

Company no. 11609849
Charity no. 1189585

TaxWatch
Report and Unaudited Financial
Statements
31 March 2023

TaxWatch

Reference and administrative details

For the year ended 31 March 2023

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: Ana Arendar Damien Morrison James Timpson Jennifer Herrera Julian Richer (Chair) Richard Brooks
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 2023

The trustees present their report along with the financial statements of the charity for the year ended 31 March 2023.

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 Tax Watch's fourth annual report, covering the 12-month period from April 2022 to our year end in March 2023.

We have continued to build our portfolio of research, with much of our work featuring in the media. As a result of the quality of this work we have been able to continue to provide expertise to journalists and policy makers.

Our director went on long-term sick leave in June 2022, with our Researcher then moving into the acting director position. Two new members of staff were hired in October, one as a replacement for the Researcher position, and another as a Tax Crime Fellow, to focus on a specific two-year project.

Despite the difficult circumstances, we are proud that we have continued to publish quality research, influencing key stakeholders in the tax space. Our work was recognised by the specialist publication International Tax Review, with our acting director featuring in their list of the 50 most influential people in tax in 2022.

Organisational development

We have completed our Tax and the Rule of Law project, which was generously backed by the Joffe Charitable Trust.

In summer 2022 we received funding from Open Society Foundations (OSF) for a project, overseen by Transparency International, looking at the role of tax professionals in enabling tax crime. Tax Watch received £95,406 in summer 2022, and it is hoped that a further \$76,000 will be received in June 2023. This funding is restricted to this project, and has allowed for TaxWatch to hire an academic to act as our Tax Crime Fellow for a period of two years.

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.
- 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.

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.

TaxWatch

Report of the trustees

For the year ended 31 March 2023

Our governing document is available at the Companies House website.

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

Our directors and editorial committee

The Board of 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.

George has been on sick leave since June 2022 as a result of a serious accident.

Acting Director – 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.

Having served as TaxWatch's Researcher since Spring 2019, Alex moved into the role of Acting Director in June 2022 following George's accident.

TaxWatch

Report of the trustees

For the year ended 31 March 2023

Tax Crime Fellow – Dr Pete Sproat

Pete Sproat has an extensive background in researching and teaching financial crime, policing, and politics, at several UK universities. Pete has published numerous academic articles on topics such as anti-money laundering, asset recovery and the policing of fraud and organised crime.

Pete joined TaxWatch in October 2022.

Researcher – Sarah Walton

Sarah Walton worked for HMRC as a fully qualified tax inspector for many years. Sarah is experienced in conducting civil investigations into complex cases of tax fraud and avoidance involving all types of taxes and taxpayers.

Sarah joined TaxWatch in October 2022.

Trustees

TaxWatch has six 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 expose 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.

TaxWatch

Report of the trustees

For the year ended 31 March 2023

Ana Caistor Arendar

Ana Caistor Arendar is Campaigns Coordinator at Progressive International. She has worked as a journalist and campaigner around the world, winning awards for her reporting on sustainability. Ana was based in Latin America for many years where she covered key events in the region and worked with social movements across the continent. Previously she led Oxfam's campaign to end Inequality, developing key policy reports on tax and public health, as well as organising campaign actions across the world. Ana has reported on Latin America and the Caribbean for the BBC, CNN Español, the Globe and Mail, the Daily Telegraph, and Miami Herald, among others.

James Timpson

James Timpson is the CEO of Timpson the UK's largest retail chain with over 2000 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 and Love 146, a charity supporting trafficked children.

The Editorial Committee

Richard Brooks – Chair

Alex Dunnagan

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).

TaxWatch

Report of the trustees

For the year ended 31 March 2023

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.

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

The publication of research remains one of the main activities for TaxWatch. Most of our work is published on our website, though on occasion we publish exclusively as external 'op-eds'. Our published research is also used as the foundation for creating briefings for politicians, or for submitting evidence to parliamentary inquiries.

Our ever-growing library of research has provided us with the credibility necessary to continue shaping the debate around tax policy, in line with our charitable objects, seeking to promote the sound administration of tax law, and compliance with tax law.

A summary of our research is below.

TaxWatch

Report of the trustees

For the year ended 31 March 2023

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 (see appearance at the Treasury Select Committee above). 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.

