

## FARMERS AND MARKET GARDENERS

This Help Sheet gives you information about special rules which can apply to farmers and market gardeners:

- farmers' averaging relief
- herd basis
- agricultural buildings allowance
- losses
- the treatment of compensation for compulsory slaughter
- some aspects of information from accounts in addition to those covered in *Help Sheet IR229: Information from your accounts*.

### FARMERS' AVERAGING 1997-98 AND 1996-97

Provided certain conditions are met, a special relief is available to farmers and market gardeners under which they can claim to add together their profits from farming or market gardening for two years and be taxable on half the total for each of the two years. This helps to even out fluctuating results. (Farming includes the intensive rearing of livestock or fish on a commercial basis for the production of food for human consumption - Extra Statutory Concession A29.)

#### Who can claim?

Claims can be made by:

- sole traders
- partners, except people who joined or left the partnership in 1996-97 or 1997-98.

You cannot claim if your business ceased in 1997-98 or if it commenced in 1997-98 or 1996-97. Nor can you claim in the unlikely event that you have already made a claim to average 1997-98 with 1998-99.

#### How to claim

— Sole traders

Claim in box 3.78 in the Self-employment Pages.

— Partners

Claim in box 4.12 in your Partnership Pages. If you wish to claim averaging, you are entitled to do so even if your partners decide not to claim.

#### What are the conditions?

The difference between the profits for the two years must be at least 30% of the profits of the year with the better result. To help people where the results are not quite so different, relief is also available on a special tapering scale where the difference is between 30% (full relief available) and 25% (no relief). Below 25% claims may not be made.

If you claim averaging and calculate your tax, you must also calculate the increase or decrease in your Income Tax and Class 4 NIC for 1996-97. Make the alteration for 1996-97 by adjusting your 1997-98 tax. If the adjustment is an increase, enter the amount in box 18.4 on page 7 of your Tax Return. If it is a decrease, use box 18.5.

#### What is meant by profit?

These notes cannot give detailed guidance on every situation. If you read these notes but cannot then calculate your profits for 1997-98 or 1996-97, ask your Tax Office or tax adviser for further help.

— Sole traders

Profit means profits after capital allowances and balancing charges. Losses count as zero. For 1997-98 your profit is the figure in box 3.73 on the Self-employment Pages, adjusted by any amounts in boxes 3.74 and 3.76. For 1996-97 it is the figure in box 3.80 of your Self-employment Pages.

— Partners

Your profit for 1997-98 is the figure in box 4.7 of your Partnership Pages, adjusted by the figures (if any) in boxes 4.8 and 4.10. For 1996-97 your profit is the figure in box 4.10 of your 1997 Partnership Pages.

#### Examples of averaging where profits differ by more than 30%

##### Example 1

John's results are as follows:

1997-98 profit £10,000

1996-97 profit £40,000

If averaging is claimed the profit for each year becomes:

$$\frac{(\pounds 10,000 + \pounds 40,000)}{2} = \pounds 25,000$$

This applies even if the £40,000 for 1996-97 was the result of an averaging claim for 1996-97 and 1995-96.

John's 1997-98 profit is increased by £15,000 and this increase must be entered in box 3.78 (sole traders) or box 4.12 (partners).

**Example 2**

Ian's results are as follows:

1997-98 profit £32,000

1996-97 loss £20,000

The loss counts as zero when averaging is computed so the average result for each year is:

$$\frac{(\pounds32,000 + 0)}{2} = \pounds16,000$$

Ian's 1997-98 profit is decreased by £16,000 and this decrease must be entered in box 3.78 (sole traders) or box 4.12 (partners).

### What if the profits differ by between 30% and 25% of the profit for the year with the better result?

In that situation you can claim to have a special sum deducted from the profit for the higher year and added to the profit for the lower year. This sum is computed by multiplying the difference by 3 and subtracting 75% of the profit for the higher year.

### Example where profits differ by between 30% and 25%

**Example 3**

Liz's results are as follows:

1997-98 profit £50,000

1996-97 profit £36,000

The difference is £14,000 which is between £15,000 (30% of the higher figure) and £12,500 (25% of the higher figure) so Liz can reduce the higher figure and increase the lower figure by:

$$(3 \times \pounds14,000) - (75\% \times \pounds50,000) = \pounds4,500$$

The reduction of £4,500 to Liz's 1997-98 profit must be entered, in brackets, in box 3.78 (sole traders) or box 4.12 (partners).

