THOMPSONS MK
Chartered Accountants & Chartered Tax Advisers

To the Board of Directors
Ashlett Sailing Club Limited
Ashlett Road Ashlett Creek
Fawley
Southampton
Hampshire
SO45 1DT

15th February 2024

Dear Adrian and Christopher,

I hope my letter finds yourselves and the club well.

Please find enclosed the club's annual accounts for the year ending 31st December 2023.
These will be due for submission by 30th September 2024 and require Christopher's electronic signature beforehand.

Accounts

The club produced a surplus before tax of £14,745 during 2023, compared with a deficit of £32,502 the year before. The Detailed Profit and Loss Account page on the Full Accounts document sets out how both those figures were calculated.

This year's surplus figure allows for an adjustment of £18,330 over-depreciation that took place last year (see explanation beneath the Fixed Asset Register heading below).

Had depreciation been correct last year, the club would have shown a deficit of £3,585 before tax during 2023, and a deficit of £14,172 during 2022.

Corporation tax

Corporation tax payable of £531.05 will be due by 1st October 2024 (explained below).

As you know, corporation tax is chargeable upon income from visitors. It is also chargeable upon interest received, and the club earned interest during the year of £2,305. With the £2,305 interest and visitor income of £490, that gives a taxable 'profit' figure of £2,795. Using the corporation tax rate of 19%, that comes out at corporation tax of £531.05.

If you have any expenses that can be directly attributed to the visitor income, then I can deduct those from the taxable profit. If you wanted to deduct costs of energy used by visitors, you would just need to justify those costs by providing a fair and detailed calculation.

<u>Details on how to pay the corporation tax:</u>

Account name HMRC Cumbernauld
Sort code 083210
Account number 12001039
Payment reference: 1201628425A00113A

CHARTERED TAX ADVISERS
ICAEW CHARTERED ACCOUNTANTS

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Fixed Asset Register

As discussed with Adrian, I noticed some duplication of assets on the last accountant's asset register, whereby they had included your schedule of inventory plus a register they already maintained. The most materially duplicated assets were the hoist and tractor.

The previous accountant made the net book value of assets in the accounts agree to your inventory schedule, but the cost and accumulated depreciation values were reported at a higher value then they should have been. And since you depreciate assets upon cost, that meant that depreciation was too high in last year's accounts.

To rectify this, I have recorded some asset disposals in these accounts, to rectify the cost and depreciation brought forward figures. This has nil impact on the net book values of assets. I have also reduced depreciation in this year's accounts to allow for the over-charges that took place last year as follows:

- Plant and machinery £18,192
- Fixtures & fittings £138

Meaning that depreciation shown in these accounts is £18,330 lower than it would have been, to compensate for the over-charge that took place last year.

I hope this makes sense, but I'm happy to talk through anything that isn't clear enough.

Approving your documents

Please look through the documents enclosed and let me know if you believe anything to be amiss, or if you have any questions.

To save you printing, signing and scanning the documents, I can arrange for a Docusign-type link to be sent directly to Christopher so that he can electronically sign. Just let me know when you are ready to do so, and kindly provide me with Christopher's email address.

Once everything has been signed, I will make the necessary submissions to Companies House and HMRC electronically.

Please do not hesitate to get in touch if you have any questions.

Yours sincerely,

Lucy Underwood FCCA
Client Manager

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