

Registered number
32308R

Fair Tax Foundation Limited

Report and Accounts

31 December 2020



**Fair Tax Foundation Limited
Company Information**

Directors

Rob Harrison

Tim Hunt

Joanna Long (resigned 22/12/2020)

Rachel McEwen

Chris Harrop (joined 04/02/2020)

Harriet Lamb (joined 11/12/2020)

Accountants

Slade and Cooper Limited

Beehive Mill

Jersey Street

Manchester

M4 6JG

Registered office and trading address

Unit 21

41 Old Birley Street

Manchester

M15 5RF

Registered number

32308R

Fair Tax Foundation Limited
Registered number: 32308R
Directors' Report

The directors present their report and accounts for the year ended 31 December 2020.

Directors

The following persons served as directors during the year:

Rob Harrison
Tim Hunt
Joanna Long (resigned 22/12/2020)
Rachel McEwen
Chris Harrop (joined 04/02/2020)
Harriet Lamb (joined 11/12/2020)

Review of the business

The Fair Tax Mark certification scheme was launched in February 2014 and seeks to encourage and recognise organisations that pay the right amount of corporation tax at the right time and in the right place. Tax contributions are a key part of the wider social and economic contribution made by business, helping the communities in which they operate to deliver valuable public services and build the infrastructure that paves the way for growth. More than sixty businesses have now been certified, including FTSE-listed PLCs, co-operatives, social enterprises and large private business – which between them have over 7,000 offices and outlets. A suite of global accreditation standards will be rolled out in the second half of 2021. The Fair Tax Foundation operates as a not-for-profit social enterprise and believes that companies paying tax responsibly should be celebrated, and any race to the bottom resisted. Other initiatives include Fair Tax Week and the Councils for Fair Tax Declaration.

In April 2021, we announced an organisational name change: with the Fair Tax Mark becoming the Fair Tax Foundation. This enabled distinction between our organisational name and the Fair Tax Mark, the accreditation standard we provide to business. We believe this organisational name change better encompasses the broader suite of activities we undertake (such as Fair Tax Week and the Councils for Fair Tax Declaration) and also places us in a better position as we expand internationally in the second half of 2021. Other than the organisational name-change, our Rules and Objects are essentially unchanged, as is our company number. We remain a not-for-profit social enterprise (established as a Community Benefit Society), with a set of updated Articles of Association available on our website.

The Fair Tax Foundation's seventh year of trading saw a further increase in growth and impact, and the generation of a fourth consecutive trading surplus - which will be reinvested back into our operations and mission fulfilment. In last year's Financial Statements, we signalled that we anticipated a significant downturn in trading activities during 2020 and that this would lead to a deficit and necessitate cost-cutting measures. However, we are delighted to say that, after a brief negative blip in the spring of 2020, trading activity picked up again and has more than held up year on year.

Newly accredited businesses include FTSE-listed plcs (Capita and Gleeson), social enterprises (Westmill Wind, Westmill Solar, Clean for Good and Jerba Campervans) and a range of private enterprises (Friendly Soap, Timetastic, Freethought Internet, Electricity Northwest, Epworth Investment Management and Scottish Water).

Signatories to our Councils for Fair Tax Declaration have also continued to grow. With Edinburgh, Trafford, Sunderland, South Tyneside and Seaton Valley all expressing support in recent months. This initiative has been made possible through the generous support of the Barrow Cadbury Trust.

The carried forward losses of the Foundation's early years (2014-16) have now been nullified and, for the first time, a positive 'profit and loss account' is showing, together with a connected small current tax charge.

