

Example 2 – Harry Cooper Business Services

Profit and loss account for the year ended 30 April 2021

Work done	£82,331	entry in box 15 (3.29)
Interest	£615	entry in box 16 (3.50)
Commission	£133	entry in box 15 (3.29)
	<u>£83,079</u>	
Expenditure		
Staff salaries	£13,955	entry in box 19 (3.51) and see Note 6
Subcontractor expenses	£5,705	entry in box 19 (3.51)
Rent, rates and water	£9,940	entry in box 21 (3.52)
Heat and light	£494	entry in box 21 (3.52)
Printing, stationery and postage	£1,479	entry in box 23 (3.54)
Repairs and computer maintenance	£776	entry in box 22 (3.53)
Insurance	£1,257	see Note 1
Phone	£2,352	entry in box 23 (3.54)
Motor vehicle expenses	£8,286	entry in box 20 (3.55) and see Note 5
Entertaining	£237	entry in box 24 (3.57)
Training courses	£699	entry in box 19 (3.51)
Subscriptions and journals	£312	entry in box 23 (3.54)
Legal and professional fees	£902	entry in box 28 (3.58)
Finance and HP interest	£345	entry in box 26 (3.61)
Bank charges and interest	£2,461	see Note 2
Hire of equipment	£1,248	see Note 3
Cleaning	£692	see Note 4
Sundries	£604	entry in box 30 (3.63)
Depreciation	£3,200	entry in box 29 (3.62)
Loss on sale of vehicle	£900	entry in box 29 (3.62)
	<u>£55,844</u>	
Net profit	<u>£27,235</u>	

Note 1

Insurance includes £758 professional indemnity cover, which is entered in box 28 (box 3.58). The balance includes various items and has been entered in box 21 (box 3.54) in line with general guidance. This treatment will be followed consistently, from year to year.

Note 2

Bank charges and interest are shown in the accounts as a composite figure. This amount comprises £1,687 for interest and £774 for bank charges. These amounts are shown separately in boxes 25 and 27 (boxes 3.60 and 3.61).

Note 3

Hire of equipment covers cost of renting office equipment including a photocopier and fax. It is included in 'Phone, fax, stationery and other office costs' in box 23 (box 3.54).

Note 4

The business records show that £531 cleaning is for the business premises. The balance includes various small one-off expenses. As almost all the expenditure is for the business premises, and the whole amount of £692 is allowable for tax, it can simply be included as part of 'Rent, rates, power and insurance costs' in box 21 (Premises costs box 3.52).

Note 5

Private use of cars is £2,704. Capital allowances of £2,062 are claimed on the cars.

Note 6

Staff salaries include Harry's own wages of £5,000.

Trading and professional income for the year ended 5 April 2022 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

	3.27	or exclude VAT?	3.28	Sales/business income (turnover)	
	Disallowable included boxes 3.46 to 3.63		Total expenses	3.29	£ 82,464
				expenses in	
• Cost of sales	3.30	£	3.46		
• Construction industry subcontractor costs	3.31	£	3.47		
• Other direct costs	3.32	£	3.48		
				box 3.29 minus (boxes 3.46 + 3.47 + 3.48)	
				3.49	£ 82,464
				Gross profit/(loss)	
				Other income/profits (include coronavirus support payments such as CJRS, but not SEISS)	
				3.50	£ 615
				Note 6	
• Employee costs	3.33	£ 5,000	3.51	£ 20,359	
• Premises costs	3.34	£	3.52	£ 11,126	
• Repairs	3.35	£	3.53	£ 776	
• General administrative expenses	3.36	£	3.54	£ 5,890	
• Motor expenses	3.37	£ 2,704	3.55	£ 8,286	
• Travel and subsistence	3.38	£	3.56	£	
• Advertising, promotion and entertainment	3.39	£ 237	3.57	£ 237	
• Legal and professional costs	3.40	£	3.58	£ 1,660	
• Bad debts	3.41	£	3.59	£	
• Interest and alternative finance payments	3.42	£	3.60	£ 1,687	
• Other finance charges	3.43	£	3.61	£ 1,119	
• Depreciation and loss/(profit) on sale	3.44	£ 4,100	3.62	£ 4,100	
• Other expenses including partnership charges	3.45	£	3.63	£ 604	
				boxes 3.51 to 3.63	
				3.64	£ 55,844
				Total expenses	
				boxes 3.49 + 3.50 minus 3.64	
				3.65	£ 27,235
				Net profit/(loss)	
				boxes 3.30 to 3.45	
• Disallowable expenses	3.66	£ 12,041			
• 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	£			
				boxes 3.66 + 3.67 + 3.68	
				3.69	£ 12,041
				Total additions to net profit (deduct from net loss)	
• Capital allowances (from box 3.22)	3.70	£ 2,062			
• Deductions from net profit (add to net loss)	3.71	£ 615			
				boxes 3.70 + 3.71	
				3.72	£ 2,677
				boxes 3.65 + 3.69 minus box 3.72	
				3.73	£ 36,599
				Net business profit for tax purposes for this accounting period (put figure in brackets if a loss)	

