

Registered number
32308R

Fair Tax Mark Limited

Report and Accounts

31 December 2018



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

Rob Harrison

Tim Hunt

Joanna Long

Rachel McEwan (appointed 9th May 2018)

Richard Murphy

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

32308R

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

The Directors present their report and accounts for the year ended 31 December 2018.

Directors

Rob Harrison
Tim Hunt
Joanna Long
Rachel McEwan (appointed 9th May 2018)
Richard Murphy

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 fifth year of trading saw a significant acceleration of growth and impact, and the generation of a second consecutive trading surplus – which will be reinvested back into our operations and mission fulfilment. Turnover increased by 46% during the year (and has increased by 100% since 2016), and is expected to continue to grow significantly again during 2019. Our cumulative profit and loss account since inception is still negative, but we anticipate that this will be in the black at the year end. Given the improved financial performance (which is expected to continue), shareholder members have been informed that the interest rate will be reduced from 5% to 3.25% from 1st January 2019.

The number of certified organisations has now passed the milestone fiftieth business mark, with a doubling of accreditations over the last eighteen months. Significant newly accredited businesses include Timpson Group, Leeds Building Society and Pennon Group. Fair Tax Mark certified businesses now have a combined income of £50bn and over 6,500 offices, and include FTSE-listed plcs, co-operatives, social enterprises and large private business. Growth during 2018 was supported by the enhancement of our Public Relations and Marketing functions, which was enabled by continued generous support from the Joseph Rowntree Charitable Trust. This has necessitated the expansion of office overheads, which are reflected in increased payments to Ethical Consumer Research Association, where our operations are based.

During 2018 we developed and launched Fair Tax Fortnight, with support from the Friends Provident Foundation and the Joffe Charitable Trust – the UK's first celebration of the companies and organisations that are proud to pay their fair share of corporation tax, and an exploration of the positive contribution this makes to society. The initiative was a great success and will continue in 2019 as Fair Tax Week (6-14 July 2019), with support from SSE and Pennon Group. It will also encompass Tax Justice Sunday on 7 July, which we have developed with the newly formed Church Action for Tax Justice.

During 2018, we received grant support from the Barrow Cadbury Trust (BCT) to develop a locality based fair tax programme. The launch of this was delayed whilst we clarified the legal situation re: the flexibility municipalities have with their procurement programmes. This has now been established and we will progress a Fair Tax Declaration in the second half of 2019: the BCT grant of £15,700 has been treated as deferred income for 2018.

Fair Tax Mark Limited**Registered number: 32308R****Directors' Report****Review of the business (continued)**

We bolstered our board during 2018 with the appointment of Rachel McEwen, Director of Sustainability at SSE, and will look to further enhance the breadth and diversity of directors going forward.

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/>

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 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 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

Independent accountant's report to the members on the preparation of the unaudited statutory accounts of Fair Tax Mark Limited

We report to the members on the unaudited accounts for the year ended 31 December 2018 set out on pages 6 to 12.

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 2018 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 2018 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 & Cooper Ltd
Reporting Accountants
Statutory Auditor
46-50 Oldham Street
Manchester
M4 1LE

Fair Tax Mark Limited
Revenue Account
for the year ended 31 December 2018

	Notes	2018 £	2017 £
Turnover		156,524	107,348
Administrative expenses		(142,875)	(89,464)
Operating profit		<u>13,649</u>	<u>17,884</u>
Interest payable		(5,062)	(5,069)
Profit on ordinary activities before taxation		<u>8,587</u>	<u>12,815</u>
Tax on profit on ordinary activities	3	-	-
Profit for the financial year		<u><u>8,587</u></u>	<u><u>12,815</u></u>

Fair Tax Mark Limited
Registered number:
Balance Sheet
as at 31 December 2018

32308R

	Notes	2018 £	2017 £
Fixed assets			
Tangible assets	4	906	-
Current assets			
Debtors	5	25,727	6,676
Cash at bank and in hand		102,228	96,106
		<u>127,955</u>	<u>102,782</u>
Creditors: amounts falling due within one year			
	6	(50,927)	(38,497)
Net current assets		<u>77,028</u>	<u>64,285</u>
Net assets		<u>77,934</u>	<u>64,285</u>
Capital and reserves			
Called up share capital		106,296	101,234
Profit and loss account		(28,362)	(36,949)
Shareholders' funds		<u>77,934</u>	<u>64,285</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 2018

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.

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	over 4 years
Computer equipment	over 3 years

2 Employees

	2018	2017
	Number	Number
Average number of persons employed by the society	2	2

3 Taxation

	2018	2017
	£	£
UK Corporation Tax charge for the year	-	-

No tax was payable in connection with the year ending 31 December 2018 due to the losses made in previous years. The tax losses carried forward which are available to set against future profits are £26,987.

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

Fair Tax Mark Limited
Notes to the Accounts
for the year ended 31 December 2018

4 Tangible fixed assets

	Furniture and Equipment £	Computer Equipment £	Total £
Cost			
Additions	627	654	1,281
At 31 December 2018	<u>627</u>	<u>654</u>	<u>1,281</u>
Depreciation			
Charge for the year	157	218	375
At 31 December 2018	<u>157</u>	<u>218</u>	<u>375</u>
Net book value			
At 31 December 2018	<u>470</u>	<u>436</u>	<u>906</u>

5 Debtors

	2018 £	2017 £
Trade debtors	25,590	6,607
Prepayments	137	69
	<u>25,727</u>	<u>6,676</u>

6 Creditors: amounts falling due within one year

	2018 £	2017 £
Deferred Income	32,920	27,505
Accruals	1,427	2,006
Trade creditors	6,633	5,325
Other taxes and social security costs	9,947	3,661
	<u>50,927</u>	<u>38,497</u>

The 2018 deferred income includes £15,700 of grant monies from Barrow Cadbury Trust in connection with a locality based fair tax programme.

Fair Tax Mark Limited
Notes to the Accounts
for the year ended 31 December 2018

7 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:

	2018	2017
	£	£
Office expenses and staff costs recharged	16,631	7,379
Under/(over) provision in year	-	(2,727)
	<u>16,631</u>	<u>4,652</u>

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

	2018	2017
	£	£
Loan	-	6,000
Accrued interest on loan	-	1,206
Less: amount converted into equity shares	-	(7,206)
	<u>-</u>	<u>-</u>

The value of ECRA's shareholding in Fair Tax Mark, including interest, is £7,567 (2017: £7,206).

Consultancy fees paid to directors

	2018	2017
	£	£
The following directors were paid consultancy fees during the year:		
Paul Monaghan	-	9,542
	<u>-</u>	<u>9,542</u>

The balance due at the balance sheet date was £nil (2017: £nil). 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 2018

8 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

9 Share Capital	2018	2017
	£	£
Shares of £1 each issued and fully paid at 1 January 2018	101,234	89,302
Shares issued in payment of interest 31/12/18	5,062	4,726
ECRA loan converted into shares	-	7,206
Shares of £1 each issued and fully paid at 31 December 2018	<u>106,296</u>	<u>101,234</u>