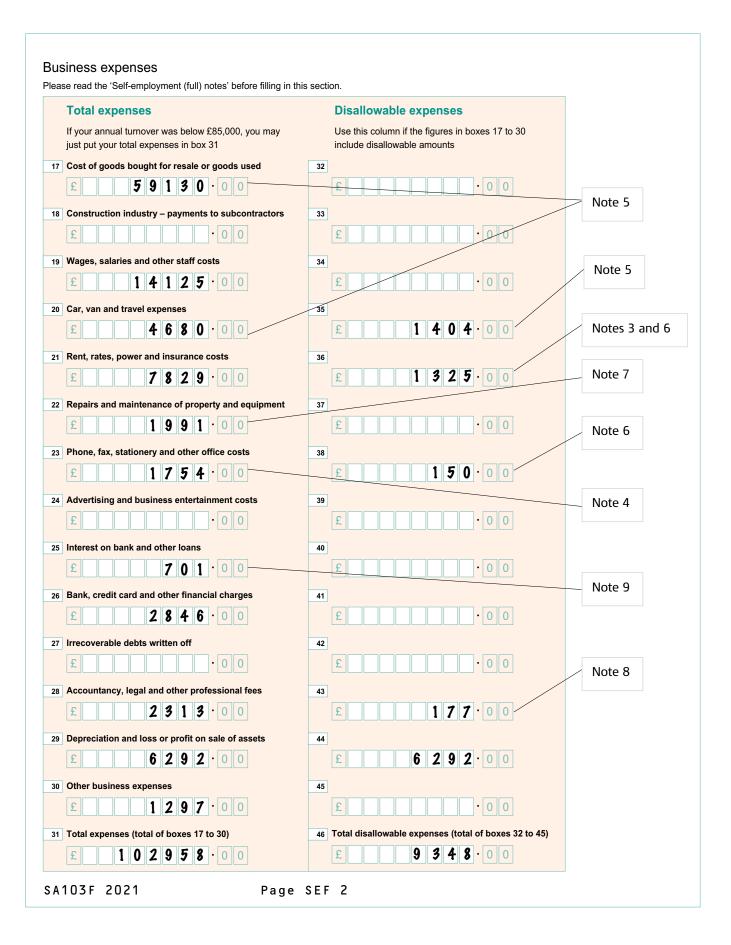
Note 9

Bank charges include  $\pounds$ 701 interest charges which are entered separately in box 25.

Note 10

Details of the valuation at the year end are included in the 'Any other information' box, box 103, to help clarify the figure shown in box 85. It is not necessary to get professional valuation but the likely reliability of the valuation will be one of the factors we'll consider in deciding whether to open an enquiry.

Business income	
15       Your turnover – the takings, fees, sales or money earned by your business         £       1       2       7       9       0       1       0       0	16 Any other business income (include coronavirus support payments such as CJRS, but not SEISS)      £    2
	16.1   Trading income allowance   read the notes     £   •   0
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#### Balance sheet

Assets	Liabilities
83 Equipment, machinery and vehicles	91 Trade creditors
£ 3257800	£ 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
$\boldsymbol{\pounds} \qquad 1  4  7  7  0  0  0  0  0  0  0  0$	94 Net business assets (box 90 minus (boxes 91 to 93))
87 Bank or building society balances	£ 391504·00
£	
88 Cash in hand	Capital account
£	95 Balance at start of period
89 Other current assets and prepayments	£ 384623·00
	96 Net profit or loss (box 47 or box 48)
	£ 2 5 1 9 2 · 0 0
90 Total assets (total of boxes 83 to 89)	97 Capital introduced
$\pounds$ 4 4 4 7 3 1 $\cdot$ 0 0	£
	98 Drawings
	£ 18311.00
	99 Balance at end of period
	£ 391504·00
Class 2 and Class 4 National Insurance cont	ributions (NICs)
100 If your total profits for 2020–21 are less than £6,475	102 Adjustment to profits chargeable to Class 4 NICs
and you choose to pay Class 2 NICs voluntarily, put 'X' in the box	£
101 If you're exempt from paying Class 4 NICs, put 'X' in	

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.

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the box

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<b>D</b> etails of pro	ofessional valua <sup>.</sup>	tions in box	83	
	Growing crops Livestock (not herd basis) Produce			
Note 10				
	conciliation @ 3	4,000	16 500	
Additions	20 @ £625 2 @ £600	1 <i>2,</i> 500	16,500 <u>1,200</u> £17,700	
Note 1				