Bank interest received is not trading income, and needs to be included at boxes 7.7A to 7.9A or on savings, investments and other income pages

15 Your turnover – the takings, fees, sales or money earned by your business. Do not include Self-Employment Income Support Scheme (SEISS) grants in this box, put them in box 70.1 on page 4

£ 8 2 4 6 4 . 0 0

16 Any other business income (do not include SEISS, but include other COVID support payments such as CJRS)

£ 6 1 5 . 0 0

16.1 Trading income allowance – read the notes

£ . 0 0

Business expenses

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

Total expenses

If your annual turnover was below £85,000, you may just put your total expenses in box 31

Disallowable expenses

Use this column if the figures in boxes 17 to 30 include disallowable amounts

17 Cost of goods bought for resale or goods used

£ . 0 0

32

£ . 0 0

18 Construction industry – payments to subcontractors

£ . 0 0

33

£ . 0 0

19 Wages, salaries and other staff costs

£ 2 0 3 5 9 . 0 0

34

£ 5 0 0 0 . 0 0

Note 6

20 Car, van and travel expenses

£ 8 2 8 6 . 0 0

35

£ 2 7 0 4 . 0 0

21 Rent, rates, power and insurance costs

£ 1 1 6 2 5 . 0 0

36

£ . 0 0

22 Repairs and maintenance of property and equipment

£ 7 7 6 . 0 0

37

£ . 0 0

Notes 1 and 4

23 Phone, fax, stationery and other office costs

£ 5 3 9 1 . 0 0

38

£ . 0 0

24 Advertising and business entertainment costs

£ 2 3 7 . 0 0

39

£ 2 3 7 . 0 0

Note 3

25 Interest on bank and other loans

£ 1 6 8 7 . 0 0

40

£ . 0 0

26 Bank, credit card and other financial charges

£ 1 1 1 9 . 0 0

41

£ . 0 0

Note 2

27 Irrecoverable debts written off

£ . 0 0

42

£ . 0 0

Note 2

28 Accountancy, legal and other professional fees

£ 1 6 6 0 . 0 0

43

£ . 0 0

29 Depreciation and loss or profit on sale of assets

£ 4 1 0 0 . 0 0

44

£ 4 1 0 0 . 0 0

Note 1

30 Other business expenses

£ 6 0 4 . 0 0

45

£ . 0 0

31 Total expenses (total of boxes 17 to 30)

£ 5 5 8 4 4 . 0 0

46 Total disallowable expenses (total of boxes 32 to 45)

£ 1 2 0 4 1 . 0 0

Net profit or loss

47 Net profit – if your business income is more than your expenses (if box 15 + box 16 minus box 31 is positive)

£ .

48 Or, net loss – if your expenses are more than your business income (if box 31 minus (box 15 + box 16) is positive)

£ .

Tax allowances for vehicles and equipment (capital allowances)

There are 'capital' tax allowances for vehicles, equipment and certain buildings used in your business (do not include the cost of these in your business expenses). Please read the 'Self-employment (full) notes' and use the examples to work out your capital allowances.

49 Annual Investment Allowance

£ .

50 Capital allowances at 18% on equipment, including cars with lower CO2 emissions

£ .

51 Capital allowances at 6% on equipment, including cars with higher CO2 emissions

£ .

52 Zero-emission goods vehicle allowance

£ .

52.1 Zero-emission car allowance

£ .

53 The Structures and Buildings Allowance

£ .

53.1 Freeport Structures and Buildings Allowance

£ .

54 Electric charge-point allowance

£ .

55 100% and other enhanced capital allowances

£ .

56 Allowances on sale or cessation of business use (where you've disposed of assets for less than their tax value)

£ .

Note 5

57 Total capital allowances (total of boxes 49 to 56)

£ .

Box 58 is not in use

59 Balancing charge on sales of assets or on the cessation of business use (including where Business Premises Renovation Allowance has been claimed) for example, where you've disposed of assets for more than their tax value

£ .

Calculating your taxable profit or loss

You may have to adjust your net profit or loss for disallowable expenses or capital allowances to arrive at your taxable profit or your loss for tax purposes. Please read the 'Self-employment (full) notes' and fill in the boxes below that apply.

60 Goods and services for your own use

£ .

61 Total additions to net profit or deductions from net loss (box 46 + box 59 + box 60)

£ .

62 Income, receipts and other profits included in business income or expenses but not taxable as business profits

£ .

63 Total deductions from net profit or additions to net loss (box 57 + box 62)

£ .

64 Net business profit for tax purposes (if box 47 + box 61 minus (box 48 + box 63) is positive)

£ .

65 Net business loss for tax purposes (if box 48 + box 63 minus (box 47 + box 61) is positive)

£ .

Bank interest received is not trading income, and needs to be included at UK interest etc. and dividends on page TR 3 of your tax return