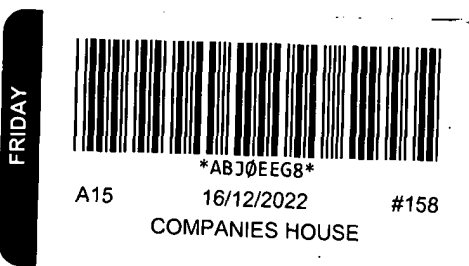


Company no. 11609849
Charity no. 1189585

TaxWatch
Report and Unaudited Financial
Statements
31 March 2022



TaxWatch

Reference and administrative details

For the year ended 31 March 2022

Company number	11609849
Charity number	1189585
Registered office	38 Coney Street York North Yorkshire YO1 9ND
Trustees	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows: Julian Richer Chair Ana Arendar Richard Brooks Jennifer Herrera Damien Morrison James Timpson
Executive director	George Turner
Company secretary	Damien Morrison
Bankers	Barclays Bank Leicester LE87 2BB
Solicitors	Bates Wells & Braithwaite 10 Queen Street Place London EC4R 1BE
Independent examiners	Godfrey Wilson Limited Chartered accountants and statutory auditors 5th Floor Mariner House 62 Prince Street Bristol BS1 4QD

TaxWatch

Report of the trustees

For the year ended 31 March 2022

The trustees present their report along with the financial statements of the charity for the year ended 31 March 2022.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities (effective from January 2019).

Summary and introduction

This is TaxWatch's third annual report, covering the 12 month period from April 2021 to our year end in March 2022. This is our second annual report as a charity.

We have continued to add to our portfolio of research, and have seen continued success in gaining media attention for our publications. Our presence in radio and television media has increased over the past year. The majority of outlets quoting our work remain print media, ranging from major news publications, through to more tax and law specific outlets.

TaxWatch is now recognised as an important, independent and authoritative voice on tax issues. As a result of this reputation TaxWatch has built through a foundation of solid research, we have been able to engage directly with politicians and government officials. Our ever growing library of research has provided us with the credibility necessary to begin shaping policy, in line with our charitable objects, seeking to promote the sound administration of tax law, and compliance with tax law.

We are now half way through our Tax and the Rule of Law project, an initiative seeking to improve both the application of the rule of law in tax administration by ensuring that the public interest is more sufficiently and more effectively represented in the courts and by regulators. While our legal proceedings against HMRC over their decision to settle a billion pound tax fraud dispute with GE was ultimately unsuccessful, the project continues. We have submitted multiple complaints to regulators regarding the conduct of tax law professionals, the outcome of which should become clearer over the next 12 months.

Considering the size of TaxWatch, in terms of both staffing and funding, we firmly believe that we punch well above our weight, and look forward to what the next year brings.

Organisational development

We have completed the first year of our Tax and the Rule of Law project, which is backed by The Joffe Charitable Trust. The Trust has pledged £25,000 a year to support this project over two years, ending Spring 2023.

In May 2021 we received accreditation from the Good Business Charter, in recognition of responsible business practices.

TaxWatch is a registered charity (charity number 1189585). Our charitable objects, as seen in our Articles of Association, are as follows:

- To advance education, in particular in relation to tax law and the operation of the tax system;
- To promote the sound administration of the law, in particular the law of taxation;
- To promote compliance with the law, in particular the law of taxation; and
- To promote civic responsibility and good citizenship by promoting and encouraging high standards of business conduct, in particular in relation to compliance with the spirit of the law of taxation.

TaxWatch

Report of the trustees

For the year ended 31 March 2022

The trustees confirm that they have referred to the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives.

The charity is governed by its Memorandum and Articles of Association, available on the Companies House website.

Our registered office address remains: TaxWatch, 38 Coney Street, York, YO1 9ND.

Our directors and editorial committee

The trustees continue to play an active role in the organisation, providing input and advice on fundraising, staffing, and long-term strategy.

The Chair of Trustees is responsible for setting the pay of management.

The editorial committee remains independent from the board, ensuring that funders are not influencing the editorial content of TaxWatch. It also allows for more oversight of editorial matters that may exist in other organisations where all decisions are delegated to the staff, and TaxWatch greatly benefits from the wealth of experience of those sitting on the editorial committee.

The day to day management of TaxWatch sits with the Executive Director.

