

Company no. 11609849
Charity no. 1189585

TaxWatch
Report and Unaudited Financial
Statements
31 March 2024

TaxWatch

Reference and administrative details

For the year ended 31 March 2024

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
Richard Brooks
Jennifer Herrera
Damien Morrison
Julian Richer (Chair)
James Timpson resigned 8 July 2024

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 2024

The trustees present their report along with the financial statements of the charity for the year ended 31 March 2024.

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 fifth annual report, covering the 12-month period from April 2023 to our year end in March 2024.

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 new Director Claire Ralph took over from Alex Dunnagan, TaxWatch's Acting Director in July 2023, joining the team comprised of Sarah Walton as Researcher and Dr Pete Sprout as Tax Crime Fellow. The work of the organisation has continued with research and investigations focussed on tax reliefs and compliance issues, with the stand alone project funded by the grant received from Open Society Foundations (OSF), overseen by Transparency International, looking at the role of tax professionals in enabling tax crime. The second tranche of this funding was received in August 2023.

Organisational development

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.

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.

Our directors and editorial committee

The Chair of Trustees is responsible for setting the pay of management. The day-to-day management of TaxWatch sits with the Director.

Staff

Claire Ralph (Director) is a Chartered Tax Adviser and has been working on tax and tax policy since 2010, with a focus on the energy sector. In the years before joining TaxWatch she worked in tax practice and for a business group. She was Head of Tax for the Falkland Islands Government 2016-2018, where she reformed the oil taxation regime and ran the Tax Office there.

TaxWatch

Report of the trustees

For the year ended 31 March 2024

Sarah Walton (Researcher) was a long-serving fully qualified tax inspector within HMRC's Fraud Investigation Services (FIS) prior to joining TaxWatch. Sarah is experienced in conducting civil investigations into complex cases of tax fraud and avoidance involving all types of taxes and taxpayers.

Dr Pete Sprout (Tax Crime Fellow) is an academic who has worked on research and teaching at several UK universities on anti-money laundering, asset recovery and the policing of fraud and organised crime prior to joining TaxWatch.

The Editorial Committee remains independent from the Board, ensuring that funders are not influencing the research agenda or editorial output 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 Board of Trustees continue to play an active role in the organisation, providing input and advice on fundraising, staffing, and long-term strategy.

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

Our governing document is available at the Companies House website.

Trustees

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.

Richer Sounds 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 – "Our Housing Disaster" – was published earlier this year.

TaxWatch

Report of the trustees

For the year ended 31 March 2024

Damien Morrison

Damien is the Company Secretary of TaxWatch.

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

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 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 and Love 146, a charity supporting trafficked children.

The Editorial Committee

Richard Brooks – Chair

Claire Ralph

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.

TaxWatch

Report of the trustees

For the year ended 31 March 2024

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

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.

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.

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 contribute articles to trade press such as Taxation magazine, or collaborate with external financial journalists on joint articles that they are writing. We are very active in contributing to policy debates and government consultations on relevant subjects and provide evidence to inform politicians and parliamentary inquiries and debates.

TaxWatch

Report of the trustees

For the year ended 31 March 2024

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.

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. TaxWatch has been monitoring HMRC's delayed and insufficient recent attempts to clamp down on 'erroneous' claims alongside a review by the National Audit Office into the regime in 2023.

Tech companies

We have published our updated analysis of seven multi-national tech companies in shifting profits to dodge over £2bn of UK tax in 2021. This was covered by the Guardian, with significant secondary reporting by a range of other mainstream and sector media.

Creative sector tax reliefs

Our work looking at Creative Sector Tax Reliefs has continued, especially in relation to reforms made to the relief for audio visual effects, where the regime has recently been made more generous despite questionable value for money of the existing scheme and opportunities for abuse that we've highlighted. This will continue to be an area for future work with an upcoming focus on the film industry later in 2024.

HMRC's capacity as a modern tax administration

TaxWatch reported HMRC's deepening challenges in resourcing both their customer service and their tax compliance functions. Our findings were summarised in our updated State of Tax Administration report in October 2023 and then a series of blog articles in early 2024 alongside work with the ARC union representing senior HMRC officers culminating in the Parliamentary launch of a report in March 2024. TaxWatch's work was also covered in a tax specialist publication.

