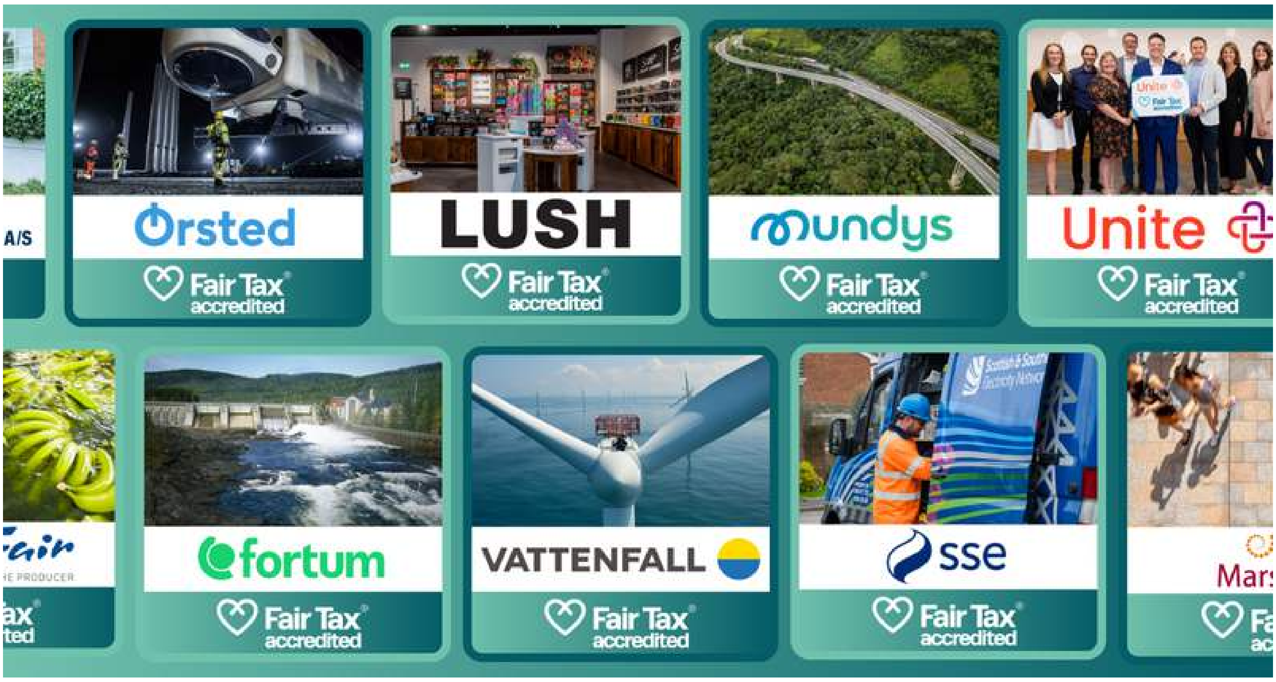
Fair Tax Foundation

Fair Tax Foundation Limited

Directors' report and financial statements

For the year ended 31 December 2023



www.fairtaxmark.net info@fairtaxmark.net +44 (0)161 250 6595

Contents

Society Information

Directors

Rob Harrison

Harriet Lamb

Rachel McEwen

Chris Harrop

Christian Hallum

Tim Hunt

(RESIGNED 09/01/2023)

Society Number 32308R

Registered Office
Holyoake House
Hanover Street
Manchester
M60 0AS

Accountants
Third Sector Accountancy Limited
Holyoake House
Hanover Street
Manchester
M60 0AS

Directors' Report

The directors present their report and the financial statements for the year ended 31 December 2023.