Fair Tax Foundation Limited

Registered number: 32308R

Directors' Report

Review of the business (continued)

Revenue growth slowed during 2020, to 9.2%, due to the impact of the Covid-19 pandemic and associated economic lockdown. We largely vacated our offices in March, with staff working from home. However, the substantial double-digit growth of recent years is expected to re-commence from 2021, and to this end the Foundation is actively expanding its employee base in a pre-emptive manner – which will stand at seven full time employees at the year end (cf. three FTEs in 2019). This will necessitate moving operations to a new office in Manchester, which we are delighted to say will be in a building owned by one of our accredited businesses. We expect to return to office-working in the summer of 2021, which is also when Fair Tax Week will recommence (following its covid impacted cancellation during 2020). We are immensely grateful to the Ethical Consumer Research Association for hosting the Foundation over the last seven years, and look forward to the continuation of our close working relationship for many years to come.

We expanded our board during the year, with the appointment of Chris Harrop OBE, Sustainability Director at Marshalls plc., and Harriet Lamb CBE, the CEO of Ashden. Joanna Long retired and we thank her for the invaluable support provided right back to the inception of the Fair Tax Mark. We will look to further enhance the breadth and diversity of directors going forward.

During 2020, we advanced our plans to internationalise our offerings, with the kind and generous support of Luminate. We published 'Essential Elements of Global Corporate Standards for Responsible Tax Conduct', and solicited feedback from business and civil society. In total, feedback was secured from c. 50 organisations / experts spread across 15 countries, including Australia, Austria, Canada, Chad, Denmark, Finland, Germany, Italy, Netherlands, Norway, Slovenia, South Africa, UK, US and Zimbabwe. The feedback strongly supported both the research analysis and the four corporate commitments identified as being key to responsible tax conduct. The Fair Tax Foundation will now move to develop and launch, in October 2021, a new Global Multinational Standard that will allow accreditation of businesses incorporated outside of the UK.

We are grateful to all the businesses and grant funders who have supported us in 2020 and enabled this to be a successful year in trying circumstances. We believe that accreditation standards, think tanks and public policy campaigns should be open and honest as to their sources of grant funding, which is once again detailed on our website alongside our Financial Statements at <https://fairtaxmark.net/who-we-are/>

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

The Objects of the Fair Tax Foundation 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 businesses 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 and can confirm that it has been complied with over the past year.

Fair Tax Foundation Limited

Registered number: 32308R

Directors' Report

Statement of responsibilities of the society's directors

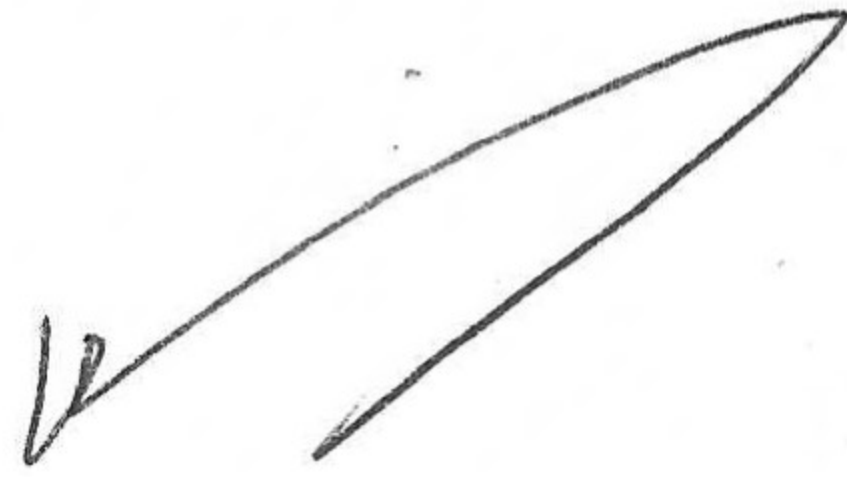
The law governing Co-operative and Community Benefit Societies requires the society to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the society as at the balance sheet date and of its income and expenditure for the year then ended. In 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 accounts on the going concern basis unless it is inappropriate to presume that the company 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 board on 21/5/21 and signed on its behalf.