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.

We again analysed and reported on HMRC's annual Tax Gap publication including highlighting delays to the 'offshore tax gap' that was due in Mid 2023 and remains outstanding. Even excluding the component relating to offshore assets, the Tax Gap has grown to £36bn in 2021-22, an increase of £5bn on the prior year.

TaxWatch

Report of the trustees

For the year ended 31 March 2024

Other compliance issues

We've continued our work into the enduring disguised remuneration scheme market, despite HMRC's (seemingly fruitless) attempts to clamp down on promoters of avoidance schemes and recent additional powers to prosecute those who continue to promote and sell schemes after they have been served with a Stop Notice.

Regulators of tax advisers

This is our project kindly funded by a grant from the Open Society Foundation (OSF project). By focussing on the making of formal complaints to the seven professional bodies who co-authored the Professional Conduct in Relation to Taxation (PCRT), and tracking how these bodies monitor and enforce their own rules, we are proving that they are incapable or unwilling to regulate the standards of work that their members produce.

The reaction of the professional bodies to the complaints provide first-hand evidence of the deficiencies in the regulation of professional bodies. At the Spring Budget, HMRC launched a new consultation on how the sector could be regulated more closely by a government agency – we contributed to this consultation actively and submitted our response in late May 2024.

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, and are actively engaged in a recently launched HMRC consultation into the regulatory failures within the tax adviser community.

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.

Throughout the year, we have published over 25 research articles, with our work cited in the media close to 60 times. There was a short term decrease in output in the 7 week gap when the Director role was vacant, but since then activity has returned to normal.

Financial review

After a gap in 2022/23, TaxWatch successfully applied to the Persula Foundation for funds to cover operational costs in 2023/24 – these were received in October 2023. The second tranche of funding from OSF was received in year and we were unexpectedly granted a smaller one off amount from The Letting Centre of £1,500 in December 2023. We applied for and were delighted to receive funding for our 2024/25 operational budget from the Persula Foundation shortly after our year end, giving us security of finances for the coming year.

TaxWatch

Report of the trustees

For the year ended 31 March 2024

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 in previous years. We are immensely grateful for all donations received.

TaxWatch's core operating costs are met through applications to our main funder, and as such no formal reserves policy had been deemed necessary to date. With a delay between applications to the Persula Foundation between July 2021 and October 2023 our unrestricted funds were low at the end of our financial year, prior to a new tranche being awarded for 2024/25. In light of this the Chair of the TaxWatch Board in liaison with the Director have agreed to adopt a reserves policy for 2024/25 onwards, ensuring that unrestricted funds are maintained sufficient to cover 3 months of payroll and other core operational costs.

All of our donors are committed to multi-year funding, and the vast majority of our funding is unrestricted.

As a small organisation operating remotely, TaxWatch has does not have many fixed costs or liabilities other than payroll.

A small amount of our funds are used for travel and expenses to attend meetings with key stakeholders and participate in debates relevant to our work.

TaxWatch incurred significant legal costs in relation to an employment case brought in 2022/23, which was ultimately withdrawn. Our insurance policy covered some of the legal costs incurred and TaxWatch received a repayment of £2,800 during 2023/24 in final settlement of the case.

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. We continue to seek to balance publishing ground breaking research, along with contributing to public debates around taxation and working with media partners 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 especially given both main political parties have committed to the results of the recent HMRC consultation in this area.

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).