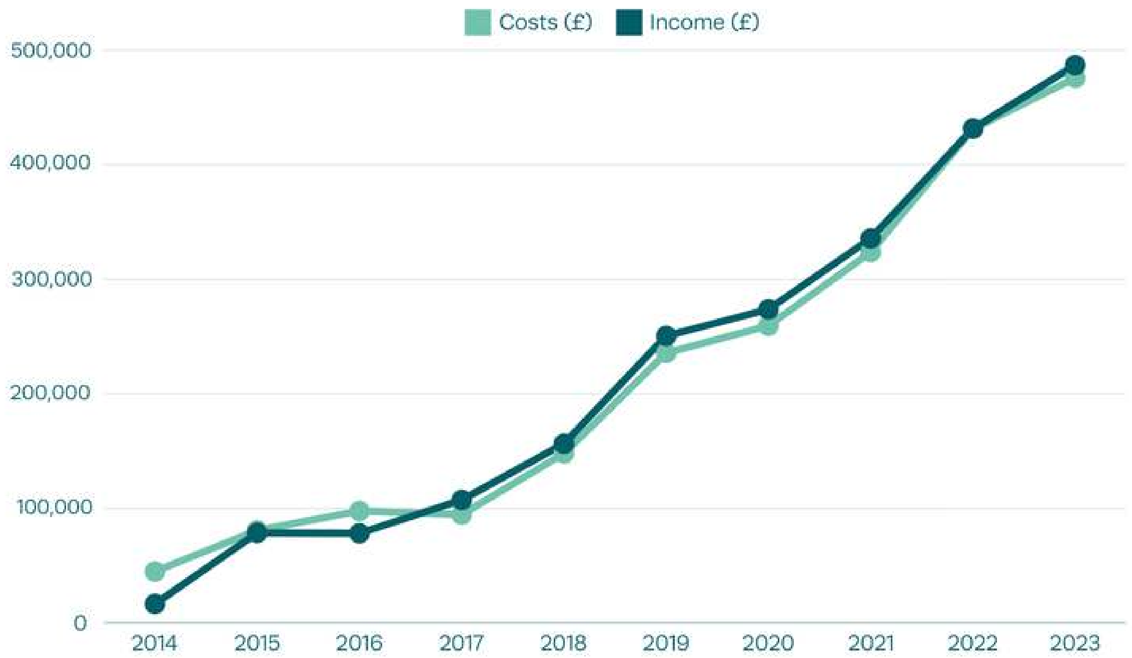
Review of the Business

With a seventh successive year of surplus in its tenth year of trading, the Fair Tax Foundation ended 2023 in a position of strength – ready to embark on an ambitious plan to build our business and multiply our impact.

The Fair Tax Foundation (FTF) was founded in 2014, with the launch the Fair Tax Mark (FTM) accreditation scheme – the gold standard of responsible tax conduct for business. The FTM 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 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. Accredited businesses include multinational corporations, listed PLCs, co-operatives, and social enterprises. FTF 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. FTF also runs Fair Tax Week and the UK Fair Tax Councils network of 60 cities and towns across the UK. https://fairtaxmark.net

Financial Performance

Income was up 13% (to £487k), with 63% of this from commercial income and 36% from grants and donations. Costs rose by 10% (to £476k) as we continued to grow and invest in our team. The pre-tax surplus of £11,145 was our seventh consecutive year of surplus, since 2017 inclusive.



Costs are inclusive of interest paid on members' shares, but pre-tax

Capital/reserves rose to £134k at year end, of which shareholder members' capital was £114k. Four share withdrawals totalling £11k were requested and accepted during the year. This is a healthy position for our current level of operations – with thanks to our current community of shareholder members who support this. However, in 2023 we began planning for a new community share offer in 2024 that will enable us to grow our operations and our impact much more rapidly over the next six years.

The Fair Tax Mark

Ten new businesses became FTM accredited this year, as we approached 100 parent companies in total. Analysis of our accreditees showed this is the tip of the iceberg, with 250 distinct trading businesses covered by these parent companies (for example Johnsons the Cleaners and Max Spielmann are covered by the Timpson Group accreditation). We were also able to report on their combined employment footprint and tax contributions for the first time.

