Paul Robbins training and consultancy

Personal Tax

Calculating Assessable Property Income for Multiple Properties

Exercise 2 Model Answer

Freya rents out three properties. All three properties are furnished.

The following profit statement has been compiled from her accounting records relating to the period 6th April 2019 to 5th April 2020.

	Property 1 £	*Property 2* £	*Property 3* £
Rental Income Received	*11,820*	*10,200*	*11,100*
Less Expenditure:			
Electricity	*780*	*910*	*805*
Replacement of Carpets	*1,050*	*0*	*0*
Installation of Hot Tub	*0*	*6,000*	*0*
Depreciation of Furniture	*720*	*770*	*800*
Council Tax	*1,425*	*1,765*	*1,060*
Managing Agent's Fees	*1,500*	*1,500*	*1,500*
Loan Interest	*995*	*1,110*	*760*
Water Rates	*350*	*385*	*370*
Insurance	*625*	*650*	*675*
Total Expenditure	*7,445*	*13,090*	*5,970*
Profit / (Loss)	*4,375*	*(2,890)*	*5,130*

Task

Calculate the assessable property income for Freya for the tax year 2019/20.

Property Income Computation

	Property 1 £	Property 2 £	Property 3 £	Total £
Rental Income	11,820	10,200	11,100	33,120
Less Allowable Expenditure:				
Electricity	780	910	805	2,495
Replacement of Carpets	1,050	0	0	1,050
Council Tax	1,425	1,765	1,060	4,250
Managing Agent's Fees	1,500	1,500	1,500	4,500
Loan Interest	995	1,110	760	2,865
Water Rates	350	385	370	1,105
Insurance	625	650	675	1,950
Total Allowable Expenditure	6,725	6,320	5,170	18,215
Assessable Property Income	5,095	3,880	5,930	14,905