

TAXWATCH

England & Wales · Charity number 1189585

Details

Other names	TAX WATCH, TAX WATCH UK
Status	Registered
Legal form	Charitable company
Company number	11609849
Registered	2020-05-20
Register	View on the Charity Commission register

Contact

Address	38-40 Coney Street York YO1 9ND
Phone	07540252850
Email	info@taxwatchuk.org
Website	www.taxwatchuk.org

Activities

Objects: 2.1 THE OBJECTS OF THE CHARITY ARE, FOR THE PUBLIC BENEFIT:2.1.1. TO ADVANCE EDUCATION, IN PARTICULAR IN RELATION TO TAX LAW AND THE OPERATION OF THE TAX SYSTEM;2.1.2. TO PROMOTE THE SOUND ADMINISTRATION OF THE LAW, IN PARTICULAR THE LAW OF TAXATION;2.1.3. TO PROMOTE COMPLIANCE WITH THE LAW, IN PARTICULAR THE LAW OF TAXATION; AND2.1.4. 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.

Activities: TaxWatch is a UK charity dedicated to compliance and sound administration of the law in the field of taxation. We are an investigative think tank which conducts forensic research and analysis on tax avoidance, tax policy, and tax law, publishing our research to improve public understanding of tax issues. Through our work we seek to encourage high standards of tax conduct and civic responsibility.

Classification

- **How:** Provides Advocacy/advice/information, Sponsors Or Undertakes Research
- **What:** Education/training, Economic/community Development/employment, Other Charitable Purposes
- **Who:** The General Public/mankind

Geography

- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£190,300	£136,212	-	-
2024-03-31	£141,103	£150,926	-	-
2023-03-31	£170,406	£180,764	-	-
2022-03-31	£226,050	£151,975	-	-
2021-03-31	£138,574	£136,307	-	-

Trustees

Name	Role	Appointed
JULIAN RICHER	Chair	2018-10-08
Ana Caistor Arendar		2019-05-20
Damien Morrison		2018-10-23
Jennifer Elaine Herrera		2019-05-20
Richard Brooks		2018-10-24

TAXWATCH

England & Wales - Charity number 1189585

Accounts

Company no. 11609849
Charity no. 1189585

TaxWatch
Report and Unaudited Financial
Statements
31 March 2025

TaxWatch

Reference and administrative details

For the year ended 31 March 2025

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 2025

The trustees present their report along with the financial statements of the charity for the year ended 31 March 2025.

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 Tax Watch's sixth annual report, covering the 12-month period from April 2024 to our year end in March 2025.

We have continued to build our portfolio of research, and published two long form reports during the year, periodically featuring in regional and national press and within Parliament. As a result of the quality of this work we have been able to continue to provide expertise to journalists and policy makers.

Claire Aston (nee Ralph) led the organisation throughout the year, along with the team comprised of Sarah Walton as Researcher and Dr Pete Sprout as Tax Crime Fellow until June 2024 when Dr Simon Watkins took over as Research Analyst and Chris White joined as Project Research Officer in January 2025.

The work of the organisation has continued with research and investigations focussed on tax reliefs and compliance issues, with the regulation of the tax profession project funded by Open Societies Foundation (OSF) reaching its concluding in the year and the start of a new strand of work into offshore compliance funded by direct grant from the Joffe Charitable Trust.

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 Aston (nee 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 2025

Dr Simon Watkins spent 8 years in tax practice, working across High Net Worth Individuals, SME and Sport and Entertainment sectors. He has just completed a PhD in social policy, examining the potential impact of a basic income. He has also worked in the charity sector on the evaluation of a variety of programmes.

Chris White is a lawyer, with over 12 years experience in the private sector and in government working on tax issues. He is also an associate lecturer for the Open University.

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

In the year James Timpson stood down from the TaxWatch Board with our thanks for his service to the organisation and best wishes for his role as Prisons Minister. His role was not replaced, meaning the Board now has 5 Trustees (6 previously).

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) and "Bean Counters: the triumph of the accountants and how they broke capitalism" (Atlantic, 2018).

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.

The company 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 in 2024, preceded by "The Ethical Capitalist: How to Make Business Work for a Better Society" (2018).

TaxWatch

Report of the trustees

For the year ended 31 March 2025

Damien Morrison

Damien Morrison is a partner in Morrison and Associates Solicitors and specialises in regulatory and criminal law. He regularly practises as a Higher Court Advocate.

Damien is the Company Secretary of TaxWatch.

Ana Caistor Arendar

Ana is Head of Inequality Campaigns and Policy at Oxfam GB. She previously worked as Oxfam's Campaigns, Policy and Communications Manager for Latin America and the Caribbean based in Mexico and Bolivia, and as Oxfam's Campaigns and Policy Manager in Haiti, where she worked on the humanitarian responses following the 2010 earthquake and the cholera outbreak later that year.

James Timpson

James Timpson is the CEO of Timpson, the UK's largest retail chain with over 2,000 outlets across the UK.

James also chaired the Prison Reform Trust and was a trustee of the Tate Galleries. James resigned as Trustee in July 2024 when he was appointed to the House of Lords and Minister of State for Prisons and Probation in the Labour Government by Sir Keir Starmer.

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.

The Editorial Committee

Richard Brooks – Chair

Claire Aston

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. Since then, his reporting has appeared in documentaries for Vice News, BBC Panorama, YLE, and Reveal News and he has written investigative articles for the New York Times, Washington Post, The Telegraph, The Guardian, Australian Financial Review, Le Monde, Süddeutsche Zeitung and many other publications.

TaxWatch

Report of the trustees

For the year ended 31 March 2025

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.

She has written ground-breaking investigations on the food supply, migration, and government outsourcing and is author of the Sunday Times bestseller: Not On The Label: What Really Goes Into The Food On Your Plate.

Other relevant organisations

Reviewed and Cleared

Provides pre-publication advice on media law.

9th Floor, The Met Building, 22 Percy St, London, W1T 2BU.

Barclays Bank

Provides banking services.

1 Churchill Place, London, E14 5HP.

Richer Sounds

Home entertainment retailer: Richer Sounds provides payroll services and ad hoc IT support 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.

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.

Offshore (non) compliance

We have initiated a significant new workstream in 2024-25 looking at HMRC's powers and access to data relating to taxpayers who own or benefit from wealth and assets held overseas, including secrecy jurisdictions. This has led on from previous work into the 'offshore tax gap' (which was finally published in October but with an extremely narrow scope) and feeds into an upcoming Parliamentary inquiry into HMRC's monitoring of compliance from the wealthiest taxpayers due in Summer 2025.

TaxWatch

Report of the trustees

For the year ended 31 March 2025

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 continues its work monitoring HMRC delayed and insufficient clamp down on 'erroneous' claims and pursuit of the claims farms that have been responsible for mass numbers of smaller repayments, pocketing the fee income and then phoenixing leaving the tax debt unpaid.

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 high end TV scheme later in 2025.

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 spotty and inconsistent funding of compliance work within HMRC, and the challenge of addressing new threats to tax administration including the rise of non traditional assets such as crypto and offshore trusts and companies.

2024 saw a new focus on closing the tax gap and bringing down the level of tax arrears owed to HMRC which has reached record levels in 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. A focus for the organisation into 2025-26 is to feed into policy consultations designed to back up HMRC's current power with criminal offenses to drive out the main promoters peddling schemes to vulnerable taxpayers.

Regulators of tax advisers

This is our project kindly funded by a grant from the Open Society Foundation (OSF project). By focussing the making formal complaints to the 7 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 have proved 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 Spring Budget 2024 HMRC launched a new consultation on how the sector could be regulated more closely by a government agency – the outcome TaxWatch favoured.

TaxWatch

Report of the trustees

For the year ended 31 March 2025

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. We launched our account on BlueSky in late 2024, and have been stepping away from use of X/Twitter – our primary account is now BlueSky.