We were delighted to welcome Fortum (Finland) and Agrofair (Netherlands) to the FTM this year, taking the number of countries covered to seven. Huge thanks go to Luminate for substantially supporting our ongoing internationalisation through 2023. These were joined by UK-based Mother Parent, Make Architects, NATS, Globe Locums, Lendology, Westmorland, Wrexham Chauffeurs, and Sharenergy.

Councils for Fair Tax municipalities also increased from 43 to 56 – a 30% increase, nearly all of which passed resolutions with unanimous cross-party support. Among them were Brent, Haringey, Enfield, and Hounslow taking the number based in Greater London to 11. Many thanks to Trust for London for supporting our work with businesses and public institutions in the Greater London area.

AgroFair is one of 10 new Fair Tax Mark companies in 2023, and the first headquartered in the Netherlands

Activities

Fair Tax Week in June was the best in terms of engagement for many years. It was particularly encouraging to see businesses and organisations across Europe use Fair Tax Week as a platform to highlight their commitment to responsible tax conduct and financial transparency.

Directors' Report

At a parliamentary reception in the UK, we published the Fair Tax Nation report – this covered seven years of UK public polling data, and demonstrated that the vast majority of people want to 'shop with', 'work for' and 'celebrate' businesses that demonstrate responsible tax conduct. Many thanks to SSE and Unity Trust Bank for sponsoring Fair Tax Week and the Fair Tax Nation report respectively.

We also published briefings on: Tax Havens, why Corporation Tax matters, public Country-by-Country reporting, and 'Seven magnificent reasons to pursue the Fair Tax Mark'. All available on a new resource hub on our website.

In February, we announced the commencement of a major new initiative with CSR Europe – the development of a Tax Responsibility and Transparency Index. After twelve months of hard work and extensive consultation with business, investors and civil society, this was launched at the European Parliament in April 2024. The Index will offer an excellent new entry point for businesses who wish to progress their tax responsibility programmes, and to benchmark themselves against the best of the best.

We are seeking to take the Fair Tax message far and wide, and have developed additional fruitful collaborations with Informa Connect, CSR Sweden, Oxfam Denmark and NHH Norwegian School of Economics.

During the year we increased our staff team to nine, and received the 'Recommended Supplier' badge from the Buy Social Corporate Challenge, in recognition of our excellent track record working with corporate clients.

Social impact

FTF remains unique in its ability to mobilise business of all types and sizes for the cause of tax justice. By and large, we focus on encouraging and recognising business that pay the right amount of corporation tax at the right time and in the right places. Our impact is therefore seen first and foremost through the 250 businesses that we support in their responsible tax journey with the Fair Tax Mark.

Directors' Report

Our social impact goes beyond this, however. Where and when we receive funding to do so, we will engage with society to progress the cause of tax justice – not least, as it presents fresh opportunities to talk about the great work of our accredited Fair Tax Mark businesses.

The FTM was the first accreditation scheme in the world to require businesses to publicly break down income, profit and tax in each country they operate (country-by-country reporting, abbreviated to CbCR). From 2024, this will be a mandatory requirement for all large multinationals operating in the European Union (albeit with some rather large loopholes), and Australia has also announced plans to progress public CbCR. We are now pushing for the UK Government to match this (and more), thanks to Funding for Social Change.

We enjoyed significant media coverage on a wide range of topics, none more so than on our ongoing analyses of the tax affairs of "Silicon Six" companies such as Amazon, covered for the first time in countries as far apart as the Netherlands and Indonesia – many thanks to the Joffe Trust for supporting this work.

Many more encouraging shifts include:

- In the UK, the headline rate of Corporation Tax has increased from 19% to 25%, and corporate tax contributions have more than doubled over the past decade and will soon be c.£100bn per annum. The Economic Crime & Transparency Act will ensure that businesses of all sizes will need to publish their profit & loss statements and the taxes that they pay.