TaxWatch

Report of the trustees

For the year ended 31 March 2024

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 5 August 2024 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 2024, which are set out on pages 11 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 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: 5 August 2024

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 2024

	Note	Restricted £	Unrestricted £	2024 Total £	2023 Total £
Income from:					
Donations and legacies	3	<u>63,603</u>	<u>77,500</u>	<u>141,103</u>	<u>170,406</u>
Total income		<u>63,603</u>	<u>77,500</u>	<u>141,103</u>	<u>170,406</u>
Expenditure on:					
Raising funds		-	7,695	7,695	9,106
Charitable activities		<u>64,272</u>	<u>78,959</u>	<u>143,231</u>	<u>171,658</u>
Total expenditure	5	<u>64,272</u>	<u>86,654</u>	<u>150,926</u>	<u>180,764</u>
Net expenditure and net movement in funds	6	(669)	(9,154)	(9,823)	(10,358)
Reconciliation of funds:					
Total funds brought forward		<u>63,896</u>	<u>9,254</u>	<u>73,150</u>	<u>83,508</u>
Total funds carried forward		<u><u>63,227</u></u>	<u><u>100</u></u>	<u><u>63,327</u></u>	<u><u>73,150</u></u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 13 to the accounts.

TaxWatch

Balance sheet

As at 31 March 2024

	Note	£	2024 £	2023 £
Fixed assets				
Tangible assets	9		<u>110</u>	<u>341</u>
Current assets				
Debtors	10	3,848		4,221
Cash at bank and in hand		<u>74,348</u>		<u>83,339</u>
		78,196		87,560
Liabilities				
Creditors: amounts falling due within 1 year	11	<u>(14,979)</u>		<u>(14,751)</u>
Net current assets			<u>63,217</u>	<u>72,809</u>
Net assets	12		<u>63,327</u>	<u>73,150</u>
Funds	13			
Restricted funds			63,227	63,896
Unrestricted funds			<u>100</u>	<u>9,254</u>
Total charity funds			<u>63,327</u>	<u>73,150</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 5 August 2024 and signed on their behalf by



Jennifer Herrera - Treasurer

TaxWatch

Notes to the financial statements

For the year ended 31 March 2024

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. As explained further in the trustees' annual report, 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 2024

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:

	2024	2023
Raising funds	5.1%	5.0%
Charitable activities	94.9%	95.0%

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.

TaxWatch

Notes to the financial statements

For the year ended 31 March 2024

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 2024

2. Prior period comparatives: statement of financial activities

	Restricted £	Unrestricted £	2023 Total £
Income from:			
Donations and legacies	<u>120,406</u>	<u>50,000</u>	<u>170,406</u>
Total income	<u>120,406</u>	<u>50,000</u>	<u>170,406</u>
Expenditure on:			
Raising funds	-	9,106	9,106
Charitable activities	<u>56,510</u>	<u>115,148</u>	<u>171,658</u>
Total expenditure	<u>56,510</u>	<u>124,254</u>	<u>180,764</u>
Net income / (expenditure) and net movement in funds	<u>63,896</u>	<u>(74,254)</u>	<u>(10,358)</u>

3. Income from donations

	Restricted £	Unrestricted £	2024 Total £
Persula Foundation	-	76,000	76,000
Open Society Foundation	63,603	-	63,603
The Letting Centre	-	1,500	1,500
Total income from donations	<u>63,603</u>	<u>77,500</u>	<u>141,103</u>
Prior year comparative			2023 Total £
CAF American Donor Fund	-	50,000	50,000
Joffe Charitable Trust	25,000	-	25,000
Open Society Foundation	<u>95,406</u>	-	<u>95,406</u>
Total income from donations	<u>120,406</u>	<u>50,000</u>	<u>170,406</u>

4. Government grants

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

TaxWatch

Notes to the financial statements

For the year ended 31 March 2024

5. Total expenditure

	Raising funds £	Charitable activities £	Support and governance costs £	2024 Total £
Staff costs (note 7)	6,492	116,853	6,492	129,837
Legal fees	-	-	1,934	1,934
Editorial and research	-	3,984	-	3,984
Travel and subsistence	-	-	1,296	1,296
Insurance	-	-	9,892	9,892
Depreciation	-	-	231	231
Accountancy	-	-	2,100	2,100
Sundry costs	-	-	1,652	1,652
Sub-total	6,492	120,837	23,597	150,926
Allocation of support and governance costs	<u>1,203</u>	<u>22,394</u>	<u>(23,597)</u>	<u>-</u>
Total expenditure	<u>7,695</u>	<u>143,231</u>	<u>-</u>	<u>150,926</u>

Total governance costs were £2,100 (2023: £1,920).