Throughout the year, we have published over 30 research articles, mostly blogs on relevant topics, and two substantial reports. Our work has been cited in the media, or we've fed into the work of other journalists behind the scenes and we've influenced the debate about how the government needs to focus on closing the tax gap and resourcing HMRC properly to improve tax compliance.

Financial review

Total income received in the period was £190,300 (2024: £141,103) and total expenditure was £136,212 (2024: £150,926).

We applied for and were delighted to receive funding from the Persula Foundation for our 2024/25 operational budget at the outset of the financial year and this was received in two tranches with a mid-year update provided in October. Our unrestricted funding position is healthy enough that we can delay requesting additional funds for the next 6 months, giving us security of finances for the coming year.

The TaxWatch board 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. At the end of the period, unrestricted funds were £84,912 (2024: £100), which exceeds the reserves target. The board anticipates that the balance of unrestricted funds will return to the level of three months' reserves by the end of 2025/26 through additional recruitment, and increased costs from an increase in the output of research and reports associated with additional staffing.

As part of our fundraising strategy to diversify our funding sources the organisation identified philanthropic trusts aligned with our organisation's mission to approach or apply for. Work on offshore compliance that would be an attractive project to pitch for restricted funding and approached the Joffe Charitable Trust in summer 2024 with a proposal for an 18 month project. We were delighted to be successful and the proposal was so strong that we were awarded an additional £15,000 of funding to extend our work to 24 months. A separate, but ultimately unsuccessful application was made to the Joseph Rowntree Charitable Trust in Autumn 2024.

Risk management

The trustees, as advised by the Director, are responsible for identifying and reviewing business, financial and operational risks, and for ensuring that procedures are in place to manage and mitigate identified risks.

TaxWatch

Report of the trustees

For the year ended 31 March 2025

A significant business risk to the charity is its longstanding reliance on donations from the Persula Foundation. The trustees do not anticipate any change in the charity's relationship with the Persula Foundation, but the charity has also diversified its funding sources during 2024/25 as described above, and will continue to seek to diversify its funding sources further during 2025/26.

The publication of research relating to the tax affairs of specific taxpayers may generate operational risks of becoming the target of legal action relating to defamation or privacy.

Defamation risk is managed through review of publications by an independent Editorial Committee (see above), peer fact-checking, right of reply, and where necessary external defamation risk advice.

Privacy risk is managed through the Director ensuring staff and contractors are familiar with, and implement, TaxWatch's privacy policy, GDPR obligations and obligations arising from the Data Protection Act 2018.

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.

The Persula Foundation, a charitable foundation established by Julian Richer, has been the main source of funds for the organisation since its foundation.

Our main donors are committed to multi-year funding, and the majority of our funding is unrestricted, with a healthy balance of over 6 months of operating costs at the end of the year. Two projects have a balance of funds at year end, residual of the now complete OSF project (£10,000) and the recently started Joffe Charitable Trust project where we've received the first tranche of funding for a 24 month long project in October 2024 but the majority of the activities commenced in January 2025 with Chris White joining the team.

As a small organisation operating remotely, TaxWatch has does not have many fixed costs or liabilities other than payroll and insurance. A small amount of our funds are used for travel and expenses to attend meetings with key stakeholders and preparing reports for publication of our work.

TaxWatch extended its insurance coverage for Management Liability/Directors and Officers in October 2024 in line with best practice consistency with other charitable organisations funded by Persula.

TaxWatch

Report of the trustees

For the year ended 31 March 2025

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).

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 19 May 2025 and signed on their behalf by



Jennifer Herrera - Treasurer



Julian Richer - Chair

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 2025, 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: 19 May 2025

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 2025

	Note	Restricted £	Unrestricted £	2025 Total £	2024 Total £
Income from:					
Donations and legacies	3	<u>35,000</u>	<u>155,300</u>	<u>190,300</u>	<u>141,103</u>
Total income		<u>35,000</u>	<u>155,300</u>	<u>190,300</u>	<u>141,103</u>
Expenditure on:					
Raising funds		-	13,678	13,678	7,695
Charitable activities		<u>65,264</u>	<u>57,270</u>	<u>122,534</u>	<u>143,231</u>
Total expenditure	5	<u>65,264</u>	<u>70,948</u>	<u>136,212</u>	<u>150,926</u>
Net income / (expenditure)		(30,264)	84,352	54,088	(9,823)
Transfers between funds		<u>(460)</u>	<u>460</u>	<u>-</u>	<u>-</u>
Net movement in funds	6	(30,724)	84,812	54,088	(9,823)
Reconciliation of funds:					
Total funds brought forward		<u>63,227</u>	<u>100</u>	<u>63,327</u>	<u>73,150</u>
Total funds carried forward		<u>32,503</u>	<u>84,912</u>	<u>117,415</u>	<u>63,327</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 2025

	Note	£	2025 £	2024 £
Fixed assets				
Tangible assets	9		<u>422</u>	<u>110</u>
Current assets				
Debtors	10	6,616		3,848
Cash at bank and in hand		<u>124,429</u>		<u>74,348</u>
		131,045		78,196
Liabilities				
Creditors: amounts falling due within 1 year	11	<u>(14,052)</u>		<u>(14,979)</u>
Net current assets			<u>116,993</u>	<u>63,217</u>
Net assets	12		<u>117,415</u>	<u>63,327</u>
Funds	13			
Restricted funds			32,503	63,227
Unrestricted funds			<u>84,912</u>	<u>100</u>
Total charity funds			<u>117,415</u>	<u>63,327</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, and that no member or members have requested an audit pursuant to section 476 of the Act.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps proper accounting records which comply with section 386 of the Act; and
- 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 19 May 2025 and signed on their behalf by



Jennifer Herrera - Treasurer



Julian Richer - Chair

TaxWatch

Notes to the financial statements

For the year ended 31 March 2025

1. Accounting policies

a) General information and basis of preparation

TaxWatch is a charitable company limited by guarantee registered in England and Wales. The registered office address is 38 Coney Street, York, North Yorkshire, YO1 9ND.

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, which the trustees consider appropriate having regard to the current level of unrestricted reserves. There are no material uncertainties about the charity's ability to continue as a going concern.

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.

Notes to the financial statements

For the year ended 31 March 2025

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:

	2025	2024
Raising funds	10.0%	5.1%
Charitable activities	90.0%	94.9%

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
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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.

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.

Notes to the financial statements

For the year ended 31 March 2025

1. Accounting policies (continued)**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.

2. Prior period comparatives: statement of financial activities

	Restricted £	Unrestricted £	2024 Total £
Income from:			
Donations and legacies	63,603	77,500	141,103
Total income	<u>63,603</u>	<u>77,500</u>	<u>141,103</u>
Expenditure on:			
Raising funds	-	7,695	7,695
Charitable activities	64,272	78,959	143,231
Total expenditure	<u>64,272</u>	<u>86,654</u>	<u>150,926</u>
Net income / (expenditure) and net movement in funds	<u>(669)</u>	<u>(9,154)</u>	<u>(9,823)</u>

Notes to the financial statements

For the year ended 31 March 2025

3. Income from donations

	Restricted £	Unrestricted £	2025 Total £
Persula Foundation	-	155,000	155,000
Joffe Charitable Trust	35,000	-	35,000
Gifts in kind	-	300	300
Total income from donations	35,000	155,300	190,300

Gifts in kind relate to payroll services received.

