

Registered number
32308R

Fair Tax Mark Limited

Report and Accounts

31 December 2017



Fair Tax Mark Limited Society Information

Legal status

The Fair Tax Mark Ltd is a not-for-profit Community Benefit Society registered under the Co-operative and Community Benefit Societies Act 2014.

Directors

Richard Murphy
Tim Hunt
Rob Harrison
Paul Monaghan (Resigned 31st August 2017)
Joanna Long

Secretary

Rob Harrison

Accountants

Slade & Cooper Ltd
Green Fish Resource Centre
46-50 Oldham Street
Manchester
M4 1LE

Bankers

Unity Trust Bank plc
Nine Brindleyplace
Birmingham
B1 2HB

Registered office and trading address

Unit 21
41 Old Birley Street
Manchester
M15 5RF

Registered number

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Fair Tax Mark Limited

Registered number: 32308R

Directors' Report

The Directors present their report and accounts for the year ended 31 December 2017.

Directors

Richard Murphy
Tim Hunt
Rob Harrison
Paul Monaghan (Resigned 31st August 2017)
Joanna Long

Review of the business

The Fair Tax Mark was founded in 2013 and launched in the UK in 2014, as a not-for-profit Community Benefit Society. We aim, like Fairtrade and Living Wage ethical certification labels, to encourage a critical mass of businesses to stand up for responsible business practice and counter initiatives that encourage a race to the bottom. We believe that businesses should not only pay the taxes due, but celebrate this as one of the primary contributions they can make to paying their way in society.

The Fair Tax Mark's fourth year of trading saw an acceleration of growth and impact, and the generation of our first trading surplus to date. The number of certified businesses rose to 38 (a 58% increase on accreditations at end 2016), and now includes prominent high-street chains Richer Sounds and AMT Coffee.

A new Chief Executive, Paul Monaghan, was announced during the summer. Paul was previously a Board director and co-founder of the Fair Tax Mark, and has extensive experience of working on corporate responsibility issues. The Board is now seeking new members and is more broadly looking to enhance the breadth and diversity of directors with a view to further improving governance.

During 2017 we received significant and welcome grant support from the Joseph Rowntree Charitable Trust. This enabled us expand our capacity to grow and improve the efficiency of our operations. For example, we: recruited the services of a qualified accountant to help analyse the increased volume of assessments; drew on expertise to develop a media strategy and model press releases; revamped marketing literature; and, progressed the introduction of e-signable transactional documentation.

During the year we launched a Fair Tax Mark map, to help consumers easily locate the 4,500 accredited shops and offices across the UK that have gained the Mark. We also developed a third certification standard, for micro-businesses with a turnover of less than £1million (which has allowed us to respond to a sector that is differentially regulated with a more nuanced and appropriate methodology). With support from the Network for Social Change and the Local Authority Pension Fund Forum, we released a flag-ship report on Tax Strategy Reporting among the FTSE50, which went on to be the focus of a high-level parliamentary dinner that was attended by FTSE 50 business leaders, investment managers, NGOs and MPs from across the political spectrum.

We now have a much more solid platform to add growth to, which will be newly enabled via a new part-time Marketing and Communications Manager and forthcoming initiatives such as Fair Tax Fortnight and Fair Tax Towns (which will progress over the summer of 2018).

Fair Tax Mark Limited**Registered number: 32308R****Directors' Report****Principal activities**

The Objects of the Fair Tax Mark Ltd, as set out in our Rules, strongly inform our Principal Activities. These are based around providing a trusted and recognised certification mark for company tax fairness and transparency assessments – which often leads us to advise business on how to improve their tax policies, reporting and governance. We are also endeavouring to build a like-minded Fair Tax community of business' and consumers, and are seeking to influence the broader political debate on the need for improved tax transparency and reporting.

Tax policy

We are committed to paying all the taxes that we owe in accordance with the spirit of all tax laws that apply to our operations. We believe that paying our taxes in this way is the clearest indication we can give of our being responsible participants in society.

We will fulfil our commitment to paying the appropriate taxes that we owe by seeking to pay the right amount of tax (but no more), at the right rate, in the right place and at the right time. We aim to do this by ensuring that we report our tax affairs in ways that reflect the economic reality of the transactions we actually undertake in the course of our trade.

What we will not ever do is seek to use those options made available in tax law or the allowances and reliefs that it provides in ways that are contrary to the spirit of the law. Nor will we undertake specific transactions with the sole or main aim of securing tax advantages that would otherwise not be available to us based on the reality of the trade that we undertake. As a result the company will never undertake transactions that would require notification to HM Revenue & Customs under the Disclosure of Tax Avoidance Schemes Regulations or participate in any arrangement to which it might be reasonable anticipated that the UK's General Anti-Abuse Rule might apply.

We believe tax havens undermine the UK's tax system. As a result whilst we may trade with customers and suppliers genuinely located in places considered to be tax havens, we will not make use of those places to secure a tax advantage, and nor will we take advantage of the secrecy that many such jurisdictions provide for transactions recorded within them.

Our accounts will be prepared in compliance with this policy and will seek to provide all that information that users, including HM Revenue & Customs, might need to properly appraise our tax position.

The Board shall be responsible for overseeing the application of this policy.

The Board will review this policy with our accountants annually to ensure that it is complied with.