Prior period comparative

	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>

TaxWatch

Notes to the financial statements

For the year ended 31 March 2024

6. Net movement in funds

This is stated after charging:

	2024	2023
	Total	Total
	£	£
Depreciation	231	272
Trustees' remuneration (note 14)	3,984	2,097
Trustees' reimbursed expenses	Nil	Nil
Independent examiners' remuneration:		
▪ Independent examination (excluding VAT)	1,750	1,600
	<u>1,750</u>	<u>1,600</u>

7. Staff costs and numbers

Staff costs were as follows:

	2024	2023
	£	£
Salaries and wages	106,859	104,822
Social security costs	8,533	8,507
Pension costs	2,851	5,223
Contractors	11,594	-
	<u>129,837</u>	<u>118,552</u>

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

The key management personnel of the charitable company comprise the trustees and Director. The total employee benefits of the key management personnel were £53,641 (2023: £50,991).

	2024	2023
	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.

TaxWatch

Notes to the financial statements

For the year ended 31 March 2024

9. Tangible fixed assets

	Computer equipment £
Cost	
At 1 April 2023 and at 31 March 2024	<u>1,150</u>
Depreciation	
At 1 April 2023	809
Charge for the year	<u>231</u>
At 31 March 2024	<u>1,040</u>
Net book value	
At 31 March 2024	<u><u>110</u></u>
At 31 March 2023	<u><u>341</u></u>

10. Debtors

	2024 £	2023 £
Prepayments	<u><u>3,848</u></u>	<u><u>4,221</u></u>

11. Creditors: amounts due within 1 year

	2024 £	2023 £
Accruals	<u><u>14,979</u></u>	<u><u>14,751</u></u>

TaxWatch

Notes to the financial statements

For the year ended 31 March 2024

12. Analysis of net assets between funds

	Restricted funds £	Unrestricted funds £	Total funds £
Tangible fixed assets	-	110	110
Current assets	63,227	14,969	78,196
Current liabilities	-	(14,979)	(14,979)
Net assets at 31 March 2024	63,227	100	63,327
Prior year comparative			
	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

TaxWatch

Notes to the financial statements

For the year ended 31 March 2024

13. Movements in funds

	At 1 April 2023 £	Income £	Expenditure £	At 31 March 2024 £
Restricted funds				
Open Society Foundation	<u>63,896</u>	<u>63,603</u>	<u>(64,272)</u>	<u>63,227</u>
Total restricted funds	<u>63,896</u>	<u>63,603</u>	<u>(64,272)</u>	<u>63,227</u>
Unrestricted funds				
General funds	<u>9,254</u>	<u>77,500</u>	<u>(86,654)</u>	<u>100</u>
Total unrestricted funds	<u>9,254</u>	<u>77,500</u>	<u>(86,654)</u>	<u>100</u>
Total funds	<u>73,150</u>	<u>141,103</u>	<u>(150,926)</u>	<u>63,327</u>

Purposes of restricted funds

The Open Society Foundation (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/Claire Ralph, Sarah Walton and Richard Brooks.

Prior year comparative

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

TaxWatch

Notes to the financial statements

For the year ended 31 March 2024

14. Related party transactions

The charity's payroll is administered free of charge by Richer Sounds, a company 40% owned by trustee, Julian Richer. During the year Richer Sounds paid £117,832 (2023: £120,442) to cover payroll and other costs of the charity during the year, the charity repaid £117,889 (2023: £121,372) in the year. At the year end the charity owed Richer Sounds £12,081 (2023: £12,832), which is included in accruals. The free payroll administration provided by Richer Sounds is valued in the region of £250 (2023: £250).

Trustee Julian Richer is also a trustee of Persula Foundation. During the year, the charity received £76,000 from Persula Foundation (2023: £nil). No amounts were outstanding at year end.

Trustee Richard Brooks receives fees for his role as Chair of the charity's Editorial Committee. This amounted to £3,984 in the current year (2023: £2,097). This is permitted under the charity's Articles of Association.