Prior period comparative

	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	63,603	77,500	141,103

4. Government grants

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

Notes to the financial statements

For the year ended 31 March 2025

5. Total expenditure

	Raising funds £	Charitable activities £	Support and governance costs £	2025 Total £
Staff costs (note 7)	11,124	94,550	5,562	111,236
Legal fees	-	-	532	532
Editorial and research	-	5,103	-	5,103
Travel and subsistence	-	-	830	830
Insurance	-	-	13,701	13,701
Depreciation	-	-	148	148
Accountancy	-	-	2,520	2,520
Sundry costs	-	-	2,142	2,142
Sub-total	11,124	99,653	25,435	136,212
Allocation of support and governance costs	2,554	22,881	(25,435)	-
Total expenditure	13,678	122,534	-	136,212

Total governance costs were £2,220 (2024: £2,100).

Prior period comparative

	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	1,203	22,394	(23,597)	-
Total expenditure	7,695	143,231	-	150,926

Notes to the financial statements

For the year ended 31 March 2025

6. Net movement in funds

This is stated after charging:

	2025	2024
	Total	Total
	£	£
Depreciation	148	231
Trustees' remuneration (note 14)	3,603	3,984
Trustees' reimbursed expenses	Nil	Nil
Independent examiners' remuneration:		
▪ Independent examination (excluding VAT)	1,850	1,750

In common with other charities of our size and nature we use our independent examiners to assist with the preparation of the financial statements.

7. Staff costs and numbers

Staff costs were as follows:

	2025	2024
	£	£
Salaries and wages	100,464	106,859
Social security costs	7,017	8,533
Pension costs	2,354	2,851
Contractors	1,401	11,594
	111,236	129,837

No employee earned more than £60,000 during the current or prior period.

The key management personnel of the charitable company comprise the trustees and Director. The total employee benefits of the key management personnel were £64,221 (2024: £53,641).

	2025	2024
	No.	No.
Average head count	3	4

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 2025

9. Tangible fixed assets

	Computer equipment £
Cost	
At 1 April 2024	1,150
Additions	460
Disposals	<u>(330)</u>
At 31 March 2025	<u>1,280</u>
Depreciation	
At 1 April 2024	1,040
Charge for the year	148
On disposals	<u>(330)</u>
At 31 March 2025	<u>858</u>
Net book value	
At 31 March 2025	<u><u>422</u></u>
At 31 March 2024	<u><u>110</u></u>

10. Debtors

	2025 £	2024 £
Prepayments	<u>6,616</u>	<u>3,848</u>

11. Creditors: amounts due within 1 year

	2025 £	2024 £
Accruals	<u>14,052</u>	<u>14,979</u>

Notes to the financial statements

For the year ended 31 March 2025

12. Analysis of net assets between funds

	Restricted funds £	Unrestricted funds £	Total funds £
Tangible fixed assets	-	422	422
Current assets	32,503	98,542	131,045
Current liabilities	-	(14,052)	(14,052)
Net assets at 31 March 2025	32,503	84,912	117,415
Prior period comparative			
	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

Notes to the financial statements

For the year ended 31 March 2025

13. Movements in funds

	At 1 April 2024 £	Income £	Expenditure £	Transfers between funds £	At 31 March 2025 £
Restricted funds					
Open Society Foundation	63,227	-	(50,683)	(460)	12,084
Joffe Charitable Trust	-	35,000	(14,581)	-	20,419
Total restricted funds	63,227	35,000	(65,264)	(460)	32,503
Unrestricted funds					
General funds	100	155,300	(70,948)	460	84,912
Total unrestricted funds	100	155,300	(70,948)	460	84,912
Total funds	63,327	190,300	(136,212)	-	117,415

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.

Funding from the Joffe Charitable Trust is restricted to a project examining offshore tax compliance and non-compliance, which is expected to run until October 2026. The expenditure against this project is the salary and associated employment costs for the Project Research Officer, non-staff costs associated with the project, and proportions of other staff salaries and associated employment costs in accordance with their involvement in the project.

Prior year comparative

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

Notes to the financial statements

For the year ended 31 March 2025

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 £111,994 (2024: £117,832) to cover payroll and other costs of the charity during the year, the charity repaid £111,360 (2024: £117,889) in the year. At the year end the charity owed Richer Sounds £11,761 (2024: £12,081), which is included in accruals. The free payroll administration provided by Richer Sounds is valued in the region of £300 (2024: £250).

Trustee Julian Richer is also a trustee of Persula Foundation. During the year, the charity received £155,000 from Persula Foundation (2024: £76,000). 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 £3,603 in the current year (2024: £3,984). This is permitted under the charity's Articles of Association.

TAXWATCH

England & Wales - Charity number 1189585

Accounts

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><u>63,327</u></u>	<u><u>73,150</u></u>
Funds	13			
Restricted funds			63,227	63,896
Unrestricted funds			<u>100</u>	<u>9,254</u>
Total charity funds			<u><u>63,327</u></u>	<u><u>73,150</u></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:

- ensuring that the company keeps proper accounting records which comply with section 386 of the Act; and
- 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.

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	<u>-</u>	<u>1,500</u>	<u>1,500</u>
Total income from donations	<u>63,603</u>	<u>77,500</u>	<u>141,103</u>
Prior year comparative			2023
	Restricted £	Unrestricted £	Total £
CAF American Donor Fund	-	50,000	50,000
Joffe Charitable Trust	25,000	-	25,000
Open Society Foundation	<u>95,406</u>	<u>-</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	1,203	22,394	(23,597)	-
Total expenditure	7,695	143,231	-	150,926

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	3,178	60,101	(63,279)	-
Total expenditure	9,106	171,658	-	180,764

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

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	-
	129,837	118,552

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	4	3

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	63,896	63,603	(64,272)	63,227
Total restricted funds	63,896	63,603	(64,272)	63,227
Unrestricted funds				
General funds	9,254	77,500	(86,654)	100
Total unrestricted funds	9,254	77,500	(86,654)	100
Total funds	73,150	141,103	(150,926)	63,327

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	-	95,406	(31,510)	63,896
Total restricted funds	-	120,406	(56,510)	63,896
Unrestricted funds				
General funds	83,508	50,000	(124,254)	9,254
Total unrestricted funds	83,508	50,000	(124,254)	9,254
Total funds	83,508	170,406	(180,764)	73,150

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.

TAXWATCH

England & Wales - Charity number 1189585

Accounts

Company no. 11609849
Charity no. 1189585

TaxWatch
Report and Unaudited Financial
Statements
31 March 2023

TaxWatch

Reference and administrative details

For the year ended 31 March 2023

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 Damien Morrison James Timpson Jennifer Herrera Julian Richer (Chair) Richard Brooks
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 2023

The trustees present their report along with the financial statements of the charity for the year ended 31 March 2023.

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 Tax Watch's fourth annual report, covering the 12-month period from April 2022 to our year end in March 2023.

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 director went on long-term sick leave in June 2022, with our Researcher then moving into the acting director position. Two new members of staff were hired in October, one as a replacement for the Researcher position, and another as a Tax Crime Fellow, to focus on a specific two-year project.

Despite the difficult circumstances, we are proud that we have continued to publish quality research, influencing key stakeholders in the tax space. Our work was recognised by the specialist publication International Tax Review, with our acting director featuring in their list of the 50 most influential people in tax in 2022.

Organisational development

We have completed our Tax and the Rule of Law project, which was generously backed by the Joffe Charitable Trust.

In summer 2022 we received funding from Open Society Foundations (OSF) for a project, overseen by Transparency International, looking at the role of tax professionals in enabling tax crime. Tax Watch received £95,406 in summer 2022, and it is hoped that a further \$76,000 will be received in June 2023. This funding is restricted to this project, and has allowed for TaxWatch to hire an academic to act as our Tax Crime Fellow for a period of two years.

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.
- 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.

TaxWatch

Report of the trustees

For the year ended 31 March 2023

Our governing document is available at the Companies House website.

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

Our directors and 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.

The Chair of Trustees is responsible for setting the pay of management.

The Editorial Committee remains independent from the board, ensuring that funders are not influencing the editorial content 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 day-to-day management of TaxWatch sits with the Executive Director.