### How final is a claim?

Making a claim does not commit you to averaging. If you change your mind, you can withdraw the claim within the time limit for amending your Tax Return.

### What if my profits change?

Any averaging claim you have made in your Tax Return will lapse if your profits for either 1997-98 or 1996-97 change. Provided the time limit for amending your Tax Return has not expired, you can make a claim by amending your Tax Return, whether or not you originally made a claim.

Even if the time limit for amending your Tax Return has expired, you can still make a claim if you used averaging to compute your taxable profit before the profits changed. You cannot amend the Tax Return yourself but you should write to your Tax Office to ask for any necessary adjustments to be made. Do not delay writing because there is a time limit.

### What about the change in the profits for 1996-97?

A claim to averaging for 1997-98 and 1996-97 changes your income for 1996-97. If, as a result, you wish to change other claims to relief for 1996-97, you can do so when making the averaging claim. Whether or not you decide to change other claims for 1996-97, the tax due for that year will change because of the averaging claim.

If you claim averaging and you calculate your tax and Class 4 NIC, you must also calculate the increase or decrease in your tax and Class 4 NIC for 1996-97 and enter the adjustment on your Tax Return in box 18.4 (increases) or box 18.5 (decreases).

### STOCK VALUATION

Partners can ignore this section when completing the Partnership Pages.

*Help Sheet IR232: Farm stock valuation* explains the methods of farm stock valuation which are acceptable to the Inland Revenue. Ask the Orderline for a copy if you need one.

There is only space to enter a single figure for stock in box 3.95 of your personal or Partnership Tax Return. The example at the end of this Help Sheet includes a breakdown of this figure in the 'Additional information' space on Page SE4 between:

- livestock
- growing crops
- harvested crops
- deadstock and consumable stores.

Providing this information with your Tax Return may help avoid enquiries.

### THE HERD BASIS

Partners can ignore this section when completing the Partnership Pages.

### What is the herd basis?

The herd basis is a special method of calculating profits or losses which may be used by people who keep production livestock. If you use the herd basis you will need to keep records so that you can identify the figures to be used when applying the special rules.

As a normal rule, farm animals are dealt with as trading stock. However some farm animals - those which are kept by farmers not primarily for resale but for the sake of the products (for example, milk or eggs) or offspring (for example, lambs or piglets) which they produce - are in many ways more like capital assets of the farmer's business. Tax law recognises this by giving farmers the option of dealing with such 'production animals' under the herd basis. It provides a set of rules whereby a herd or flock of production animals is excluded from trading stock and treated, in most but not all circumstances, like a capital asset.

A farmer must elect for the herd basis; otherwise the animals are treated as trading stock. The election must specify the class of animals concerned and, once it has been made, the herd basis must be used for as long as the farmer continues to keep animals of that class. The election has to be made soon after the farmer first starts keeping animals of that class, and then the herd basis applies to those animals from the outset. There is a further opportunity to elect to use the herd basis if a herd or a substantial part of it (20% or more) is compulsorily slaughtered.

### What is the effect of electing for the herd basis?

Where a herd basis election is in force, the treatment for the purpose of computing farming profits of the herd or herds covered by the election is governed by the special rules. Very briefly they are:

- the initial cost of the herd is not an allowable deduction, nor is the cost of any subsequent increase in herd size
- the net cost of replacing animals in the herd (but not any element of improvement) is an allowable deduction
- where the odd animal, or just a few animals (amounting to less than 20% of the herd), are sold from the herd and not replaced, the resulting profit or loss is taken into account in arriving at the farming profits. The profit or loss is the difference between the proceeds of sale of the animal and the cost of the original animal it replaced or its own cost if it was not a replacement
- where the whole herd, or a substantial part (20% or more) of the herd, is sold and not replaced, the resulting profit or loss is not taken into account.

Although the herd basis legislation refers only to animals and not to shares in animals, Extra Statutory Concession B37 provides that in practice the herd basis may be applied to a share in an animal in the same way as if the share were a whole animal. This enables the herd basis to be applied to share farming where herds are jointly owned.

There are further special rules for particular situations.