- Countries across the world are coming on board to the idea of a global minimum tax for business, which will spell the end of many 0% tax havens, with plans already well advanced across the EU, the UK, Japan and South Korea.

- A small but increasing number of investors are waking up to the fact that companies' 'tax conduct' should guide their investments, with the likes of Nest – the UK's auto enrolment pension scheme – even advocating for investees to pursue Fair Tax Mark certification.

We are grateful to all the businesses, funders, and shareholder members who have supported us in yet another year of growth and impact in 2023. We look forward to welcoming many more as we seek to produce a step change in growth and impact in the years to come.

Directors' Report

Principle Activity

The objectives of the Fair Tax Foundation Ltd, as set out in our Rules, strongly inform our Principle Activities. These are based around providing a trusted and recognised accreditation scheme for corporate tax fairness – 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 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, 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 that we undertake during the course of our trade.

We will not 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. The Society 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 reasonably 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.

Directors' Report

Our accounts will be prepared in compliance with this policy and will seek to provide all the 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.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Society law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under society law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the society and of the profit or loss of the society for that period. In preparing the financial statements the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the society's transactions and disclose with reasonable accuracy at any time the financial position of the society and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report

Directors

The directors who held office during the year were as follows:
Rob Harrison
Harriet Lamb
Rachel McEwen
Chris Harrop
Christian Hallum
Tim Hunt RESIGNED 09/01/2023

On behalf of the board

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Rob Harrison
Director
Date: 01/05/2024

Accountant's Report

Independent reporting accountant's report to the Directors on the unaudited accounts of Fair Tax Foundation

We report on the accounts for the year ended 31 December 2023 set out on pages 14 to 23.

Respective responsibilities of the committee of management and the independent reporting accountant

The society's committee of management is responsible for the preparation of the accounts, and they consider that the society is exempt from an audit. 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 purpose of this report. These procedures provide the only assurance expressed in our opinion.

Opinion

In our opinion:

- the revenue account and balance sheet for year ended 31 December 2023 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 the books of account, the revenue account and balance sheet for the year ended 31 December 2023 comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and

- the society met the financial criteria enabling it to disapply the requirement to have an audit of the accounts for the year specified in section 84 of the Co-operative and Community Benefit Societies Act 2014.

Accountant's Report

Signed

Third Sector Accountancy Limited

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Third Sector Accountancy Limited

Date

01/05/2024

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Holyoake House
Hanover Street
Manchester
M60 0AS

Revenue Account

	Note	2023 £	2022 £
Turnover		482,353	430,547
Gross Profit		**482,353**	**430,547**
Administrative expenses		(472,070)	(427,539)
Other operating income		135	72
Operating Profit		**10,418**	**3,080**
Other interest receivable and similar income		4,387	1,043
Profit before taxation		**14,805**	**4,123**
Tax on profit	**3**	(2,550)	–
Profit after taxation being profit for the financial year		**12,255**	**4,123**

The notes on pages 14 to 23 form part of these financial statements.

Balance Sheet

	Note	2023		2022	
		£	£	£	£
Fixed assets					
Tangible assets	4		6,675		10,908
Total fixed assets			**6,675**		**10,908**
Current assets					
Debtors	5	41,884		56,316	
Cash at bank and in hand		356,967		178,539	
Total current assets		**398,851**		**234,855**	
Liabilities					
Creditors: amounts falling due in less than one year	6	(271,081)		(112,819)	
Net current assets			**127,770**		**122,036**
Total assets less current liabilities			134,455		132,944
Net assets			**134,455**		**132,944**
Capital and reserves					
Share capital	7		113,664		120,758
Revenue account			20,781		12,186
Total shareholders' funds			**134,455**		**132,944**

For the year ending 31 December 2023 the society was entitled to disapply the requirement to have its financial statements for the financial year audited. The members passed a resolution in general meeting to disapply the audit requirement, as required by S84(2) Co-operative and Community Benefit Societies Act 2014.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the board on 01/05/2024 and signed on their behalf by:

(Chris Harrop, Director)

Rachel McEwen

(Rachel McEwen, Director)

(Rob Harrison, Secretary)

Statement of Changes in Equity

	Share capital £	Profit and Loss Account £	Total £
At end date and start date 1 January 2022	116,973	11,808	128,781
Profit for the year and total comprehensive income	–	4,123	4,123
Interest paid on members' shares	–	(3,745)	(3,745)
New shares issued to members	3,785	–	3,785
At end date 31 December 2022 and start date 1 January 2023	120,758	12,186	132,944
Profit for the year and total comprehensive income	–	12,255	12,255
Interest paid on members' shares	–	(3,660)	(3,660)
New shares issued to members	3,660	–	3,660
Shares repaid to members	(10,754)	–	(10,754)
As at 31 December 2023	**113,664**	**20,781**	**134,445**

Interest on society shares is required by Financial Reporting Standard 102 to be included in the statement of equity rather than in the Revenue account. However, this interest is not a distribution of profit but a cost of capital and an expense of the business, and remains tax-deductible.

Notes to the accounts for the year ended 31 December 2023

1 Accounting policies

The principal accounting policies adopted, judgments and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

1.1 Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with the FRS 102 Section 1A Small Entities – The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Co-operative and Community Benefit Societies Act 2014.

1.2 Turnover

Turnover represents Fair Tax Trademark assessments, licence fees and other services charged to customers, as well as sponsorship and grant income recognised in the period. Licence fees are invoiced annually in advance and recognised on an accruals basis; amounts relating to future periods are deferred. Donations are represented as "Other operating income". Grants towards activities over a specific period are recognised in the Revenue account over that period.

1.3 Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost of the fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & Fittings	25%
Computer Equipment	33.33%

1.4 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the revenue account because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The society's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable timing differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible timing differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Society expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in the revenue account, except when they related to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Notes to the accounts for the year ended 31 December 2023 (continued)

1.5 Grants

Grants for immediate financial support or to cover costs already incurred are recognised immediately in the revenue account. Grants towards general activities of the entity over a specific period are recognised in the profit and loss account over that period.

Grants towards fixed assets are recognised over the expected useful lives of the related assets and are treated as deferred income and released to the revenue account over the useful life of the asset concerned.

Government grants are recognised in the profit and loss account in an appropriate manner that matches them with the expenditure towards which they are intended to contribute.

All grants in the revenue account are recognised when all conditions for receipt have been complied with.

The directors have complied with accounting standards and applicable legislation to the extent necessary to give a true and fair view. The accounts depart from accounting standards in that unspent non-government grants of £149,279 have been deferred into the following period, instead of recognised on receipt as required by FRS102. The grants are in substance the same as government grants, so it was felt that the accounts would give a distorted view of the performance of the company if it recognised the income in this period, rather than the accruals method as permitted for government grants under S24 FRS102.

2 Average Number of Employees

Average number of employees, including directors, during the year was as follows: 8.5 (2022: 8)

3 Tax on Profit

	2023 £	2022 £
UK Corporation Tax	2,550	-
Total Current Tax	**2,550**	-

As at 31 December 2023, the Society had no deferred tax assets or liabilities on its balance sheet (2022: £nil); and had no movements in deferred tax expensed or credited to the Revenue Account. Therefore, any Tax on Profit expense in the Society's Revenue Account is made up solely of Corporation Taxes due on the current year's trading profits.