Staff

Executive Director - George Turner

George Turner is the Executive Director of TaxWatch. Before setting up TaxWatch George worked as a journalist and has led multiple investigations that have appeared on the front pages of newspapers across the world.

George first became interested in tax policy when he wrote a paper for the think tank Centre Forum in 2013, which revealed how the UK's private equity owned water companies structured their finances to minimise corporation tax payments.

Before becoming an investigative journalist George was head of the Westminster office of the Deputy Leader of the Liberal Democrats, Simon Hughes.

George has been on sick leave since June 2022 as a result of a serious accident.

Acting Director – Alex Dunnagan

Alex Dunnagan is an accredited criminal investigator and military intelligence analyst. He previously worked at the National Crime Agency, investigating human trafficking, child exploitation, and political corruption.

Prior to joining TaxWatch, Alex worked at a private intelligence company leading a team of analysts providing security reporting to multi-national corporations.

Alex is currently serving as a Reservist with the British Army.

Having served as TaxWatch's Researcher since Spring 2019, Alex moved into the role of Acting Director in June 2022 following George's accident.

TaxWatch

Report of the trustees

For the year ended 31 March 2023

Tax Crime Fellow – Dr Pete Sproat

Pete Sproat has an extensive background in researching and teaching financial crime, policing, and politics, at several UK universities. Pete has published numerous academic articles on topics such as anti-money laundering, asset recovery and the policing of fraud and organised crime.

Pete joined TaxWatch in October 2022.

Researcher – Sarah Walton

Sarah Walton worked for HMRC as a fully qualified tax inspector for many years. Sarah is experienced in conducting civil investigations into complex cases of tax fraud and avoidance involving all types of taxes and taxpayers.

Sarah joined TaxWatch in October 2022.

Trustees

TaxWatch has six Trustees, who have been recruited on the basis of their experience and the contribution they bring to the organisation.

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 expose 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.

The company 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 – the Ethical Capitalist: How to Make Business Work for a Better Society – was published in 2018.

Damien Morrison

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

Damien is the Company Secretary of TaxWatch.

TaxWatch

Report of the trustees

For the year ended 31 March 2023

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 2000 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

Alex Dunnagan

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.

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).

TaxWatch

Report of the trustees

For the year ended 31 March 2023

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

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.

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.

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 publish exclusively as external ‘op-eds’. Our published research is also used as the foundation for creating briefings for politicians, or for submitting evidence to parliamentary inquiries.

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.

TaxWatch

Report of the trustees

For the year ended 31 March 2023

Creative sector tax reliefs

Our work looking at Creative Sector Tax Reliefs has continued, and we have built a significant library of research looking at these reliefs. This has seen notable interest from politicians, with TaxWatch becoming a subject matter expert in the field of these reliefs (see appearance at the Treasury Select Committee above). Work will continue in this area, as it is our belief that it is important for the UK Government to assess how successful these measures are.

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. It also seems HMRC are struggling to maintain appropriate levels of compliance activity. This has received a lot of political interest this year with TaxWatch being quoted in the media and in Parliament amidst further legislative changes.

Fraud

TaxWatch reported that HMRC expect to recover just 25% of a total of £4.5bn paid out in fraud and error in relation to the coronavirus support schemes. TaxWatch's report about this failure and HMRC's approach to compliance was covered in several media outlets, both mainstream and specialist.

We again published data on the 'Tax Fraud Gap', reviewing HMRC's annual Tax Gap publication to assess how much of this gap is resultant from fraudulent behaviour. Our analysis found that the amount of tax lost to fraud in 2020/21 was at least £14.4bn.

We also published a joint report with the APPG for Anti-Corruption and Responsible Tax looking at how some tax avoidance could be prosecuted as fraud with a launch event in Parliament attended by cross-party MPs. This was covered in a range of mostly specialist media with opinion pieces not always agreeing but recognising the concerns raised.

TaxWatch made a critique of the government's proposal to increase the sentence for tax fraud it is commentary on the Spring Budget 2023.

Tax Avoidance

Our largest piece of work on avoidance is the APPG joint report referred to above which questions the distinction between fraud and avoidance.

Other work has focused on the continued existence of disguised remuneration schemes which appear to still be flourishing demonstrating the failure of incremental attempts to make these less attractive. Our most recent analysis was quoted in The Times.

International tax deal

We have started updating previous work on apparent profit shifting within multi-national tech companies. During the year we published an analysis of Amazon taxes highlighting how they benefit from large government contracts but on the face of it pay little into the public purse. This was covered by the Guardian.

TaxWatch

Report of the trustees

For the year ended 31 March 2023

Within the above we continued work on analysing the new digital services tax which will likely be replaced by Pillar 1 of the OECD Base Erosion and Profits Shifting (BEPS) project rules.

A report focusing on this for Etsy was quoted in a range of press outlets.

Tax compliance

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.

Previous TaxWatch comparisons of funding for DWP and HMRC compliance have featured in Parliament. We have also been regularly quoted by MPs in relation to work highlighting the substantial return on investment that HMRC achieve in compliance work.

Regulators

As a result of horizon scanning, meetings with like-minded NGOs and information received, TaxWatch undertook enquiries into numerous accountants and providers of tax advice, some of whom appear to be members of professional bodies. This led to a complaint to one or more professional bodies about:

- An accountant who failed to provide an auditor with an accurate description of the relationship between the legal and the true owner of a company who would be gaoled for attempting to breach an embargo on the supply of weapons to a particular country.
- A property tax advisor noted on HMRC's list of deliberate tax defaulters.
- An accountant and director of a firm whose tax avoidance scheme was highlighted on HMRC's 'Current list of named tax avoidance schemes, promoters, enablers and suppliers'.

We have now lodged complaints relating to five individuals. Unfortunately none of the five complaints made so far have resulted in a formal enquiry by the statutory body. Response times have been very disappointing. None of the complaints have been dismissed.

The reaction of the professional bodies to the complaints provide first-hand evidence of the deficiencies in the regulation of professional bodies. We wrote an 'Op-ed' on the requirements of a system of mandatory self-regulation by professional bodies, which constitutes part of our on-going work on the regulation of tax advisors – a project funded by the OSF. Other evidence is being gathered from the literature and other interested parties.

Other issues

The next State of Tax Administration report will be published later this year, following publication of HMRC's annual report and accounts in July. The delay to the timing of this report will enable publication of more up to date information with this timetable to be followed in the future.

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, with our Acting Director providing oral evidence to the Treasury Select Committee during a hearing.

TaxWatch

Report of the trustees

For the year ended 31 March 2023

Throughout this period, we have published over 20 research articles in this period, with our work cited in the media close to 70 times. This decrease in output is as a result of organisational and staffing changes within TaxWatch.

In the background, 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 NGO's 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.

Financial review

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. We are immensely grateful for all donations received.

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

While no funds were received from Persula in 2022-2023, further funds are expected in 2023-2024.

As a small organisation operating remotely, TaxWatch has does not have many fixed costs or liabilities other than payroll. Office space is rented on a month to month basis from providers of shared spaces. A small amount of our funds are used for travel. Given this, the Trustees have not set a reserves policy.

An employment case was brought against TaxWatch in 2022-2023, but was ultimately withdrawn. Despite the withdrawal, this led to significant legal costs. TaxWatch has an insurance policy in place, though not all costs are covered by insurance, and there is a £10,000 excess. We anticipate that we should receive back approximately £11,000 from insurance.

It is understood that in 2023-2024 there may be legal costs to TaxWatch in the region of £10,500 for the failed intervention in a case between HMRC and General Electric. There is no significant update to provide on this matter.

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. Though we are a research led organisation, we will continue to seek to balance publishing ground breaking research, along with background shaping activity in order 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, and it is intended a larger piece of researcher will be launched in 2023-2024 alongside a public discussion.

TaxWatch

Report of the trustees

For the year ended 31 March 2023

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).