Staff

Executive Director - George Turner

George Turner is the Executive Director of TaxWatch. Before setting up TaxWatch George worked as a journalist and has led multiple investigations that have appeared on the front pages of newspapers across the world.

George first became interested in tax policy when he wrote a paper for the think tank Centre Forum in 2013, which revealed how the UK's private equity owned water companies structured their finances to minimise corporation tax payments.

Before becoming an investigative journalist George was head of the Westminster office of the Deputy Leader of the Liberal Democrats, Simon Hughes.

Researcher – Alex Dunnagan

Alex Dunnagan is an accredited criminal investigator and military intelligence analyst. He previously worked at the National Crime Agency, investigating human trafficking, child exploitation, and political corruption.

Prior to joining TaxWatch, Alex worked at a private intelligence company leading a team of analysts providing security reporting to multi-national corporations.

Alex is currently serving as a Reservist with the British Army.

TaxWatch

Report of the trustees

For the year ended 31 March 2022

Trustees

TaxWatch has 6 trustees, who have been recruited on the basis of their experience and the contribution they bring to the organisation.

Richard Brooks

Richard Brooks is an award winning investigative journalist with Private Eye magazine and a former tax inspector. He chairs TaxWatch's editorial committee.

Richard is the author of "The Great British Tax Robbery: How Britain became a Tax Haven for Fat Cats and Big Business" (Oneworld, 2013). His latest book – Bean Counters (Atlantic, 2018) is an exposé of the accountancy profession, including its instrumental role in tax avoidance.

Julian Richer – Chair of Trustees

Julian Richer is a highly respected entrepreneur and philanthropist. The founder of Richer Sounds, the UK's largest Hi-Fi retailer, Julian opened his first shop aged just 19.

The company has paid the real living wage to all employees since 2014, and gives 15% of its operating profit to charity every year. Richer Sounds has also been awarded a fair tax mark accreditation.

Julian's latest book – the Ethical Capitalist: How to Make Business Work for a Better Society – was published in 2018.

Damien Morrison

Damien Morrison is a partner in Morrison and Associates Solicitors, and has specialised in criminal law. He regularly practises as a Higher Court Advocate.

Damien is the Company Secretary of TaxWatch.

Ana Caistor Arendar

Ana is Head of Inequality Campaigns and Policy at Oxfam GB. She previously worked as Oxfam's Campaigns, Policy and Communications Manager for Latin America and the Caribbean based in Mexico and Bolivia, and as Oxfam's Campaigns and Policy Manager in Haiti, where she worked on the humanitarian responses following the 2010 earthquake and the cholera outbreak later that year.

James Timpson

James Timpson is the CEO of Timpson the UK's largest retail chain with over 2,000 outlets across the UK.

James is also the chair of the Prison Reform Trust and a trustee of the Tate Galleries.

Jennifer Herrera

Jennifer Herrera is the CEO of the Good Business Foundation which runs an accreditation to recognise responsible business, called the Good Business Charter. She is also Executive Director of Acts 435, a charity established to encourage small donations online to people in need.

Jennifer is a chartered accountant and a trustee of ASB Help, a charity supporting victims of anti-social behaviour.

TaxWatch

Report of the trustees

For the year ended 31 March 2022

The Editorial Committee

Richard Brooks – Chair

George Turner - Executive Director

Simon Bowers

Simon Bowers is Investigations Editor at Finance Uncovered, a journalism non-profit that trains, supports and collaborates with reporters working on financial investigations around the world. Previously, he spent four years as European Coordinator at the International Consortium of Investigative Journalists (ICIJ), a non-profit group that organises global collaborative journalism projects.

Before joining ICIJ, Simon spent 19 years at The Guardian, where he was a senior reporter working on tax and financial investigations. Simon's reporting has featured in the New York Times, Australian Financial Review, Le Monde, Süddeutsche Zeitung, OCCRP, El Confidencial, British Medical Journal, Irish Times, The Guardian, BBC, Re:Baltica, Knack, De Tijd and Aftenposten.

He has appeared in, or contributed to, documentaries for Vice News, BBC Panorama, YLE, and Reveal News. He has also given a TEDx talk on a collaborative investigation into Nike's pan-European tax avoidance activities. He has been part of collaborative reporting teams that have won several awards, including three George Polk awards for Financial Journalism (Panama Papers, Paradise Papers, LuxLeaks) and a Pulitzer Prize for Explanatory Reporting (Panama Papers).

