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 |
| crops and subsidies | 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 Balance at 1/4 | | 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 | Less drawings | 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.

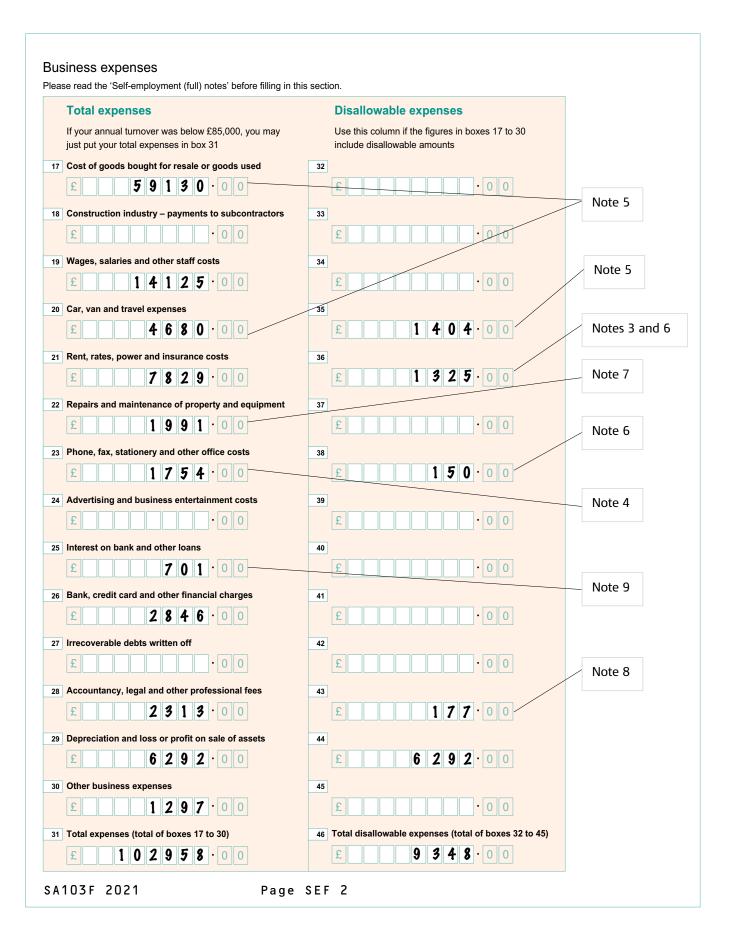
Note 9

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 |
| SA103F 2021 Notes 1 and 2 | e SEF 1 Note 2 HMRC 12/20 |



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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| D etails of pro | ofessional valua [.] | 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 | | | | |
| | | | | |
| | | | | |
| | | | | |