### — Adjustments to be made in the Self-employment Pages of your personal Tax Return or the Partnership Tax Return

If you have made a herd basis election then you should include the herd in box 3.94 in your Balance Sheet Summary.

The example at the end of this Help Sheet includes in the 'Additional information' box a breakdown of the figures showing the number and cost of the animals. You may find it useful to provide that information there in order to clarify your figures. Similarly, the 'Additional information' box may be used to show how any herd basis adjustments in your accounts or in the tax adjustments on Page SE2 (or page 3 of the Partnership Tax Return) are calculated. Providing this information with your Tax Return may help avoid enquiries.

To get to the taxable profit, special adjustments may be needed to the profits shown by the accounts. This will depend upon the way the herd is accounted for. You should deal with these adjustments by making entries in boxes 3.17 to 3.32 to remove profits or losses which have been included but which are not taxable, and/or expenses which have been included but which are not allowable. If a sum which is not taxable has been included in your business turnover in box 3.16, then the adjustment should be made in box 3.58.

For example:

- an animal dies and is replaced by a better animal costing £200 more than a replacement of the same quality as the one that died. Because of the way the accounts are prepared, the cost of the replacement is included in box 3.33. The £200 which is not allowable should be included in box 3.17
- a substantial part of a herd is sold and the profit of £10,000 is included in box 3.49. It is not taxable so it should be adjusted by a negative entry in box 3.31. If the profit had been included in business turnover at box 3.16 then the adjustment would be in box 3.58
- the following year the herd in the previous example is replaced. The cost of the replacements is included in box 3.33.

The proceeds of sale of the herd sold the previous year now becomes taxable and must be added to the profit. Make the adjustment in box 3.54 and put a note in the 'Additional information' box to explain the adjustment

- a home bred dairy cow is added to a herd. The cost of breeding it is included in the various expenses in the accounts. The farmer's records are not adequate to calculate the cost accurately. The cost is estimated at 60% of market value (see *Help Sheet IR232: Farm stock valuation*). If the sum to be disallowed has been included in sales, then no further adjustment is required. Otherwise the sum to be disallowed should be included in box 3.19.

If an adjustment is needed but you are not sure where to put it, please include it where you think best and use the 'Additional information' box to say what you have done.

If you would like further information about the herd basis, ask your Tax Office or tax adviser.

## LOSSES

If you made a loss then special rules may prevent you from claiming it against your other income. Please refer to *Help Sheet IR227: Losses* before making a claim. If these rules apply to prevent you claiming loss relief and you are an owner-occupier, you may still be able to claim some relief under Extra Statutory Concession B5. If you wish to make a claim under ESC B5, use box 5.44 of the Land and Property Pages. Ask the Orderline for the Land and Property Notes and Pages, and *Help Sheet IR251: Agricultural land and land managed as one estate*. For further information, ask your Tax Office or tax adviser.

## COMPULSORY SLAUGHTER

Compensation for compulsory slaughter is normally treated as sale proceeds whether or not the animal concerned is part of a production herd accounted for on the herd basis. Where the animals slaughtered are not on the herd basis and could not be (even with the fresh opportunity to elect for herd basis following compulsory slaughter of more than 20% of a herd) you can use Extra Statutory Concession B11 to remove the profit arising from the year of slaughter and bring it in in equal instalments over the next three years. Use box 3.58 to show profits removed and box 3.54 to show profits brought back in and put an explanation in the 'Additional information' box.

## BSE

The special tax treatment for compensation for compulsory slaughter referred to in the previous paragraph applies to compensation paid under:

- the BSE Suspects Schemes
- the BSE Selective Cull where the animal slaughtered was born on or after 15 October 1990.

The special tax treatment for compensation for compulsory slaughter does not apply to sums paid under:

- the Calf Processing Scheme
- the Over Thirty Month Scheme
- the BSE Selective Cull where the animal slaughtered was born before 15 October 1990.

Payments under these schemes should be dealt with in the same way as if the compensation was received from the ordinary commercial sale of the animal(s) concerned.

## STANDARD ACCOUNTS INFORMATION

General guidance on the completion of Pages SE2 and SE4 of the Self-employment Pages (or pages 3 and 5 of the Partnership Tax Return) is contained in the Notes to those Pages. *Help Sheet IR229: Information from your accounts*, gives further advice on transferring figures from accounts to the Tax Return and includes two examples of a general nature.