Felicity Lawrence

Felicity Lawrence is an investigative journalist and special correspondent with the Guardian. She has done pioneering work on corporate tax avoidance, responsible for some of the first work on the issue in a mainstream newspaper ten years ago. Since then she has done ground breaking investigations on the food supply, and is author of Not On The Label: What Really Goes Into The Food On Your Plate.

Other relevant organisations

Barclays Bank

Provides banking services.

1 Churchill Place, London, E14 5HP.

Richer Sounds

Home entertainment retailer: Richer Sounds provides payroll services to TaxWatch.

Richer Sounds Ltd, Hankey Place, London, SE1 4BB.

Godfrey Wilson

Godfrey Wilson provide accounting services to TaxWatch, including the preparation of annual financial statements.

Godfrey Wilson Limited, 5th Floor, Mariner House, 62 Prince Street, Bristol, BS1 4QD.

Bates and Wells

Advises TaxWatch on charity law.

10 Queen St Place, London, EC4R 1BE.

TaxWatch

Report of the trustees

For the year ended 31 March 2022

Reviewed and Cleared

Provides pre-publication advice on media law.

9th Floor, The Met Building, 22 Percy St, London, W1T 2BU.

Bindmans LLP

Advises TaxWatch on media law.

236 Grays Inn Rd, London, WC1X 8HB.

Our research and publications

TaxWatch's main activities for the 2021-2022 financial year have been the publication of research, briefings, and commentary on various issues related to the tax system. We have seen continued success in gaining media attention for our publications, and our presence on the radio and television has increased over the past year, though the majority of outlets quoting our work remain print media – this ranges from major national news publications, through to more tax and law specific outlets.

TaxWatch is now recognised as an important, independent and authoritative voice on tax issues. As a result of this reputation built through a foundation of solid research, we have been able to engage directly with politicians and government officials. Our ever growing library of research has provided us with the credibility necessary to begin shaping policy, in line with our charitable objects, seeking to promote the sound administration of tax law, and compliance with tax law. Over the past year, this has included producing briefings for debates in the main chambers of the Houses of Commons and Lords, and the Commons Treasury Select Committee, among others.

A summary of our research is below.

Creative sector tax reliefs

Our work looking at Creative Sector Tax Reliefs has continued, and we have built a significant library of research looking at these reliefs. This has seen notable interest from politicians, with TaxWatch becoming a subject matter expert in the field of these reliefs. Work will continue in this area, as it is our belief that it is important for the UK Government to assess how successful these measures are.

Fraud

TaxWatch revealed that HMRC expect to recover just 25% of a total of £5.8bn paid out in fraud and error in relation to the coronavirus support schemes. The announcement that up to £4.3bn wrongly claimed would be written off saw major news coverage, with HMRC's record on tax fraud being questioned by two select committees and in several parliamentary debates. This revelation ultimately contributed to the resignation of the Government Minister responsible for counter fraud, Lord Agnew.

We have also begun to produce an annual 'Tax Fraud Gap', wherein we review HMRC's annual Tax Gap publication, and assess how much of this gap is resultant from fraudulent behaviour. Our analysis found that the amount of tax lost to fraud in 2020 was at least £15.2bn.

International tax deal

TaxWatch research estimated that eight large tech companies in the UK made an estimated £9.6bn in profit from sales to UK customers in 2019, yet only had corporation tax liabilities of £297m – avoiding an estimated £1.5bn. This research featured in several newspapers, along with having segments on ITV News and Channel 4 News. This report was released as Finance Ministers were seeking to negotiate a new international tax settlement on multinationals.

TaxWatch

Report of the trustees

For the year ended 31 March 2022

Looking at the deal itself, we released several reports looking at what effect the proposed measures would have. We demonstrated that tech giants will almost certainly end up paying less tax in the UK under the proposals put forward by the G7 than they are currently liable for under the UK's digital services tax (scrapping digital services taxes was a key demand of the United States in the negotiations for a new global tax deal).

A separate TaxWatch analysis showed that the US Government was set to be the winner of any global deal, with an estimated annual increase in US Tax of \$8.4bn from just four companies, against a benefit of \$2.5bn shared between the rest of the world.

Tax compliance

We revealed that, despite the increase in benefits-related fraud in the pandemic being significantly less than the amount of tax fraud in HMRC administered schemes, the Department for Work and Pensions had received significantly more funding to tackle the issue. Despite a greater return on investment in funding HMRC compliance work, the DWP received £603m additional funding for compliance, compared with £155m for HMRC. This builds upon our previous work comparing the prosecution of tax crime with benefits crime, which found that between 2009 and 2019 the UK prosecuted 23 times more people for benefits offences than tax offences.