Research and Development Tax Reliefs

Much work has been done on issues arising with this relief this year which is by far the most costly corporation tax relief but suffers from significant amounts of abuse. It also seems HMRC are struggling to maintain appropriate levels of compliance activity. This has received a lot of political interest this year with TaxWatch being quoted in the media and in Parliament amidst further legislative changes.

Fraud

TaxWatch reported that HMRC expect to recover just 25% of a total of £4.5bn paid out in fraud and error in relation to the coronavirus support schemes. TaxWatch's report about this failure and HMRC's approach to compliance was covered in several media outlets, both mainstream and specialist.

We again published data on the 'Tax Fraud Gap', reviewing HMRC's annual Tax Gap publication to assess how much of this gap is resultant from fraudulent behaviour. Our analysis found that the amount of tax lost to fraud in 2020/21 was at least £14.4bn.

We also published a joint report with the APPG for Anti-Corruption and Responsible Tax looking at how some tax avoidance could be prosecuted as fraud with a launch event in Parliament attended by cross-party MPs. This was covered in a range of mostly specialist media with opinion pieces not always agreeing but recognising the concerns raised.

TaxWatch made a critique of the government's proposal to increase the sentence for tax fraud in its commentary on the Spring Budget 2023.

Tax Avoidance

Our largest piece of work on avoidance is the APPG joint report referred to above which questions the distinction between fraud and avoidance.

Other work has focused on the continued existence of disguised remuneration schemes which appear to still be flourishing demonstrating the failure of incremental attempts to make these less attractive. Our most recent analysis was quoted in The Times.

International tax deal

We have started updating previous work on apparent profit shifting within multi-national tech companies. During the year we published an analysis of Amazon taxes highlighting how they benefit from large government contracts but on the face of it pay little into the public purse. This was covered by the Guardian.

TaxWatch

Report of the trustees

For the year ended 31 March 2023

Within the above we continued work on analysing the new digital services tax which will likely be replaced by Pillar 1 of the OECD Base Erosion and Profits Shifting (BEPS) project rules.

A report focusing on this for Etsy was quoted in a range of press outlets.

Tax compliance

We have continued our focus on the underfunding of compliance work within HMRC, specifically in relation to fraud and error in the Covid schemes and R&D tax relief. Press coverage included our emphasis on the problems with one-off funding pots due to the lengthy training requirements for compliance staff to be fully functional.

Previous TaxWatch comparisons of funding for DWP and HMRC compliance have featured in Parliament. We have also been regularly quoted by MPs in relation to work highlighting the substantial return on investment that HMRC achieve in compliance work.

Regulators

As a result of horizon scanning, meetings with like-minded NGOs and information received, TaxWatch undertook enquiries into numerous accountants and providers of tax advice, some of whom appear to be members of professional bodies. This led to a complaint to one or more professional bodies about:

- An accountant who failed to provide an auditor with an accurate description of the relationship between the legal and the true owner of a company who would be gaoled for attempting to breach an embargo on the supply of weapons to a particular country.
- A property tax advisor noted on HMRC's list of deliberate tax defaulters.
- An accountant and director of a firm whose tax avoidance scheme was highlighted on HMRC's 'Current list of named tax avoidance schemes, promoters, enablers and suppliers'.

We have now lodged complaints relating to five individuals. Unfortunately none of the five complaints made so far have resulted in a formal enquiry by the statutory body. Response times have been very disappointing. None of the complaints have been dismissed.

The reaction of the professional bodies to the complaints provide first-hand evidence of the deficiencies in the regulation of professional bodies. We wrote an 'Op-ed' on the requirements of a system of mandatory self-regulation by professional bodies, which constitutes part of our on-going work on the regulation of tax advisors – a project funded by the OSF. Other evidence is being gathered from the literature and other interested parties.

Other issues

The next State of Tax Administration report will be published later this year, following publication of HMRC's annual report and accounts in July. The delay to the timing of this report will enable publication of more up to date information with this timetable to be followed in the future.

The use of TaxWatch research

TaxWatch continues to provide briefings to select committees, the National Audit Office, and individual MPs. We have continued to submit evidence to parliamentary inquiries, with our Acting Director providing oral evidence to the Treasury Select Committee during a hearing.

TaxWatch

Report of the trustees

For the year ended 31 March 2023

Throughout this period, we have published over 20 research articles in this period, with our work cited in the media close to 70 times. This decrease in output is as a result of organisational and staffing changes within TaxWatch.