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 29 June 2023 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 2023, which are set out on pages 12 to 23.

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 other 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: 30 June 2023

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

For the year ended 31 March 2023

	Note	Restricted £	Unrestricted £	2023 Total £	2022 Total £
Income from:					
Donations and legacies	3	120,406	50,000	170,406	225,250
Other income		-	-	-	800
Total income		<u>120,406</u>	<u>50,000</u>	<u>170,406</u>	<u>226,050</u>
Expenditure on:					
Raising funds		-	9,106	9,106	7,692
Charitable activities		<u>56,510</u>	<u>115,148</u>	<u>171,658</u>	<u>144,283</u>
Total expenditure	5	<u>56,510</u>	<u>124,254</u>	<u>180,764</u>	<u>151,975</u>
Net income / (expenditure) and net movement in funds	6	63,896	(74,254)	(10,358)	74,075
Reconciliation of funds:					
Total funds brought forward		-	83,508	83,508	9,433
Total funds carried forward		<u>63,896</u>	<u>9,254</u>	<u>73,150</u>	<u>83,508</u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

TaxWatch

Balance sheet

As at 31 March 2023

	Note	£	2023 £	2022 £
Fixed assets				
Tangible assets	9		<u>341</u>	<u>283</u>
Current assets				
Debtors	10	4,221		4,162
Cash at bank and in hand		<u>83,339</u>		<u>94,894</u>
		87,560		99,056
Liabilities				
Creditors: amounts falling due within 1 year	11	<u>(14,751)</u>		<u>(15,831)</u>
Net current assets			<u>72,809</u>	<u>83,225</u>
Net assets	13		<u>73,150</u>	<u>83,508</u>
Funds	14			
Restricted funds			63,896	-
Unrestricted funds			<u>9,254</u>	<u>83,508</u>
Total charity funds			<u>73,150</u>	<u>83,508</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:

- ensuring that the company keeps proper accounting records which comply with section 386 of the Act; and
- 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 29 June 2023 and signed on their behalf by



Jennifer Herrera - Treasurer

TaxWatch

Notes to the financial statements

For the year ended 31 March 2023

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. 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 2023

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:

	2023	2022
Raising funds	5.0%	5.1%
Charitable activities	95.0%	94.9%

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
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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 2023

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 2023

2. Prior period comparatives: statement of financial activities

	Restricted £	Unrestricted £	2022 Total £
Income from:			
Donations and legacies	-	225,250	225,250
Other income	-	800	800
Total income	-	226,050	226,050
Expenditure on:			
Raising funds	-	7,692	7,692
Charitable activities	4,250	140,033	144,283
Total expenditure	4,250	147,725	151,975
Net income / (expenditure) and net movement in funds	(4,250)	78,325	74,075

3. Income from donations

	Restricted £	Unrestricted £	2023 Total £
CAF American Donor Fund	-	50,000	50,000
Joffe Charitable Trust	25,000	-	25,000
Open Society Foundation	95,406	-	95,406
Total income from donations	120,406	50,000	170,406

Prior year comparative

	Restricted £	Unrestricted £	2022 Total £
Persula Foundation	-	115,000	115,000
CAF American Donor Fund	-	50,000	50,000
James Timpson	-	10,000	10,000
The Fairness Foundation	-	50,000	50,000
Other donations	-	250	250
Total income from donations	-	225,250	225,250

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 2023

5. Total expenditure

	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	3,178	60,101	(63,279)	-
Total expenditure	9,106	171,658	-	180,764

Total governance costs were £1,920 (2021: £1,770).

Prior period comparative

	Raising funds £	Charitable activities £	Support and governance costs £	2022 Total £
Staff costs (note 7)	6,122	110,202	6,123	122,447
Legal fees	-	1,680	4,990	6,670
Editorial and research	-	2,948	-	2,948
Rent	-	-	3,303	3,303
Insurance	-	-	12,235	12,235
Depreciation	-	-	273	273
Accountancy	-	-	1,770	1,770
Miscellaneous costs	-	-	2,329	2,329
Sub-total	6,122	114,830	31,023	151,975
Allocation of support and governance costs	1,570	29,453	(31,023)	-
Total expenditure	7,692	144,283	-	151,975

TaxWatch

Notes to the financial statements

For the year ended 31 March 2023

6. Net movement in funds

This is stated after charging:

	2023	2022
	Total	Total
	£	£
Depreciation	272	273
Trustees' remuneration (note 15)	2,097	2,748
Trustees' reimbursed expenses	Nil	Nil
Independent examiners' remuneration:		
▪ Independent examination	1,920	1,770

7. Staff costs and numbers

Staff costs were as follows:

	2023	2022
	£	£
Salaries and wages	104,822	108,627
Social security costs	8,507	8,267
Pension costs	5,223	5,553
	118,552	122,447

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

The key management personnel of the charitable company comprise the trustees and Acting Director. The total employee benefits of the key management personnel were £50,991 (2022: £62,862).

	2023	2022
	No.	No.
Average head count	3	4

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 2023

9. Tangible fixed assets

	Computer equipment £
Cost	
At 1 April 2022	820
Additions	<u>330</u>
At 31 March 2023	<u>1,150</u>
Depreciation	
At 1 April 2022	537
Charge for the year	<u>272</u>
At 31 March 2023	<u>809</u>
Net book value At 31 March 2023	<u>341</u>
At 31 March 2022	<u><u>283</u></u>

10. Debtors

	2023 £	2022 £
Prepayments	<u>4,221</u>	<u>4,162</u>

11. Creditors: amounts due within 1 year

	2023 £	2022 £
Trade creditors	-	300
Accruals	<u>14,751</u>	<u>15,531</u>
	<u>14,751</u>	<u>15,831</u>

TaxWatch

Notes to the financial statements

For the year ended 31 March 2023

12. Contingent liabilities

The charity has been involved in a legal case during the year relating to matters arising in the year ended 31 March 2022. The expected settlement which may be payable in the case is £10,500, however the charity's obligation to settle this amount is currently unclear.

13. Analysis of net assets between funds

	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
	Restricted funds £	Unrestricted funds £	Total funds £
Tangible fixed assets	-	283	283
Current assets	-	99,056	99,056
Current liabilities	-	(15,831)	(15,831)
Net assets at 31 March 2022	-	83,508	83,508

TaxWatch

Notes to the financial statements

For the year ended 31 March 2023

14. Movements in funds

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

Purposes of restricted funds

The Rule of Law fund is funding from The Joffe Charitable Fund to employ a Tax Law Advisor.

The 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, Sarah Walton and Richard Brooks.

TaxWatch

Notes to the financial statements

For the year ended 31 March 2023

14. Movement in funds (continued)

Prior year comparative

	At 1 April 2021 £	Income £	Expenditure £	At 31 March 2022 £
Restricted funds				
Rule of Law	4,250	-	(4,250)	-
Total restricted funds	4,250	-	(4,250)	-
Unrestricted funds				
General funds	5,183	226,050	(147,725)	83,508
Total unrestricted funds	5,183	226,050	(147,725)	83,508
Total funds	9,433	226,050	(151,975)	83,508

15. Related party transactions

The charity's payroll is administered free of charge by Richer Sounds, a company 40% owned by trustee, Julian Richer. The value of this gift is expected to be in the region of £250 (2022: £250).

Trustee Richard Brooks receives fees for his role as Chair of the charity's Editorial Committee. This amounted to £2,097 in the current year (2022: £2,748). This is permitted under the charity's Articles of Association.

TAXWATCH

England & Wales - Charity number 1189585

Accounts

Company no. 11609849
Charity no. 1189585

TaxWatch
Report and Unaudited Financial
Statements
31 March 2022

TaxWatch

Reference and administrative details

For the year ended 31 March 2022

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: Julian Richer Chair Ana Arendar Richard Brooks Jennifer Herrera Damien Morrison James Timpson
Executive director	George Turner
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 2022

The trustees present their report along with the financial statements of the charity for the year ended 31 March 2022.