Regulators

In an attempt to hold regulators to account, we have begun submitting complaints to the Tax Disciplinary Panel about the conduct of accountants who have previously been involved in avoidance schemes, yet maintain their chartered status. We have so far made formal complaints about 'Mr Red', the accountant involved in the Rangers Football Club avoidance scheme, and Arthur Lancaster, Prince Andrew's accountant, who was recently found in a tax tribunal to be "seriously misleading", "evasive" and "lacking in candour". Mr Lancaster is the director of an Isle of Man based company that had been involved in the promotion of marketed tax avoidance schemes. Work in this field is set to increase over the next year.

Other issues

TaxWatch research has been published by Transparency International, scrutinising the UK's reform of its Controlled Foreign Company (CFC) regime in 2012, which exempted some UK-based multinational companies from anti-tax avoidance rules. The research piece analyses potential lobbying through professional service providers, and the 'revolving door'. The 2012 changes radically reduced the scope of the UK's rules and facilitated the use of avoidance structures by UK-based multinational companies.

Looking to Africa, we found that Microsoft, Google, and Facebook were not collecting VAT on sales made to customers in most African countries, despite legislation requiring them to. As a result of this, these African countries are missing out on significant tax revenues.

Keeping on the subject of VAT, we revealed how Sports Direct worked with big four accountancy firm Deloitte on a VAT scheme that has led to litigation in several European countries. The scheme involved contracting out deliveries to a company, which had no vehicles or drivers, set up by the Sports Direct Chairman's brother. The scheme will potentially have cost European tax authorities billions of Euros in lost VAT receipts.

TaxWatch

Report of the trustees

For the year ended 31 March 2022

BBC Radio 4 File on 4 revealed that some staff at G4S run Covid test centres had been employed by subcontractors using Mini Umbrella Companies in the Philippines in order to avoid National Insurance. As a result of this, we wrote to the Department of Health and Social Care (DHSC) multiple times asking what has been done about apparent abuses in the department's procurement process and publicly called for an investigation into tax abuses in the supply chain.

TaxWatch analysis also showed that the number of users of disguised remuneration schemes has increased dramatically despite government attempts to legislate against the schemes. We also found that criminal investigations against promoters remain a rarity, with no successful prosecutions being brought against disguised remuneration promoters.

Finally, we launched the first of what is to become an annual report, 'The State of Tax Administration', which seeks to provide an independent analysis of the performance of the government in carrying out the vital role of administering and enforcing the tax system. The report draws together a number of facts and figures from various sources, including HMRC's annual reports and tax gap reports, Freedom of Information requests, and other publicly available data. It is hoped that the report will become a valuable resource for the media, politicians and the public.

The use of TaxWatch research

TaxWatch has met, briefed, and built relationships with a number of MPs from both sides of the House, as well as with members of the House of Lords. We continue to provide briefings to select committees, and submit evidence to parliamentary inquiries. We have briefed Directors of the National Audit Office on our work, and enjoy a constructive relationship with the organisation.

Throughout this period we have published close to 40 articles, reports, and op-eds. Our research has been cited in the media over 100 times this year. Our research has been quoted in the House of Commons, the House of Lords, during Public Accounts Committee sessions, and our written evidence submitted for inquiries has been accepted and published.

In the background, TaxWatch continues to provide advice and tips to journalists, and we are happy to provide expertise to assist in explaining issues around UK tax. We regularly meet with other NGOs and think-tanks in the wider tax community, and are grateful for the opportunity to provide TaxWatch research to the wider tax policy debate. Our social media reach continues to grow, as does our newsletter mailing list.

Financial review

The Persula Foundation, a charitable foundation established by Julian Richer, has been the main source of funds for the organisation since its foundation. The organisation has also received generous donations from Joseph Schull and James Timpson. We are immensely grateful for all donations received.

All of our donors are committed to multi-year funding, and the vast majority of our funding is unrestricted. The grant from The Joffe Charitable Trust is to be used to fund our tax and the Rule of Law Project.

Broadening our donor base remains a priority for TaxWatch.

