

## Example 5 Partnership Tax Return

### Trading and Profit and Loss Account for the year ended 31 March 2024

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	950	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
<b>Gross profit</b>		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	
<b>Net profit</b>		<u>£25,192</u>	

### Balance Sheet at 31 March 2024

<b>Fixed assets</b>			
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	
<b>Current assets</b>			
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	
<b>Current liabilities</b>			
Creditors	16,021		Box 3.106
Overdraft	11,565		Box 3.107
HP account	25,641		Box 3.108
		53,227	
<b>Net current assets</b>		<u>5,743</u>	
<b>Net assets</b>		<u>391,504</u>	Box 3.110
Represented by:			
Capital Account			
• Balance at 1/4/23	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 is not 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.



## Partnership business and investment income for the year ended 5 April 2024

### Taxable profit or loss for this accounting period

● Adjustment on change of basis **3.82** £

Copy this figure to box 11A in the Partnership Statement

Net profit for this accounting period (if loss, enter '0' here) from box 3.26 or box 3.73 **3.83** £

Copy this figure to box 11 in the Partnership Statement

Allowable loss for this accounting period (if profit, enter '0' here) from box 3.26 or box 3.73 **3.84** £

Copy this figure to box 12 in the Partnership Statement

Tick box 3.93 if the figure in box 3.83 or box 3.84 is provisional **3.93**

### 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** £

Copy this figure to box 24A in the Partnership Statement

Read the Partnership Tax Return Guide if you're a 'CT Partnership', go to [www.gov.uk/taxreturnforms](http://www.gov.uk/taxreturnforms)

### Summary of balance sheet for this accounting period

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

Assets				
●	Plant, machinery and motor vehicles	3.99	£	<b>32,578</b>
●	Other fixed assets for example, premises or goodwill investments	3.100	£	<b>353,183</b>
●	Stock and work in progress	3.101	£	<b>44,200</b>
●	Debtors/prepayments/other current assets	3.102	£	<b>14,770</b>
●	Bank/building society balances	3.103	£	
●	Cash in hand	3.104	£	
				boxes 3.99 to 3.104
				<b>3.105</b> £ <b>444,731</b>
Liabilities				
●	Trade creditors/accruals	3.106	£	<b>16,021</b>
●	Loans and overdrawn bank accounts	3.107	£	<b>11,565</b>
●	Other liabilities	3.108	£	<b>25,641</b>
				boxes 3.106 to 3.108
				<b>3.109</b> £ <b>53,227</b>
				box 3.105 minus box 3.109
				<b>3.110</b> £ <b>391,504</b>
<b>Net business assets</b> (put the figure in brackets if you had net business liabilities)				

### Represented by partners' current and capital accounts

●	Balance at start of period*	3.111	£	<b>384,623</b>
●	Net profit/(loss)*	3.112	£	<b>25,192</b>
●	Capital introduced	3.113	£	
●	Drawings	3.114	£	<b>18,311</b>
				boxes 3.111 to 3.113 minus box 3.114
				<b>3.115</b> £ <b>391,504</b>

\* 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 2023 to 5 April 2024 (not the accounting period) **3.117** £