Fair Tax Mark Limited

Registered number: 32308R

Directors' Report

Statement of responsibilities of the society's directors

The law governing Co-operative and Community Benefit Societies requires the society to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the society as at the balance sheet date and of its income and expenditure for the year then ended. In preparing those financial statements, the society is required to:

- * select suitable accounting policies and then apply them consistently;
 - * make judgements and estimates that are reasonable and prudent.
- prepare the financial statements on the going concern basis unless it is inappropriate to
- * presume that the co-operative will continue in business.

The society is responsible for keeping proper books of account such as are necessary to give a true and fair view of the society 's state of affairs and to explain its financial transactions. The society must also establish and maintain a satisfactory system of control of its books of account, its cash holdings and all its receipts and remittances, and hence is responsible for safeguarding the assets and taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Directors on _____ and signed by its order.

Rob Harrison
Secretary

Fair Tax Mark Limited
Revenue Account
for the year ended 31 December 2017

	Notes	2017 £	2016 £
Turnover		107,348	78,297
Administrative expenses		(89,464)	(93,375)
Operating profit/(loss)		<u>17,884</u>	<u>(15,078)</u>
Interest receivable		-	33
Interest payable		(5,069)	(4,344)
Profit/(loss) on ordinary activities before taxation		<u>12,815</u>	<u>(19,389)</u>
Tax on profit/(loss) on ordinary activities	3	-	-
Profit/(loss) for the financial year		<u><u>12,815</u></u>	<u><u>(19,389)</u></u>

Fair Tax Mark Limited
Registered number:
Balance Sheet
as at 31 December 2017

32308R

	Notes	2017 £	2016 £
Current assets			
Debtors	4	6,676	10,265
Cash at bank and in hand		96,106	69,278
		<u>102,782</u>	<u>79,543</u>
Creditors: amounts falling due within one year			
	5	(38,497)	(40,005)
Net current assets		<u>64,285</u>	<u>39,538</u>
Net assets		<u>64,285</u>	<u>39,538</u>
Capital and reserves			
Called up share capital		101,234	89,302
Profit and loss account		(36,949)	(49,764)
Shareholders' funds		<u>64,285</u>	<u>39,538</u>

Approved by the Management Committee and signed on their behalf by:

Joanna Long
 Director

Rob Harrison
 Secretary

Director

 Date of approval

Fair Tax Mark Limited
Notes to the Accounts
for the year ended 31 December 2017

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with FRS 102 1A, The Financial Reporting Standard applicable in the UK and Republic of Ireland (as applied to small entities by section 1A of the standard).

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer. Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs.

Grants

Revenue grants are recognised when received. Unspent revenue grants are carried forward as deferred income.

2 Employees

	2017	2016
	Number	Number
Average number of persons employed by the society	<u>2</u>	<u>2</u>

3 Taxation

	2017	2016
	£	£
UK Corporation Tax charge for the year	<u>-</u>	<u>-</u>

No tax was payable in connection with the year ending 31 December 2017 due to the losses made in previous years.

The company has no deferred tax liabilities. The deferred tax asset arising from the accumulated losses has not been recognised for accounting purposes.

4 Debtors

	2017	2016
	£	£
Trade debtors	6,607	10,199
Prepayments	<u>69</u>	<u>66</u>
	<u>6,676</u>	<u>10,265</u>

Fair Tax Mark Limited
Notes to the Accounts
for the year ended 31 December 2017

5 Creditors: amounts falling due within one year	2017	2016
	£	£
Deferred Income	27,505	10,612
Accruals	2,006	12,153
Trade creditors	5,325	3,375
Other taxes and social security costs	3,661	4,652
Loan from Ethical Consumer Research Association Ltd	-	6,863
Loan from Richard Murphy	-	2,350
	<u>38,497</u>	<u>40,005</u>

6 Related party transactions

Ethical Consumer Research Association Limited (ECRA)

Rob Harrison, Tim Hunt and Joanna Long are directors of Fair Tax Mark Limited and of ECRA. During the year ECRA made the following charges to Fair Tax Mark Limited:

	2017	2016
	£	£
Amounts charged by ECRA	£ 7,379	£ 7,479
Under/(over) provision in year	£ (2,727)	£ 2,727
Office expenses and staff costs recharged	<u>4,652</u>	<u>10,206</u>

The balances owing to ECRA at the year end were as follows:

	2017	2016
	£	£
Loan	6,000	6,000
Accrued interest on loan	1,206	863
Less: amount converted into equity shares	(7,206)	-
	<u>£ -</u>	<u>£ 6,863</u>

Consultancy fees paid to directors

	2017	2016
	£	£
The following directors were paid consultancy fees during the year:		
Paul Monaghan	<u>9,542</u>	<u>9,792</u>

The balance due at the balance sheet date was £nil (2016: £2,957). All fees were paid at arm's length value.

Paul Monaghan resigned as a director on 31st August 2017 and began employment at Fair Tax Mark on 2nd October 2017.

Directors' shares

All directors have been each allotted ten shares, which are fully paid.

Fair Tax Mark Limited
Notes to the Accounts
for the year ended 31 December 2017

7 Other information

Fair Tax Mark Limited is incorporated in the United Kingdom as a registered society under the Co-operative and Community Benefit Societies Act 2014. Its registered office is:
Unit 21
41 Old Birley Street
Manchester
M15 5RF

8 Share Capital	2017	2016
	£	£
Shares of £1 each issued and fully paid at 1 January 2016	89,302	84,498
Shares issued during the year	-	1,000
Shares issued in payment of interest 31/12/17	4,726	4,018
Share capital cancelled	-	(214)
ECRA loan converted into shares	7,206	-
Shares of £1 each issued and fully paid at 31 December 2016	<u>101,234</u>	<u>89,302</u>