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 third annual report, covering the 12 month period from April 2021 to our year end in March 2022. This is our second annual report as a charity.

We have continued to add to our portfolio of research, and have seen continued success in gaining media attention for our publications. Our presence in radio and television media has increased over the past year. The majority of outlets quoting our work remain print media, ranging from major news publications, through to more tax and law specific outlets.

TaxWatch is now recognised as an important, independent and authoritative voice on tax issues. As a result of this reputation TaxWatch has built through a foundation of solid research, we have been able to engage directly with politicians and government officials. Our ever growing library of research has provided us with the credibility necessary to begin shaping policy, in line with our charitable objects, seeking to promote the sound administration of tax law, and compliance with tax law.

We are now half way through our Tax and the Rule of Law project, an initiative seeking to improve both the application of the rule of law in tax administration by ensuring that the public interest is more sufficiently and more effectively represented in the courts and by regulators. While our legal proceedings against HMRC over their decision to settle a billion pound tax fraud dispute with GE was ultimately unsuccessful, the project continues. We have submitted multiple complaints to regulators regarding the conduct of tax law professionals, the outcome of which should become clearer over the next 12 months.

Considering the size of TaxWatch, in terms of both staffing and funding, we firmly believe that we punch well above our weight, and look forward to what the next year brings.

Organisational development

We have completed the first year of our Tax and the Rule of Law project, which is backed by The Joffe Charitable Trust. The Trust has pledged £25,000 a year to support this project over two years, ending Spring 2023.

In May 2021 we received accreditation from the Good Business Charter, in recognition of responsible business practices.

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.

TaxWatch

Report of the trustees

For the year ended 31 March 2022

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.

The charity is governed by its Memorandum and Articles of Association, available on the Companies House website.

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

Our directors and editorial committee

The trustees continue to play an active role in the organisation, providing input and advice on fundraising, staffing, and long-term strategy.

The Chair of Trustees is responsible for setting the pay of management.

The editorial committee remains independent from the board, ensuring that funders are not influencing the editorial content 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 day to day management of TaxWatch sits with the Executive Director.

Staff

Executive Director - George Turner

George Turner is the Executive Director of TaxWatch. Before setting up TaxWatch George worked as a journalist and has led multiple investigations that have appeared on the front pages of newspapers across the world.

George first became interested in tax policy when he wrote a paper for the think tank Centre Forum in 2013, which revealed how the UK's private equity owned water companies structured their finances to minimise corporation tax payments.

Before becoming an investigative journalist George was head of the Westminster office of the Deputy Leader of the Liberal Democrats, Simon Hughes.

Researcher – Alex Dunnagan

Alex Dunnagan is an accredited criminal investigator and military intelligence analyst. He previously worked at the National Crime Agency, investigating human trafficking, child exploitation, and political corruption.

Prior to joining TaxWatch, Alex worked at a private intelligence company leading a team of analysts providing security reporting to multi-national corporations.

Alex is currently serving as a Reservist with the British Army.

TaxWatch

Report of the trustees

For the year ended 31 March 2022

Trustees

TaxWatch has 6 trustees, who have been recruited on the basis of their experience and the contribution they bring to the organisation.

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.

The company 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 – the Ethical Capitalist: How to Make Business Work for a Better Society – was published in 2018.

Damien Morrison

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

Damien is the Company Secretary of TaxWatch.

Ana Caistor Arendar

Ana is Head of Inequality Campaigns and Policy at Oxfam GB. She previously worked as Oxfam's Campaigns, Policy and Communications Manager for Latin America and the Caribbean based in Mexico and Bolivia, and as Oxfam's Campaigns and Policy Manager in Haiti, where she worked on the humanitarian responses following the 2010 earthquake and the cholera outbreak later that year.

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.

TaxWatch

Report of the trustees

For the year ended 31 March 2022

The Editorial Committee

Richard Brooks – Chair

George Turner - Executive Director

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.

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

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.

Bates and Wells

Advises TaxWatch on charity law.

10 Queen St Place, London, EC4R 1BE.

TaxWatch

Report of the trustees

For the year ended 31 March 2022

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.

Our research and publications

TaxWatch's main activities for the 2021-2022 financial year have been the publication of research, briefings, and commentary on various issues related to the tax system. We have seen continued success in gaining media attention for our publications, and our presence on the radio and television has increased over the past year, though the majority of outlets quoting our work remain print media – this ranges from major national news publications, through to more tax and law specific outlets.

TaxWatch is now recognised as an important, independent and authoritative voice on tax issues. As a result of this reputation built through a foundation of solid research, we have been able to engage directly with politicians and government officials. Our ever growing library of research has provided us with the credibility necessary to begin shaping policy, in line with our charitable objects, seeking to promote the sound administration of tax law, and compliance with tax law. Over the past year, this has included producing briefings for debates in the main chambers of the Houses of Commons and Lords, and the Commons Treasury Select Committee, among others.

A summary of our research is below.

Creative sector tax reliefs

Our work looking at Creative Sector Tax Reliefs has continued, and we have built a significant library of research looking at these reliefs. This has seen notable interest from politicians, with TaxWatch becoming a subject matter expert in the field of these reliefs. Work will continue in this area, as it is our belief that it is important for the UK Government to assess how successful these measures are.

Fraud

TaxWatch revealed that HMRC expect to recover just 25% of a total of £5.8bn paid out in fraud and error in relation to the coronavirus support schemes. The announcement that up to £4.3bn wrongly claimed would be written off saw major news coverage, with HMRC's record on tax fraud being questioned by two select committees and in several parliamentary debates. This revelation ultimately contributed to the resignation of the Government Minister responsible for counter fraud, Lord Agnew.

We have also begun to produce an annual 'Tax Fraud Gap', wherein we review HMRC's annual Tax Gap publication, and assess how much of this gap is resultant from fraudulent behaviour. Our analysis found that the amount of tax lost to fraud in 2020 was at least £15.2bn.

International tax deal

TaxWatch research estimated that eight large tech companies in the UK made an estimated £9.6bn in profit from sales to UK customers in 2019, yet only had corporation tax liabilities of £297m – avoiding an estimated £1.5bn. This research featured in several newspapers, along with having segments on ITV News and Channel 4 News. This report was released as Finance Ministers were seeking to negotiate a new international tax settlement on multinationals.

TaxWatch

Report of the trustees

For the year ended 31 March 2022

Looking at the deal itself, we released several reports looking at what effect the proposed measures would have. We demonstrated that tech giants will almost certainly end up paying less tax in the UK under the proposals put forward by the G7 than they are currently liable for under the UK's digital services tax (scrapping digital services taxes was a key demand of the United States in the negotiations for a new global tax deal).

A separate TaxWatch analysis showed that the US Government was set to be the winner of any global deal, with an estimated annual increase in US Tax of \$8.4bn from just four companies, against a benefit of \$2.5bn shared between the rest of the world.

Tax compliance

We revealed that, despite the increase in benefits-related fraud in the pandemic being significantly less than the amount of tax fraud in HMRC administered schemes, the Department for Work and Pensions had received significantly more funding to tackle the issue. Despite a greater return on investment in funding HMRC compliance work, the DWP received £603m additional funding for compliance, compared with £155m for HMRC. This builds upon our previous work comparing the prosecution of tax crime with benefits crime, which found that between 2009 and 2019 the UK prosecuted 23 times more people for benefits offences than tax offences.

Regulators

In an attempt to hold regulators to account, we have begun submitting complaints to the Tax Disciplinary Panel about the conduct of accountants who have previously been involved in avoidance schemes, yet maintain their chartered status. We have so far made formal complaints about 'Mr Red', the accountant involved in the Rangers Football Club avoidance scheme, and Arthur Lancaster, Prince Andrew's accountant, who was recently found in a tax tribunal to be "seriously misleading", "evasive" and "lacking in candour". Mr Lancaster is the director of an Isle of Man based company that had been involved in the promotion of marketed tax avoidance schemes. Work in this field is set to increase over the next year.