The accounts produced for farming businesses have traditionally included more detail than those for other businesses of a comparable size. Examples on pages 5 to 8 show how the figures from one such set of accounts could be used to complete the standard accounts information sections of the Self-employment Pages or Partnership Tax Return.

The accounts are intended to be broadly realistic, but figures are illustrative only. They do not necessarily reflect the Inland Revenue's views on what may or may not be acceptable in any particular case.

For most businesses the information on the Self-employment Pages or Partnership Tax Return, together with any entries in the 'Additional information' box considered necessary, will enable a full and fair picture of your business to be presented.

In some larger or more complex businesses, this may not, on its own, provide an adequate means of disclosure. The submission of further information including, where necessary, accounts and supporting calculations should be considered where:

- a large farming business has a substantial turnover
- the farming business is complex (perhaps because it is highly specialised or diversified)
- accounts and/or a note of the calculations are required for a proper understanding of the figures.

The standard accounts information sections of the Tax Return must also be completed as usual unless you are a partnership with a turnover of £15 million or more in which case you should only complete boxes 3.16 and 3.60.

## AGRICULTURAL BUILDINGS

You can claim agricultural buildings allowance for the cost of constructing farm buildings, barns, cottages, farm houses and similar works. You cannot claim for the cost of the land on which the building stands. The allowance is given at the yearly rate of 4% of the construction cost, so the construction expenditure is written off over 25 years.

### Example 4

A barn costs £50,000 to construct during the year ended 5.4.98. The agricultural buildings allowances is £2,000 for each of the years ended 5.4.98 to 5.4.23.

If your accounts are for more or less than a year, the 4% rate is adjusted.

### Example 5

You spent £10,000 on a cowshed in 1988. The allowances are due at £400 a year. You draw up accounts for nine months from 1.4.96 to 31.12.96. You can claim agricultural buildings allowance in this account of £300 ( $£400 \times \frac{9}{12}$ ).

Some buildings do not qualify in full for agricultural buildings allowance. If a building is a farmhouse, the maximum expenditure qualifying for agricultural buildings allowance is one-third of the construction expenditure. If the accommodation and the amenities of the farmhouse are out of due proportion to the nature and extent of the farm, the expenditure which qualifies is less than one-third.

### Example 6

You construct a farmhouse at a cost of £150,000. The maximum expenditure qualifying for agricultural buildings allowance is £50,000 ( $\frac{1}{3} \times £150,000$ ).

If a building which is not a farmhouse is used partly for non-agricultural purposes, only part of the expenditure qualifies for agricultural buildings allowance.

### Example 7

You construct a barn for £60,000. This has three sections of which you use two for your farm and one for private storage. The expenditure qualifying for agricultural buildings allowance is £40,000 ( $\frac{2}{3} \times £60,000$ ) and the allowances due are £1,600 (4% of £40,000) each year for 25 years.

The allowance for each agricultural building is calculated separately.

There are special rules if you sell an agricultural building or if you buy an agricultural building on which somebody else has been claiming allowances. Your tax adviser will be able to give you advice about these.

### Example 8

Trading and Profit & Loss Account for the year ended 31 March 1998

Sales of livestock	£14,800		
Transfers to herd (Note 1)	<u>1,200</u>	16,000	Box 3.16
Sales of produce:			
• crops and subsidies	42,163		
• milk	68,337		
• straw	<u>50</u>	110,550	Box 3.16
Miscellaneous receipts	650		Note 2
Sheep grazing	<u>950</u>	<u>1,600</u>	Box 3.37
		128,150	
Opening valuation	42,500		
Feeds, seeds & fertilisers	<u>42,800</u>		
	85,300		
Closing valuation	<u>44,200</u>	<u>41,100</u>	Box 3.33
<b>GROSS PROFIT</b>		87,050	Note 3
Rent (Note 4)	2,350		Box 3.39
Rates and water (Note 4)	1,700		Box 3.39
Wages	14,125		Box 3.38
Insurance	1,205		Note 5
Equipment and vehicle exp.	15,923		Note 6
Light & Heat (Note 7)	3,779		Box 3.39
Telephone (Note 7)	759		Box 3.41
Contracting and plant hire	1,991		Note 8
Lease of milk quota	4,620		Box 3.35
Haulage	365		Box 3.35
Veterinary expenses (Note 9)	1,215		Box 3.45
Bank charges	2,273		Note 10
Hire purchase interest	1,274		Box 3.48
Silage wrapping	1,592		Box 3.35
Accountancy	923		Box 3.45
Valuation charges	175		Box 3.45
Miscellaneous expenses	1,297		Box 3.50
Depreciation	<u>6,292</u>		Box 3.49
		<u>61,858</u>	
<b>NET PROFIT</b>		<u>£25,192</u>	