Rob Harrison
Director



Fair Tax Foundation Limited

Independent accountant's report to the members on the preparation of the unaudited statutory accounts of Fair Tax Foundation Limited for the year ended 31 December 2020

We report to the members on the unaudited accounts for the year ended 31 December 2020 set out on pages 7 to 15.

Respective responsibilities of the management committee and the independent reporting accountant

The society's management committee is responsible for the preparation of the accounts, and they consider that the society is entitled to disapply the requirement for audit of these accounts. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of Opinion

Our procedures consisted of comparing the accounts with the books of account kept by the society, and making such limited enquiries of the officers of the society as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion

- The revenue account and balance sheet for the year ended for the year ended 31 December 2020 are in agreement with the books of account kept by the society under section 75 of the Co-operative and Community Benefit Societies Act 2014;
- Having regard only to, and on the basis of the information contained in those books of account the revenue account and balance sheet for the year ended for the year ended 31 December 2020 comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- the society met the financial criteria to disapply the requirement for audit of the accounts for the year specified in section 84 of the Co-operative and Community Benefit Societies Act 2014.

Slade and Cooper Limited
Chartered Certified Accountants
Statutory Auditor
Beehive Mill
Jersey Street
Manchester
M4 6JG

Fair Tax Foundation Limited
Profit and Loss Account
for the year ended 31 December 2020

	2020	2019
	£	£
Turnover	273,268	250,225
Administrative expenses	(255,800)	(232,228)
Operating profit	<u>17,468</u>	<u>17,997</u>
Interest receivable	485	369
Interest payable	(3,566)	(3,463)
Profit before taxation	<u>14,387</u>	<u>14,903</u>
Tax on profit	(423)	-
Profit for the financial year	<u><u>13,964</u></u>	<u><u>14,903</u></u>

Fair Tax Foundation Limited

Registered number:

32308R

Balance Sheet

as at 31 December 2020

	Notes	2020 £	2019 £
Fixed assets			
Tangible assets	6	3,330	2,628
Current assets			
Debtors	7	13,653	23,080
Cash at bank and in hand		170,276	197,332
		<u>183,929</u>	<u>220,412</u>
Creditors: amounts falling due within one year	8	(73,430)	(126,740)
Net current assets		<u>110,499</u>	<u>93,672</u>
Net assets		<u>113,829</u>	<u>96,300</u>
Capital and reserves			
Called up share capital		113,323	109,759
Profit and loss account		506	(13,459)
Shareholders' funds		<u>113,829</u>	<u>96,300</u>

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

Chris Harrop
Director

28/06/2020

Rob Harrison
Secretary

25/6/21

Date of approval

Fair Tax Foundation Limited
Notes to the Accounts
for the year ended 31 December 2020

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with FRS 102, 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.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Furniture and equipment	25%
Computer equipment	33.33%

Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price). Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

Fair Tax Foundation Limited
Notes to the Accounts
for the year ended 31 December 2020

Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period. Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted.

Pensions

Contributions to defined contribution plans are expensed in the period to which they relate.

2 Taxation	2020	2019
	£	£
	423	-
UK Corporation Tax charge for the year	423	-

3 Current tax reconciliation	2020	2019
	£	£
Profit before tax	14,387	14,903
Expected tax at 19%	2,734	2,832
Depreciation vs capital allowances	(285)	270
Trading losses utilised	(2,026)	(3,102)
Current tax charge	423	-

Depreciation in excess/(shortfall) of capital allowances - The accounting treatment of capital assets differs from the tax treatment. For accounting purposes, an annual rate of depreciation is applied to capital assets and charged to the profit and loss account. For tax purposes, the depreciation charge is added back and instead a tax capital allowance may be claimed - a relief provided by law. Over time, however, these differences will equal one another.