Other issues

TaxWatch research has been published by Transparency International, scrutinising the UK's reform of its Controlled Foreign Company (CFC) regime in 2012, which exempted some UK-based multinational companies from anti-tax avoidance rules. The research piece analyses potential lobbying through professional service providers, and the 'revolving door'. The 2012 changes radically reduced the scope of the UK's rules and facilitated the use of avoidance structures by UK-based multinational companies.

Looking to Africa, we found that Microsoft, Google, and Facebook were not collecting VAT on sales made to customers in most African countries, despite legislation requiring them to. As a result of this, these African countries are missing out on significant tax revenues.

Keeping on the subject of VAT, we revealed how Sports Direct worked with big four accountancy firm Deloitte on a VAT scheme that has led to litigation in several European countries. The scheme involved contracting out deliveries to a company, which had no vehicles or drivers, set up by the Sports Direct Chairman's brother. The scheme will potentially have cost European tax authorities billions of Euros in lost VAT receipts.

TaxWatch

Report of the trustees

For the year ended 31 March 2022

BBC Radio 4 File on 4 revealed that some staff at G4S run Covid test centres had been employed by subcontractors using Mini Umbrella Companies in the Philippines in order to avoid National Insurance. As a result of this, we wrote to the Department of Health and Social Care (DHSC) multiple times asking what has been done about apparent abuses in the department's procurement process and publicly called for an investigation into tax abuses in the supply chain.

TaxWatch analysis also showed that the number of users of disguised remuneration schemes has increased dramatically despite government attempts to legislate against the schemes. We also found that criminal investigations against promoters remain a rarity, with no successful prosecutions being brought against disguised remuneration promoters.

Finally, we launched the first of what is to become an annual report, 'The State of Tax Administration', which seeks to provide an independent analysis of the performance of the government in carrying out the vital role of administering and enforcing the tax system. The report draws together a number of facts and figures from various sources, including HMRC's annual reports and tax gap reports, Freedom of Information requests, and other publicly available data. It is hoped that the report will become a valuable resource for the media, politicians and the public.

The use of TaxWatch research

TaxWatch has met, briefed, and built relationships with a number of MPs from both sides of the House, as well as with members of the House of Lords. We continue to provide briefings to select committees, and submit evidence to parliamentary inquiries. We have briefed Directors of the National Audit Office on our work, and enjoy a constructive relationship with the organisation.

Throughout this period we have published close to 40 articles, reports, and op-eds. Our research has been cited in the media over 100 times this year. Our research has been quoted in the House of Commons, the House of Lords, during Public Accounts Committee sessions, and our written evidence submitted for inquiries has been accepted and published.

In the background, 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.

Financial review

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 and James Timpson. We are immensely grateful for all donations received.

All of our donors are committed to multi-year funding, and the vast majority of our funding is unrestricted. The grant from The Joffe Charitable Trust is to be used to fund our tax and the Rule of Law Project.

Broadening our donor base remains a priority for TaxWatch.

TaxWatch

Report of the trustees

For the year ended 31 March 2022

As a small organisation operating remotely, TaxWatch does not have many fixed costs or liabilities other than payroll. Office space is rented on a month-to-month basis from providers of shared spaces. Given this, and the ongoing support of its founding trustee, the trustees maintain a reserve covering 3 months of payroll costs over the following year. This equates to approximately £30,000 and unrestricted funds at the year end of £83,508 exceed this.

It is understood that in 2022-2023 there may be costs to TaxWatch as a result of an employment dispute, as well as legal costs for the failed intervention in a case between HMRC and General Electric. The charity will be able to cover the related costs from its reserves.

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. Though we are a research led organisation, we will continue to seek to balance publishing ground breaking research, along with background shaping activity in order to ensure that research reaches the correct audience.

Our work holding regulators to account on professional standards is set to increase over the following year, something which will be aided greatly by the addition of more staff.

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).

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.

TaxWatch

Report of the trustees

For the year ended 31 March 2022

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 14 December 2022 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 2022, which are set out on pages 12 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 other 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: 15 December 2022

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 2022

	Note	Restricted £	Unrestricted £	2022 Total £	2021 Total £
Income from:					
Donations and legacies	3	-	225,250	225,250	135,000
Charitable activities		-	-	-	3,574
Other income		-	800	800	-
Total income		-	226,050	226,050	138,574
Expenditure on:					
Raising funds		-	7,692	7,692	6,644
Charitable activities		4,250	140,033	144,283	129,663
Total expenditure	5	4,250	147,725	151,975	136,307
Net income / (expenditure) and net movement in funds	6	(4,250)	78,325	74,075	2,267
Reconciliation of funds:					
Total funds brought forward		4,250	5,183	9,433	7,166
Total funds carried forward		-	83,508	83,508	9,433

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

TaxWatch**Balance sheet****As at 31 March 2022**

	Note	£	2022 £	2021 £
Fixed assets				
Tangible assets	9		<u>283</u>	<u>556</u>
Current assets				
Debtors	10	4,162		3,550
Cash at bank and in hand		<u>94,894</u>		<u>27,811</u>
		99,056		31,361
Liabilities				
Creditors: amounts falling due within 1 year	11	<u>(15,831)</u>		<u>(22,484)</u>
Net current assets			<u>83,225</u>	<u>8,877</u>
Net assets	13		<u><u>83,508</u></u>	<u><u>9,433</u></u>
Funds	14			
Restricted funds			-	4,250
Unrestricted funds			<u>83,508</u>	<u>5,183</u>
Total charity funds			<u><u>83,508</u></u>	<u><u>9,433</u></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 14 December 2022 and signed on their behalf by



Jennifer Herrera - Treasurer

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. 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.

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.

Notes to the financial statements

For the year ended 31 March 2022

1. Accounting policies (continued)

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:

	2022	2021
Raising funds	5.1%	4.9%
Charitable activities	94.9%	95.1%

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.

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.

Notes to the financial statements

For the year ended 31 March 2022

1. Accounting policies (continued)

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.

2. Prior period comparatives: statement of financial activities

	Restricted £	Unrestricted £	2021 Total £
Income from:			
Donations and legacies	25,000	110,000	135,000
Charitable activities	-	3,574	3,574
Total income	25,000	113,574	138,574
Expenditure on:			
Raising funds	-	6,644	6,644
Charitable activities	20,750	108,913	129,663
Total expenditure	20,750	115,557	136,307
Net income / (expenditure) and net movement in funds	4,250	(1,983)	2,267

TaxWatch

Notes to the financial statements

For the year ended 31 March 2022

3. Income from donations

	Restricted £	Unrestricted £	2022 Total £
Persula Foundation	-	115,000	115,000
CAF American Donor Fund	-	50,000	50,000
James Timpson	-	10,000	10,000
The Fairness Foundation	-	50,000	50,000
Other donations	-	250	250
Total income from donations	-	225,250	225,250
Prior year comparative			
	Restricted £	Unrestricted £	2021 Total £
Joffe Charitable Trust	25,000	-	25,000
Persula Foundation	-	60,000	60,000
CAF American Donor Fund	-	50,000	50,000
Total income from donations	25,000	110,000	135,000

4. Government grants

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

Notes to the financial statements

For the year ended 31 March 2022

5. Total expenditure

	Raising funds £	Charitable activities £	Support and governance costs £	2022 Total £
Staff costs (note 7)	6,122	110,202	6,123	122,447
Legal fees	-	1,680	4,990	6,670
Editorial and research	-	2,948	-	2,948
Rent	-	-	3,303	3,303
Insurance	-	-	12,235	12,235
Depreciation	-	-	273	273
Accountancy	-	-	1,770	1,770
Miscellaneous costs	-	-	2,329	2,329
Sub-total	6,122	114,830	31,023	151,975
Allocation of support and governance costs	1,570	29,453	(31,023)	-
Total expenditure	7,692	144,283	-	151,975

Total governance costs were £1,770.