Balance Sheet at 31 March 1998

<b>Fixed assets</b>			
Land	200,269		Box 3.94
Buildings	125,694		Box 3.94
Machinery	32,578		Box 3.93
Milk quota	9,520		Box 3.94
Dairy herd (herd basis)	<u>17,700</u>		Box 3.94
		385,761	
<b>Current assets</b>			
Valuation			Note 11
growing crops	12,200		
livestock	14,750		
produce	14,050		
deadstock	<u>3,200</u>		
	44,200		Box 3.95
Debtors and prepayments	<u>14,770</u>		Box 3.96
	58,970		
<b>Current liabilities</b>			
Creditors	16,021		Box 3.100
Overdraft	11,565		Box 3.101
HP account	<u>25,641</u>		Box 3.102
		<u>53,227</u>	Box 3.103
<b>Net current assets</b>		<u>5,743</u>	
<b>Net assets</b>		<u>391,504</u>	Box 3.104
Represented by:			
Capital Account			
• Balance at 1/4/97	384,623		Box 3.105
• Net profit	<u>25,192</u>		Box 3.106
	409,815		
• Less drawings	<u>18,311</u>		Box 3.108
		<u>391,504</u>	Box 3.109

**Note 1**

Herd basis adjustment to exclude the cost of home-bred additions to the herd. Following the suggestions in this Help Sheet, the herd basis reconciliation is included in the 'Additional information' box.

**Note 2**

Miscellaneous receipts comprise haulage (£401) and wayleaves (£249). Haulage has been included as an item of business income in box 3.16. The wayleaves are included in box 3.37. Wayleaves received after 5 April 1997 are no longer subject to deduction of tax and are no longer required to be excluded from the farming profits.

**Note 3**

In this example, the figure of gross profit in the accounts will be different from the figure in box 3.36 because some expenditure has been included as direct costs of the business.

**Note 4**

The private proportions of rent and of 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 3.21.

**Note 5**

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 3.42 (see Note 6 below). There is 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 3.39; but it would also be reasonable to enter the full amount of the balance in box 3.41 on a consistent basis from year to year. The latter approach is adopted here.

**Note 6**

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 3.42. 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 3.24. The tractor/combine expenditure has been treated as a direct cost of production and included in the entry in box 3.35, although it would be equally acceptable to separate the repairs expenditure and enter it in box 3.40.

**Note 7**

The private proportions of light and heat and of telephone 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 3.21 and 3.23 respectively.

**Note 8**

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 3.40. Had the contracting been in respect of contract milkers or contract harvesters, for example, it would have been entered in box 3.35 as a direct cost of production.

**Note 9**

Veterinary expenses includes £177 for treatment to a privately owned pony. This has been disallowed by including the amount in the entry in box 3.27. All associated expenses of upkeep of the pony have been met privately or charged to drawings.

**Note 10**

Bank charges includes £701 interest charges which is entered separately in box 3.47.

**Note 11**

Details of the valuation at the year end are included in the 'Additional information' box to help clarify the figure shown in box 3.95. It is not necessary for a professional valuation to be obtained but the likely reliability of the valuation will be one of the factors the Inland Revenue will consider in deciding whether to open an enquiry.

