HMRC Risk Assessment Report

Tax Year:	2023-24	Risk Score:	0/100
Turnover:	£60,000.00	Risk Band:	LOW
Total Expenses:	£15,000.00	Result:	Profit: £45,000.00

Risk Indicators Triggered

Detailed Analysis

HMRC Risk Assessment Report (UK) — Tax Year 2023–24

Taxpayer Summary (Data Provided) • Turnover: £60,000.00 • Total Expenses: £15,000.00 • Financial Result: Profit of £45,000.00 • Profit Margin: 75.0% • Risk Score / Band: 0/100 — LOW • Triggered Risk Indicators: None listed • Key Ratios: Expense ratio 25.0%; Motor 0.0%; Home office 0.0%; Travel 0.0%; Mileage £0.00

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1. Executive Summary (based ONLY on triggered indicators) No risk indicators have been triggered based on the information provided, and the stated risk score is **0/100 (LOW)**. On that basis, there are **no specific HMRC risk flags identified** from the triggered-indicator ruleset for this tax year.

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2. Detailed Analysis of Each Triggered Risk Factor **None.** No triggered risk indicators were supplied, so no individual risk-factor analysis can be performed.

Data consistency note (clarity, not a risk trigger): The dataset includes ratio information (e.g., 0% motor, home office, travel, and £0 mileage). This is internally consistent with the total expenses figure, but without a category breakdown of the £15,000 expenses, it is not possible to validate whether those categories are truly nil or simply unclassified in the summary.

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3. What HMRC Typically Examines in These Cases (LOW indicator profile) Where no specific risk indicators are triggered, HMRC’s enquiries (when they occur) commonly follow **standard compliance checks** rather than targeted thematic reviews. HMRC audit patterns in low-flag cases typically focus on confirming that the return is supported by records and that figures reconcile to underlying evidence. Areas commonly reviewed include:

1. Sales completeness • Whether turnover is fully recorded (e.g., bankings vs invoices, card processor reports, booking systems). 2. Expense substantiation • Whether claimed expenses are supported by invoices/receipts and are business-related. 3. Bank reconciliation • Whether business receipts and payments can be reconciled to bank statements; explanation of personal drawings and transfers. 4. Accuracy of the profit computation • Whether totals in the return align to the accounting records and any year-end adjustments (e.g., capital items, private use, prepayments). 5. Record-keeping adequacy • Whether the taxpayer keeps sufficient records in line with HMRC expectations for self assessment compliance.

Note: The above reflects common HMRC verification themes rather than indicating any specific concern in your data.

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4. Document Checklist (records to maintain) To support the turnover, expenses, and profit figures reported, maintain the following for **2023–24** (and retain per HMRC record-keeping expectations):

Income / Turnover Support • Sales invoices issued (sequential where applicable) • Till/Z-read reports (if relevant) • Card payment processor statements (e.g., Stripe/Square/PayPal summaries) • Booking platform statements (if applicable) • Evidence for any cash sales and cash banking records • Credit notes/refund logs and supporting correspondence

Banking and Reconciliations • Full bank statements for all accounts used for the business (including mixed-use accounts, if any) • Monthly/quarterly bank reconciliation workpapers (or

bookkeeping reports showing reconciliation status) • Details/support for transfers between accounts

Expense Support • Supplier invoices and receipts for all expense claims • Contracts/agreements for recurring costs (e.g., subscriptions, rent, services) • Evidence for any large or unusual purchases included in expenses • Breakdown of the £15,000 expenses by category (ledger export or bookkeeping reports)

Accounting Records / Computation • Profit and loss report for the year • General ledger / detailed transaction listings • Year-end working papers for any adjustments (if applicable) • Accounting software exports (audit trail/activity log where available)

If Any Categories Are Actually Present (despite being shown as 0% in the ratios) If motor, travel, or home-working costs exist but were not captured in the ratio summary, retain: • Mileage logs (date, journey purpose, start/end, miles) • Fuel/repairs/insurance documents (if motor costs exist) • Travel tickets/receipts and business purpose notes • Home-working basis notes (how business use is identified) and relevant bills

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5. General Recommendations for Record-Keeping (non-advisory, compliance-focused) - **Maintain a clear audit trail:** Ensure each total in the return can be traced to bookkeeping reports and then to source documents (invoice/receipt/bank line). - **Reconcile regularly:** Keep periodic bank reconciliations to demonstrate completeness of income and correct classification of expenses. - **Keep contemporaneous notes:** For any item where business purpose may not be obvious, note the rationale at the time (e.g., on the invoice or in bookkeeping memo fields). - **Preserve digital copies securely:** Store scans/PDFs in a structured folder system (by month and category) and back them up. - **Retain category breakdowns:** Even when ratio categories show 0%, maintain the detailed expense ledger to evidence how the £15,000 was composed.

Data Inconsistency Flag (if applicable) No explicit inconsistency flag was provided. The only limitation is insufficient expense categorisation detail to validate the 0% motor/home office/travel ratios against the £15,000 total expenses. If those costs genuinely did not occur, the data is consistent; if they occurred but were classified elsewhere, that would be a classification transparency issue rather than a numeric contradiction.

If you want, provide a simple expense category breakdown of the £15,000 (e.g., materials, subcontractors, utilities, phone, insurance, marketing), and I can map it to typical HMRC review points without giving advice.

Important Legal Notice

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