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 NGO's 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, The Joffe Charitable Trust 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.

While no funds were received from Persula in 2022-2023, further funds are expected in 2023-2024.

As a small organisation operating remotely, TaxWatch has 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. A small amount of our funds are used for travel. Given this, the Trustees have not set a reserves policy.

An employment case was brought against TaxWatch in 2022-2023, but was ultimately withdrawn. Despite the withdrawal, this led to significant legal costs. TaxWatch has an insurance policy in place, though not all costs are covered by insurance, and there is a £10,000 excess. We anticipate that we should receive back approximately £11,000 from insurance.

It is understood that in 2023-2024 there may be legal costs to TaxWatch in the region of £10,500 for the failed intervention in a case between HMRC and General Electric. There is no significant update to provide on this matter.

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 the professional bodies to account over the practices of some regulated members of the tax profession is set to continue, and it is intended a larger piece of researcher will be launched in 2023-2024 alongside a public discussion.

TaxWatch

Report of the trustees

For the year ended 31 March 2023

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.

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 29 June 2023 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 2023, which are set out on pages 12 to 23.

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: 30 June 2023

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

For the year ended 31 March 2023

	Note	Restricted £	Unrestricted £	2023 Total £	2022 Total £
Income from:					
Donations and legacies	3	120,406	50,000	170,406	225,250
Other income		-	-	-	800
Total income		<u>120,406</u>	<u>50,000</u>	<u>170,406</u>	<u>226,050</u>
Expenditure on:					
Raising funds		-	9,106	9,106	7,692
Charitable activities		<u>56,510</u>	<u>115,148</u>	<u>171,658</u>	<u>144,283</u>
Total expenditure	5	<u>56,510</u>	<u>124,254</u>	<u>180,764</u>	<u>151,975</u>
Net income / (expenditure) and net movement in funds	6	63,896	(74,254)	(10,358)	74,075
Reconciliation of funds:					
Total funds brought forward		-	83,508	83,508	9,433
Total funds carried forward		<u>63,896</u>	<u>9,254</u>	<u>73,150</u>	<u>83,508</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 2023

	Note	£	2023 £	2022 £
Fixed assets				
Tangible assets	9		<u>341</u>	<u>283</u>
Current assets				
Debtors	10	4,221		4,162
Cash at bank and in hand		<u>83,339</u>		<u>94,894</u>
		87,560		99,056
Liabilities				
Creditors: amounts falling due within 1 year	11	<u>(14,751)</u>		<u>(15,831)</u>
Net current assets			<u>72,809</u>	<u>83,225</u>
Net assets	13		<u>73,150</u>	<u>83,508</u>
Funds	14			
Restricted funds			63,896	-
Unrestricted funds			<u>9,254</u>	<u>83,508</u>
Total charity funds			<u>73,150</u>	<u>83,508</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 29 June 2023 and signed on their behalf by



Jennifer Herrera - Treasurer

TaxWatch

Notes to the financial statements

For the year ended 31 March 2023

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.

TaxWatch

Notes to the financial statements

For the year ended 31 March 2023

1. Accounting policies (continued)

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.

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:

	2023	2022
Raising funds	5.0%	5.1%
Charitable activities	95.0%	94.9%

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
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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.

TaxWatch

Notes to the financial statements

For the year ended 31 March 2023

1. Accounting policies (continued)

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.

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.

TaxWatch

Notes to the financial statements

For the year ended 31 March 2023

2. Prior period comparatives: statement of financial activities

	Restricted £	Unrestricted £	2022 Total £
Income from:			
Donations and legacies	-	225,250	225,250
Other income	-	800	800
Total income	-	226,050	226,050
Expenditure on:			
Raising funds	-	7,692	7,692
Charitable activities	4,250	140,033	144,283
Total expenditure	4,250	147,725	151,975
Net income / (expenditure) and net movement in funds	(4,250)	78,325	74,075

3. Income from donations

	Restricted £	Unrestricted £	2023 Total £
CAF American Donor Fund	-	50,000	50,000
Joffe Charitable Trust	25,000	-	25,000
Open Society Foundation	95,406	-	95,406
Total income from donations	120,406	50,000	170,406
Prior year comparative			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
Total income from donations	-	225,250	225,250