## Income and expenses - annual turnover £15,000 or more

You must fill in this Page if your annual turnover is £15,000 or more - read the Notes, page SEN2

If you were registered for VAT, do the figures in boxes 3.16 to 3.51, include VAT?  3.14 or exclude VAT?  3.15

Disallowable expenses included in boxes 3.33 to 3.50	Total expenses	Sales/business income (turnover)
3.16	3.17	3.16
£	£	£
3.18	3.33	3.16
£	£	£
3.19	3.34	3.16
£	£	£
	3.35	3.16
	£	£
	Gross profit/(loss)	3.36
		£
	Other income/profits	3.37
		£
3.20	3.38	3.37
£	£	£
3.21	3.39	3.37
£	£	£
3.22	3.40	3.37
£	£	£
3.23	3.41	3.37
£	£	£
3.24	3.42	3.37
£	£	£
3.25	3.43	3.37
£	£	£
3.26	3.44	3.37
£	£	£
3.27	3.45	3.37
£	£	£
3.28	3.46	3.37
£	£	£
3.29	3.47	3.37
£	£	£
3.30	3.48	3.37
£	£	£
3.31	3.49	3.37
£	£	£
3.32	3.50	3.37
£	£	£
	Total expenses	3.51
		£
	Net profit/(loss)	3.52
		£

Includes £1,200 herd basis adjustment (Note 1).

Cost of sales comprises the feeds, seeds and fertilizers used in the year.

Sheep grazing and wayleaves.

Other direct costs includes:  
Tractor/combine running costs 11,453  
Lease of milk quota 4,620  
Silage wrapping 1,592  
Haulage 365

Expenditure which is not allowable for tax purposes is entered in the appropriate box in the left hand column. The total is entered in box 3.53 and added to the net profit in box 3.52 to arrive at the taxable profit for the business.

## Tax adjustments to net profit or loss

3.53	total of boxes 3.17 to 3.32	3.53
£	£	£
3.54	Goods etc. taken for personal use and other adjustments (apart from disallowable expenses) that increase profits	3.54
£		£
3.55	Balancing charges	3.55
£		£
3.56	Total additions to net profit (deduct from net loss)	3.56
£		£
3.57	Capital allowances	3.57
£		£
3.58	Deductions from net profit (add to net loss)	3.58
£		£
3.60	Net business profit for tax purposes (put figure in brackets if a loss)	3.60
£		£

Capital allowances are claimed for motor vehicles, farm machinery and agricultural buildings. The total of the allowances claimed (box 3.69) is included here.

Extract from Page SE4 of the Self-employment Pages

The dairy herd is dealt with on the herd basis and therefore included with other fixed assets in box 3.94.

tax deducted from trading income: £

**Summary of balance sheet**

Leave these boxes blank if you do not have a balance sheet

**Assets**

Plant, machinery and motor vehicles	3.93	£	32,578	
Other fixed assets (premises, goodwill, investments etc.)	3.94	£	353,183	
Stock and work in progress	3.95	£	44,200	
Debtors/prepayments/other current assets	3.96	£	14,770	
Bank/building society balances	3.97	£		
Cash in hand	3.98	£		
				total of boxes 3.93 to 3.98
				3.99
				£
				444,731

**Liabilities**

Trade creditors/accruals	3.100	£	16,021	
Loans and overdrawn bank accounts	3.101	£	11,565	
Other liabilities	3.102	£	25,641	
				total of boxes 3.100 to 3.102
				3.103
				£
				53,227

box 3.99 minus box 3.103

**Net business assets** (put the figure in brackets if you had net business liabilities)

3.104

£

391,504

**Represented by**

**Capital Account**

Balance at start of period*	3.105	£	384,623	
Net profit/(loss)*	3.106	£	25,192	
Capital introduced	3.107	£		
Drawings	3.108	£	18,311	
				total of boxes 3.105 to 3.107 minus box 3.108
				3.109
				£
				391,504

\* If the Capital Account is overdrawn, or the business made a net loss, show the figure in brackets.

**Additional information**

1. Details of the professional valuation in box 3.95 are

Growing crops	12,200
Livestock (not herd basis)	14,750
Produce	14,050
Deadstock	3,200
	<u>£44,200</u>

2. Herd Basis reconciliation

Opening herd	20 @ £200	4,000	
	25 @ £500	12,500	16,500
Additions	2 @ £600		<u>1,200</u>
	@ 31/3/98	£17,700	
Additions adjusted in box 3.16 to exclude cost £1,200			

Now fill in any other supplementary Pages that apply to you. Otherwise, go back to Page 2 of your Tax Return and finish filling it in.

An analysis of the valuation is included in the additional information section to help clarify the figure in box 3.95 (Note 11).

Details of the herd reconciliation are included in the additional information section.