TaxWatch

Report of the trustees

For the year ended 31 March 2022

As a small organisation operating remotely, TaxWatch does not have many fixed costs or liabilities other than payroll. Office space is rented on a month-to-month basis from providers of shared spaces. Given this, and the ongoing support of its founding trustee, the trustees maintain a reserve covering 3 months of payroll costs over the following year. This equates to approximately £30,000 and unrestricted funds at the year end of £83,508 exceed this.

It is understood that in 2022-2023 there may be costs to TaxWatch as a result of an employment dispute, as well as legal costs for the failed intervention in a case between HMRC and General Electric. The charity will be able to cover the related costs from its reserves.

Plans for future periods

TaxWatch is a research led organisation, and this will remain our main area of focus. The intent is to continue publishing independent, authoritative and accurate information on tax in the public interest. Though we are a research led organisation, we will continue to seek to balance publishing ground breaking research, along with background shaping activity in order to ensure that research reaches the correct audience.

Our work holding regulators to account on professional standards is set to increase over the following year, something which will be aided greatly by the addition of more staff.

Statement of responsibilities of the trustees

The trustees (who are also directors of the charity for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing those financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 2006. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TaxWatch

Report of the trustees

For the year ended 31 March 2022

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Independent examiners

Godfrey Wilson Limited were re-appointed as independent examiners to the charitable company during the year and have expressed their willingness to continue in that capacity.

Approved by the trustees on 14 December 2022 and signed on their behalf by



Jennifer Herrera - Treasurer

Independent examiner's report

To the trustees of

TaxWatch

I report to the trustees on my examination of the accounts of TaxWatch (the charitable company) for the year ended 31 March 2022, which are set out on pages 12 to 22.

Responsibilities and basis of report

As the trustees of the charitable company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the charitable company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charitable company's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5) (b) of the 2011 Act.

Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- (1) accounting records were not kept in respect of the charitable company as required by section 386 of the 2006 Act; or
- (2) the accounts do not accord with those records; or
- (3) the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
- (4) the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no other concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

William Guy Blake

Date: 15 December 2022

William Guy Blake ACA

Member of the ICAEW

For and on behalf of:

Godfrey Wilson Limited

Chartered accountants and statutory auditors

5th Floor Mariner House

62 Prince Street

Bristol

BS1 4QD

TaxWatch**Statement of financial activities (incorporating an income and expenditure account)****For the year ended 31 March 2022**

	Note	Restricted £	Unrestricted £	2022 Total £	2021 Total £
Income from:					
Donations and legacies	3	-	225,250	225,250	135,000
Charitable activities		-	-	-	3,574
Other income		-	800	800	-
Total income		<u>-</u>	<u>226,050</u>	<u>226,050</u>	<u>138,574</u>
Expenditure on:					
Raising funds		-	7,692	7,692	6,644
Charitable activities		<u>4,250</u>	<u>140,033</u>	<u>144,283</u>	<u>129,663</u>
Total expenditure	5	<u>4,250</u>	<u>147,725</u>	<u>151,975</u>	<u>136,307</u>
Net income / (expenditure) and net movement in funds	6	(4,250)	78,325	74,075	2,267
Reconciliation of funds:					
Total funds brought forward		<u>4,250</u>	<u>5,183</u>	<u>9,433</u>	<u>7,166</u>
Total funds carried forward		<u>-</u>	<u>83,508</u>	<u>83,508</u>	<u>9,433</u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

TaxWatch

Balance sheet

As at 31 March 2022

	Note	£	2022 £	2021 £
Fixed assets				
Tangible assets	9		<u>283</u>	<u>556</u>
Current assets				
Debtors	10	4,162		3,550
Cash at bank and in hand		<u>94,894</u>		<u>27,811</u>
		99,056		31,361
Liabilities				
Creditors: amounts falling due within 1 year	11	<u>(15,831)</u>		<u>(22,484)</u>
Net current assets			<u>83,225</u>	<u>8,877</u>
Net assets	13		<u>83,508</u>	<u>9,433</u>
Funds	14			
Restricted funds			-	4,250
Unrestricted funds			<u>83,508</u>	<u>5,183</u>
Total charity funds			<u>83,508</u>	<u>9,433</u>

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the year by virtue of section 477(2), and that no member or members have requested an audit pursuant to section 476 of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with section 386 of the Act; and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 393, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the trustees on 14 December 2022 and signed on their behalf by



Jennifer Herrera - Treasurer

TaxWatch

Notes to the financial statements

For the year ended 31 March 2022

1. Accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities in preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

TaxWatch meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

b) Going concern basis of accounting

The accounts have been prepared on the assumption that the charity is able to continue as a going concern. The trustees have a reasonable expectation that adequate financial resources are available to enable the charity to continue in operational existence for the foreseeable future, and have adequate contingency plans in the event that income streams are reduced. For these reasons the trustees consider it appropriate to adopt the going concern basis for the preparation of the accounts.

c) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from the government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

d) Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item, is probable and the economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

e) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity: this is normally upon notification of the interest paid or payable by the bank.