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 2023

5. Total expenditure

	Raising funds £	Charitable activities £	Support and governance costs £	2023 Total £
Staff costs (note 7)	5,928	106,696	5,928	118,552
Legal fees	-	1,965	34,604	36,569
Editorial and research	-	2,896	-	2,896
Rent	-	-	3,099	3,099
Insurance	-	-	13,098	13,098
Depreciation	-	-	272	272
Accountancy	-	-	2,280	2,280
Sundry costs	-	-	3,998	3,998
Sub-total	5,928	111,557	63,279	180,764
Allocation of support and governance costs	<u>3,178</u>	<u>60,101</u>	<u>(63,279)</u>	<u>-</u>
Total expenditure	<u>9,106</u>	<u>171,658</u>	<u>-</u>	<u>180,764</u>

Total governance costs were £1,920 (2021: £1,770).

Prior period comparative

	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	<u>1,570</u>	<u>29,453</u>	<u>(31,023)</u>	<u>-</u>
Total expenditure	<u>7,692</u>	<u>144,283</u>	<u>-</u>	<u>151,975</u>

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Notes to the financial statements

For the year ended 31 March 2023

6. Net movement in funds

This is stated after charging:

	2023	2022
	Total	Total
	£	£
Depreciation	272	273
Trustees' remuneration (note 15)	2,097	2,748
Trustees' reimbursed expenses	Nil	Nil
Independent examiners' remuneration:		
▪ Independent examination	1,920	1,770

7. Staff costs and numbers

Staff costs were as follows:

	2023	2022
	£	£
Salaries and wages	104,822	108,627
Social security costs	8,507	8,267
Pension costs	5,223	5,553
	118,552	122,447

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

The key management personnel of the charitable company comprise the trustees and Acting Director. The total employee benefits of the key management personnel were £50,991 (2022: £62,862).

	2023	2022
	No.	No.
Average head count	3	4

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 2023

9. Tangible fixed assets

	Computer equipment £
Cost	
At 1 April 2022	820
Additions	<u>330</u>
At 31 March 2023	<u>1,150</u>
Depreciation	
At 1 April 2022	537
Charge for the year	<u>272</u>
At 31 March 2023	<u>809</u>
Net book value	
At 31 March 2023	<u><u>341</u></u>
At 31 March 2022	<u><u>283</u></u>

10. Debtors

	2023 £	2022 £
Prepayments	<u><u>4,221</u></u>	<u><u>4,162</u></u>

11. Creditors: amounts due within 1 year

	2023 £	2022 £
Trade creditors	-	300
Accruals	<u>14,751</u>	<u>15,531</u>
	<u><u>14,751</u></u>	<u><u>15,831</u></u>

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Notes to the financial statements

For the year ended 31 March 2023

12. Contingent liabilities

The charity has been involved in a legal case during the year relating to matters arising in the year ended 31 March 2022. The expected settlement which may be payable in the case is £10,500, however the charity's obligation to settle this amount is currently unclear.

13. Analysis of net assets between funds

	Restricted funds £	Unrestricted funds £	Total funds £
Tangible fixed assets	-	341	341
Current assets	63,896	23,664	87,560
Current liabilities	-	(14,751)	(14,751)
Net assets at 31 March 2023	63,896	9,254	73,150
Prior year comparative			
	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

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Notes to the financial statements

For the year ended 31 March 2023

14. Movements in funds

	At 1 April 2022 £	Income £	Expenditure £	At 31 March 2023 £
Restricted funds				
Rule of Law	-	25,000	(25,000)	-
OSF	-	95,406	(31,510)	63,896
Total restricted funds	-	120,406	(56,510)	63,896
Unrestricted funds				
General funds	83,508	50,000	(124,254)	9,254
Total unrestricted funds	83,508	50,000	(124,254)	9,254
Total funds	83,508	170,406	(180,764)	73,150

Purposes of restricted funds

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

The OSF is restricted to a project overseen by Transparency International looking at the role of tax professionals in enabling tax crime. The expenditure against this project is the salary for Dr Pete Sproat, along with 20% of the salaries and associated employment costs of Alex Dunnagan, Sarah Walton and Richard Brooks.

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Notes to the financial statements

For the year ended 31 March 2023

14. Movement in funds (continued)

Prior year comparative

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

15. Related party transactions

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 (2022: £250).

Trustee Richard Brooks receives fees for his role as Chair of the charity's Editorial Committee. This amounted to £2,097 in the current year (2022: £2,748). This is permitted under the charity's Articles of Association.