

Working sheet 1

Step 1

Work out how much customers owe you at the date you leave cash basis

A £

What you've already paid for stock and still hold at the date you leave cash basis

B £

Expenses paid for in advance for the following year (See 'Note' below)

C £

Add A + B + C

D £

Work out how much you owe suppliers but have not yet paid at the date you leave cash basis

E £

What you've already received from customers for work not yet done, or goods not yet supplied, at the date you leave cash basis

F £

Add E + F

G £

Step 2

Calculate D to G

H £

If D is more than G

H is a 'positive adjustment' for change of accounting practice (adjustment income). Divide H by 6. Put this amount in box 71 on your [Self-employment \(full\)](#) pages. Keep a note of the amount at H and the amount in box 71. You must also include the box 71 amount in your tax return for each of the next 5 tax years. If you wish to, you can elect to accelerate the tax charge on your adjustment income by putting an amount greater than $H \times 1/6$ in box 71. If you've accelerated the tax charge on your adjustment income, give details in box 103 on the [Self-employment \(full\)](#) pages or box 19 on page TR7 of your tax return.

If G is more than D

H is a 'negative adjustment' for change of accounting practice. This is allowed as an expenses of your business in this accounting period. Include the amount at H in box 30 on your [Self-employment \(full\)](#) pages (box 19 on your [Self-employment \(short\)](#) pages).

Note

Ignore any expense paid in advance that covers or includes a period ending after this accounting period. No deduction should be made for that expense in any period of account after leaving cash basis.

The date you leave cash basis is your accounting date in the tax year 2024 to 2025.