TaxWatch

Notes to the financial statements

For the year ended 31 March 2022

1. Accounting policies (continued)

f) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

g) Allocation of support and governance costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Governance costs are the costs associated with the governance arrangements of the charity, including the costs of complying with constitutional and statutory requirements and any costs associated with the strategic management of the charity's activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities on the following basis:

	2022	2021
Raising funds	5.1%	4.9%
Charitable activities	94.9%	95.1%

h) Tangible fixed assets

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

Computer equipment	3 years straight line
--------------------	-----------------------

Items of equipment are capitalised where the purchase price exceeds £250.

i) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

j) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

k) Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

TaxWatch

Notes to the financial statements

For the year ended 31 March 2022

1. Accounting policies (continued)

l) Financial instruments

The charitable company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently recognised at amortised cost using the effective interest method.

m) Pension costs

The company operates a defined contribution pension scheme for its employees. There are no further liabilities other than that already recognised in the SOFA.

n) Accounting estimates and key judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements.

2. Prior period comparatives: statement of financial activities

	Restricted £	Unrestricted £	2021 Total £
Income from:			
Donations and legacies	25,000	110,000	135,000
Charitable activities	-	3,574	3,574
Total income	25,000	113,574	138,574
Expenditure on:			
Raising funds	-	6,644	6,644
Charitable activities	20,750	108,913	129,663
Total expenditure	20,750	115,557	136,307
Net income / (expenditure) and net movement in funds	4,250	(1,983)	2,267

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Notes to the financial statements

For the year ended 31 March 2022

3. Income from donations

	Restricted £	Unrestricted £	2022 Total £
Persula Foundation	-	115,000	115,000
CAF American Donor Fund	-	50,000	50,000
James Timpson	-	10,000	10,000
The Fairness Foundation	-	50,000	50,000
Other donations	-	250	250
	<u>-</u>	<u>225,250</u>	<u>225,250</u>

Prior year comparative

	Restricted £	Unrestricted £	2021 Total £
Joffe Charitable Trust	25,000	-	25,000
Persula Foundation	-	60,000	60,000
CAF American Donor Fund	-	50,000	50,000
	<u>25,000</u>	<u>110,000</u>	<u>135,000</u>

4. Government grants

The charitable company receives no government grants to fund charitable activities.

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Notes to the financial statements

For the year ended 31 March 2022

5. Total expenditure

	Raising funds £	Charitable activities £	Support and governance costs £	2022 Total £
Staff costs (note 7)	6,122	110,202	6,123	122,447
Legal fees	-	1,680	4,990	6,670
Editorial and research	-	2,948	-	2,948
Rent	-	-	3,303	3,303
Insurance	-	-	12,235	12,235
Depreciation	-	-	273	273
Accountancy	-	-	1,770	1,770
Miscellaneous costs	-	-	2,329	2,329
Sub-total	6,122	114,830	31,023	151,975
Allocation of support and governance costs	1,570	29,453	(31,023)	-
Total expenditure	7,692	144,283	-	151,975

Total governance costs were £1,770.

Prior period comparative

	Raising funds £	Charitable activities £	Support and governance costs £	2021 Total £
Staff costs (note 7)	5,558	100,052	5,558	111,168
Legal fees	-	5,226	1,295	6,521
Editorial and research	-	3,182	-	3,182
Rent	-	-	505	505
Insurance	-	-	13,116	13,116
Depreciation	-	-	152	152
Accountancy	-	-	1,608	1,608
Miscellaneous costs	-	-	55	55
Sub-total	5,558	108,460	22,289	136,307
Allocation of support and governance costs	1,086	21,203	(22,289)	-
Total expenditure	6,644	129,663	-	136,307

Total governance costs were £1,680.