Fair Tax Foundation Limited
Notes to the Accounts
for the year ended 31 December 2020

Brought forward tax trading losses utilised – trading tax losses have been accrued from previous years. To qualify as trade losses, the trade must be carried out on a commercial basis and with a view to the making of a profit either in the trade itself or in any larger undertaking of which it formed part. Trading losses may be relieved in the following ways for corporation tax purposes - claimed in the current year and set against total profits including capital gains, a claim to carry back against prior year profits including capital gains or used against future profits of the same trade (no claim needs to be made as this is an automatic relief).

4 Deferred tax	2020	2019
	£	£
Cost of assets	7,614	4,426
Cumulative depreciation	(4,284)	(1,798)
Net book value	3,330	2,628
Tax written down value	(4,426)	(4,426)
Timing difference	<u>(1,096)</u>	<u>(1,798)</u>

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

5 Employees	2020	2019
	Number	Number
Average number of persons employed by the company	<u>4</u>	<u>3</u>

Fair Tax Foundation Limited
Notes to the Accounts
for the year ended 31 December 2020

6 Tangible fixed assets

	Furniture and Equipment	Computer Equipment	Total
	£	£	£
Cost			
At 1 January 2020	627	3,799	4,426
Additions	-	3,188	3,188
At 31 December 2020	<u>627</u>	<u>6,987</u>	<u>7,614</u>
Depreciation			
At 1 January 2020	313	1,485	1,798
Charge for the year	157	2,329	2,486
At 31 December 2020	<u>470</u>	<u>3,814</u>	<u>4,284</u>
Net book value			
At 31 December 2020	<u>157</u>	<u>3,173</u>	<u>3,330</u>
At 31 December 2019	<u>314</u>	<u>2,314</u>	<u>2,628</u>

7 Debtors

	2020	2019
	£	£
Trade debtors	11,440	23,080
Other debtors	2,213	-
	<u>13,653</u>	<u>23,080</u>

Fair Tax Foundation Limited
Notes to the Accounts
for the year ended 31 December 2020

8 Creditors: amounts falling due within one year	2020	2019
	£	£
Deferred income	43,532	98,505
Obligations under finance lease and hire purchase contracts	9,293	1,100
Trade creditors	14,034	26,222
Taxation and social security costs	6,571	913
	<u>73,430</u>	<u>126,740</u>

9 Deferred income	Licence income	Grants	Total
	£	£	£
Deferred income brought forward	23,277	75,228	98,505
Income received in the year	60,536	100,324	160,860
Income released in the year	(57,877)	(157,955)	(215,832)
Deferred income carried forward	<u>25,936</u>	<u>17,597</u>	<u>43,533</u>

10 Related party transactions

Ethical Consumer Research Association Limited (ECRA)

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

	2020	2019
	£	£
Office expenses and staff costs recharged	8,787	12,838
Project consultancy	12,240	14,324
	<u>21,027</u>	<u>27,162</u>

The value of ECRA's shareholding in Fair Tax Foundation Limited, including interest, is £8,066 (2019: £7,812).

11 Share capital	2020	2019
	£	£
Share of £1 each issued and fully paid at 01/01/2020	109,757	106,296
Shares issued in payment of interest 31/12/2020	3,566	3,463
Shares of £1 each issued and fully paid at 31/12/2020	<u>113,323</u>	<u>109,759</u>

Fair Tax Foundation Limited
Notes to the Accounts
for the year ended 31 December 2020

12 Other information

Fair Tax Foundation Limited is a private company limited by shares and incorporated in England.
Its registered office is:

Unit 21
41 Old Birley Street
Manchester
M15 5RF

Fair Tax Foundation Limited
 Notes to the Accounts
 for the year ended 31 December 2020

13 Grants

	Barrow Cadbury	Luminate	UN Honorarium	Total
	£	£	£	£
Total grants brought forward	7,000	68,227	-	75,227
Total new grants received in the year	24,650	14,943	716	40,309
Total grants spent in the year	(21,325)	(75,898)	(716)	(97,939)
Total grant income carried forward	10,325	7,272	-	17,597