Current Tax Reconciliation

The Corporation Tax rate for 2023 was 19% (2022: 19%). The Tax on Profit expense in the year is lower (2021: lower) than the standard rate of corporation tax in the UK and the differences are explained below:

	2023 £	2022 £
Profit before Tax	14,805	4,123
Taxation at the standard Corporation Tax rate (19%; 2022: 19%)	2,813	783
Depreciation vs capital allowances	711	(343)
Interest on members' shares	(695)	(719)
Tax losses carried forward/(utilised)	(279)	279
Tax on Profit	**2,550**	-

Notes to the accounts for the year ended 31 December 2023 (continued)

Depreciation vs capital allowances – The accounting treatment of fixed assets differs from the tax treatment. For accounting purposes, fixed assets are depreciated over their useful economic lives. For tax purposes, there are specific rules to what can, or should, be claimed depending on the type of asset. The differences between these treatments creates a tax adjustment.

Interest on members' shares – Interest on society shares is required by Financial Reporting Standard 102 to be included in the statement of equity rather than in the Revenue account. However, this interest is not a distribution of profit but a cost of capital and an expense of the business, and remains tax-deductible. Therefore, trading profit before tax of £14,805 does not take into account the £3,660 paid to members in respect of interest, which reduces the tax liability by £695 (£3,660 x 19%).

Tax losses carried forward / (utilised) – Our tax losses that were carried forward from the previous accounting period were utilised in full and offset against our tax liability for the current accounting period. As at 31 December 2023, the society had no tax losses to carry forward.

4	**Fixed assets: tangible assets**	**Fixtures & Fittings**	**Computer equipment**	**Total**
	Cost	**£**	**£**	**£**
	At 1 January 2023	15,028	12,880	27,908
	Additions	304	1,734	2,038
	At 31 December 2023	15,332	14,614	29,946
	Depreciation			
	At 1 January 2023	6,917	10,083	17,000
	Charge for the year	3,694	2,577	6,271
	At 31 December 2023	10,611	12,660	23,271
	Net book value			
	At 31 December 2023	4,721	1,954	6,675
	At 31 December 2022	8,111	2,797	10,908

5 Debtors

	2023 £	**2022 £**
Trade debtors	33,051	50,768
Prepayments and accrued income	8,833	5,548
	41,884	56,316

Notes to the accounts for the year ended 31 December 2023 (continued)

6 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	2,575	8,219
Corporation tax	2,550	–
Taxation and social security costs	17,911	13,968
Accruals and deferred income	248,045	90,632
	271,081	112,819

A month before the end of the year, we received a grant from Luminate of £141,958. However, the grant was intended for use in 2024 so the funds have been deferred to match future costs in later accounting periods. This explains both the increases in Cash at Bank and in Creditors.

7 Share Capital

	2023 £	2022 £
Members' shares	113,664	120,758

8 Related Party Transactions

Rob Harrison and Tim Hunt were directors of Fair Tax Foundation Limited and of Ethical Consumer Research Association Limited (ECRA) in 2023. During the year ECRA made the following charges to Fair Tax Foundation Limited on normal commercial terms:

	2023 £	2022 £
Office expenses and staff costs recharged	3,440	3,956
Project consultancy	1,800	1,440
Marketing	–	4,995
	5,240	10,391

The value of ECRA's shareholding in Fair Tax Foundation Limited, including interest, is £8,878 (2022: £8,599)

Notes to the accounts for the year ended 31 December 2023 (continued)

9 Grants

	Funding for Social Change	Luminate	JOFFE	Trust for London	Total
Total grants b/f	–	–	3,125	12,537	15,662
Total new grants received	7,008	291,038	–	11,450	309,496
Total grants spent	(3,504)	(149,080)	(3,125)	(20,170)	(175,879)
Total grants c/f	3,504	141,958	–	3,817	149,279

10 General Information

Fair Tax Foundation Limited is a community benefit society, limited by shares, incorporated in England & Wales, registered number 32308R. The registered office is Holyoake House, Hanover Street, Manchester, M60 0AS

Fair Tax Foundation
Holyoake House
Hanover Street
Manchester
M60 0AS

fairtaxmark.net
info@fairtaxmark.net

+44 (0)161 250 6595

Fair Tax® Foundation