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Notes to the financial statements

For the year ended 31 March 2022

6. Net movement in funds

This is stated after charging:

	2022	2021
	Total	Total
	£	£
Depreciation	273	152
Trustees' remuneration (note 15)	2,748	2,641
Trustees' reimbursed expenses	Nil	Nil
Independent examiners' remuneration:		
▪ Independent examination	<u>1,770</u>	<u>1,680</u>

7. Staff costs and numbers

Staff costs were as follows:

	2022	2021
	£	£
Salaries and wages	108,627	101,984
Social security costs	8,267	5,497
Pension costs	<u>5,553</u>	<u>3,687</u>
	<u>122,447</u>	<u>111,168</u>

No employee earned more than £60,000 during the year.

The key management personnel of the charitable company comprise the trustees and Executive Director. The total employee benefits of the key management personnel were £62,862 (2021: £57,023).

	2022	2021
	No.	No.
Average head count	<u>4</u>	<u>3</u>

8. Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

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Notes to the financial statements

For the year ended 31 March 2022

9. Tangible fixed assets

	Computer equipment £
Cost	
At 1 April 2021 and 31 March 2022	<u>820</u>
Depreciation	
At 1 April 2021	264
Charge for the year	<u>273</u>
At 31 March 2022	<u>537</u>
Net book value	
At 31 March 2022	<u><u>283</u></u>
At 31 March 2021	<u><u>556</u></u>

10. Debtors

	2022 £	2021 £
Prepayments	<u>4,162</u>	<u>3,550</u>

11. Creditors: amounts due within 1 year

	2022 £	2021 £
Trade creditors	300	965
Accruals	<u>15,531</u>	<u>21,519</u>
	<u><u>15,831</u></u>	<u><u>22,484</u></u>

12. Contingent liabilities

The charity was involved in two legal cases after the year end, relating to matters which arose in the year. There was no constructive or legal obligation at the year end to pay any costs relating to these matters, which are ongoing. Therefore the outcome of these matters and any resulting costs are uncertain at this time.

Legal costs totalling £19,287 have been incurred to date in relation to one of these two cases, and the expected settlement which may be payable in the other case is £10,500.

The charity has insurance coverage for legal costs after an initial excess of £10,000.

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Notes to the financial statements

For the year ended 31 March 2022

13. Analysis of net assets between funds

	Restricted funds £	Unrestricted funds £	Total funds £
Tangible fixed assets	-	283	283
Current assets	-	99,056	99,056
Current liabilities	-	(15,831)	(15,831)
Net assets at 31 March 2022	-	83,508	83,508

Prior year comparative

	Restricted funds £	Unrestricted funds £	Total funds £
Tangible fixed assets	-	556	556
Current assets	4,719	26,642	31,361
Current liabilities	(469)	(22,015)	(22,484)
Net assets at 31 March 2021	4,250	5,183	9,433

14. Movements in funds

	At 1 April 2021 £	Income £	Expenditure £	At 31 March 2022 £
Restricted funds				
Rule of Law	4,250	-	(4,250)	-
Total restricted funds	4,250	-	(4,250)	-
Unrestricted funds				
General funds	5,183	226,050	(147,725)	83,508
Total unrestricted funds	5,183	226,050	(147,725)	83,508
Total funds	9,433	226,050	(151,975)	83,508

Purposes of restricted funds

The Rule of Law fund is funding from The Joffe Charitable Fund to employ a Taw Law Advisor.

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Notes to the financial statements

For the year ended 31 March 2022

14. Movements in funds (continued)

Prior year comparative

	At 1 April 2020 £	Income £	Expenditure £	At 31 March 2021 £
Restricted funds				
Rule of Law	-	25,000	(20,750)	4,250
Total restricted funds	-	25,000	(20,750)	4,250
Unrestricted funds				
General funds	7,166	113,574	(115,557)	5,183
Total unrestricted funds	7,166	113,574	(115,557)	5,183
Total funds	7,166	138,574	(136,307)	9,433

15. Related party transactions

The charity received £115,000 (2021: £60,000) from The Persula Foundation and £50,000 from The Fairness Foundation (2021: nil) during the period. Julian Richer is a trustee of all three charities.

The charity's payroll is administered free of charge by Richer Sounds, a company 40% owned by trustee, Julian Richer. The value of this gift is expected to be in the region of £250 (2021: £250).

Trustee Richard Brooks receives fees for his role as Chair of the charity's Editorial Committee. This amounted to £2,748 in the current year (2021: £2,641). This is permitted under the charity's Articles of Association.