Prior period comparative

	Raising funds £	Charitable activities £	Support and governance costs £	2021 Total £
Staff costs (note 7)	5,558	100,052	5,558	111,168
Legal fees	-	5,226	1,295	6,521
Editorial and research	-	3,182	-	3,182
Rent	-	-	505	505
Insurance	-	-	13,116	13,116
Depreciation	-	-	152	152
Accountancy	-	-	1,608	1,608
Miscellaneous costs	-	-	55	55
Sub-total	5,558	108,460	22,289	136,307
Allocation of support and governance costs	1,086	21,203	(22,289)	-
Total expenditure	6,644	129,663	-	136,307

Total governance costs were £1,680.

TaxWatch

Notes to the financial statements

For the year ended 31 March 2022

6. Net movement in funds

This is stated after charging:

	2022	2021
	Total	Total
	£	£
Depreciation	273	152
Trustees' remuneration (note 15)	2,748	2,641
Trustees' reimbursed expenses	Nil	Nil
Independent examiners' remuneration:		
▪ Independent examination	1,770	1,680

7. Staff costs and numbers

Staff costs were as follows:

	2022	2021
	£	£
Salaries and wages	108,627	101,984
Social security costs	8,267	5,497
Pension costs	5,553	3,687
	122,447	111,168

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

The key management personnel of the charitable company comprise the trustees and Executive Director. The total employee benefits of the key management personnel were £62,862 (2021: £57,023).

	2022	2021
	No.	No.
Average head count	4	3

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 2022

9. Tangible fixed assets

	Computer equipment £
Cost	
At 1 April 2021 and 31 March 2022	<u>820</u>
Depreciation	
At 1 April 2021	264
Charge for the year	<u>273</u>
At 31 March 2022	<u>537</u>
Net book value	
At 31 March 2022	<u><u>283</u></u>
At 31 March 2021	<u><u>556</u></u>

10. Debtors

	2022 £	2021 £
Prepayments	<u><u>4,162</u></u>	<u><u>3,550</u></u>

11. Creditors: amounts due within 1 year

	2022 £	2021 £
Trade creditors	300	965
Accruals	<u><u>15,531</u></u>	<u><u>21,519</u></u>
	<u><u>15,831</u></u>	<u><u>22,484</u></u>

12. Contingent liabilities

The charity was involved in two legal cases after the year end, relating to matters which arose in the year. There was no constructive or legal obligation at the year end to pay any costs relating to these matters, which are ongoing. Therefore the outcome of these matters and any resulting costs are uncertain at this time.

Legal costs totalling £19,287 have been incurred to date in relation to one of these two cases, and the expected settlement which may be payable in the other case is £10,500.

The charity has insurance coverage for legal costs after an initial excess of £10,000.

Notes to the financial statements

For the year ended 31 March 2022

13. Analysis of net assets between funds

	Restricted funds £	Unrestricted funds £	Total funds £
Tangible fixed assets	-	283	283
Current assets	-	99,056	99,056
Current liabilities	-	(15,831)	(15,831)
Net assets at 31 March 2022	-	83,508	83,508

Prior year comparative

	Restricted funds £	Unrestricted funds £	Total funds £
Tangible fixed assets	-	556	556
Current assets	4,719	26,642	31,361
Current liabilities	(469)	(22,015)	(22,484)
Net assets at 31 March 2021	4,250	5,183	9,433

14. Movements in funds

	At 1 April 2021 £	Income £	Expenditure £	At 31 March 2022 £
Restricted funds				
Rule of Law	4,250	-	(4,250)	-
Total restricted funds	4,250	-	(4,250)	-
Unrestricted funds				
General funds	5,183	226,050	(147,725)	83,508
Total unrestricted funds	5,183	226,050	(147,725)	83,508
Total funds	9,433	226,050	(151,975)	83,508

Purposes of restricted funds

The Rule of Law fund is funding from The Joffe Charitable Fund to employ a Tax Law Advisor.

Notes to the financial statements

For the year ended 31 March 2022

14. Movements in funds (continued)

Prior year comparative

	At 1 April 2020 £	Income £	Expenditure £	At 31 March 2021 £
Restricted funds				
Rule of Law	-	25,000	(20,750)	4,250
Total restricted funds	-	25,000	(20,750)	4,250
Unrestricted funds				
General funds	7,166	113,574	(115,557)	5,183
Total unrestricted funds	7,166	113,574	(115,557)	5,183
Total funds	<u>7,166</u>	<u>138,574</u>	<u>(136,307)</u>	<u>9,433</u>

15. Related party transactions

The charity received £115,000 (2021: £60,000) from The Persula Foundation and £50,000 from The Fairness Foundation (2021: nil) during the period. Julian Richer is a trustee of all three charities.

The charity's payroll is administered free of charge by Richer Sounds, a company 40% owned by trustee, Julian Richer. The value of this gift is expected to be in the region of £250 (2021: £250).

Trustee Richard Brooks receives fees for his role as Chair of the charity's Editorial Committee. This amounted to £2,748 in the current year (2021: £2,641). This is permitted under the charity's Articles of Association.

TAXWATCH

England & Wales - Charity number 1189585

Accounts

Company no. 11609849
Charity no. 1189585

TaxWatch
Report and Unaudited Financial
Statements
31 March 2021

TaxWatch

Reference and administrative details

For the year ended 31 March 2021

Company number	11609849	
Charity number	1189585	Registered 20 May 2020
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:	
	Julian Richer	Chair
	Ana Arendar	
	Richard Brooks	
	Jennifer Herrera	
	Damien Morrison	
	James Timpson	
	George Turner	Resigned 19 May 2020, on charity registration
Executive director	George Turner	
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 2021

The trustees present their report along with the financial statements of the charity for the year ended 31 March 2021.

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 second annual report, covering the 12 month period from April 2020 to our year end in March 2021. This is our first annual report as a charity.

It has been a busy year, our groundbreaking research has raised new important issues in tax, and we have seen continued success in gaining media attention for our publications, all of which has built the organisation's public standing considerably.

This was recognised in February 2021 when it was announced that TaxWatch has been named as one of the most influential 50 organisations, people, or events of 2020 in International Tax Review's annual Global 50 list. Having formally launched the organisation just two years earlier, we were all incredibly proud of this achievement.

Our increasing public profile has allowed us to engage positively with politicians, government officials and business representatives at a senior level. TaxWatch is now recognised as an important, independent and authoritative voice on tax issues.

Organisational development

Over the past 12 months TaxWatch has expanded, taking on a new member of staff in December 2020 in the form of our Tax Law Adviser, Dr Osita Mba. Osita's main focus is our new Tax and the Rule of Law project, which is backed by the Joffe Trust. The Trust has pledged £25,000 a year to support this project over the next two years. This project will launch early in the 2021-2022 year, and the intent of this is to:

- Make public interest interventions in ongoing legal cases;
- Hold HMRC to account on tax compliance; and
- Hold regulators to account on the enforcement of professional standards in the tax industry.

In April 2020 we signed the Armed Forces Covenant, an initiative that commends employers who actively support the Armed Forces community in their workplace and encourages others to follow their lead.

In May 2020 TaxWatch officially registered as a charity (charity number 1189585). As part of this process the company adopted new Articles of Association, which aligned the legal objects of the company with our charitable purpose.

The objects adopted were 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.

TaxWatch

Report of the trustees

For the year ended 31 March 2021

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 governing document is available at the Charity Commission website.

As a result of Covid-19 restrictions, we have transitioned fully to a work-from-home organisation, and have given up our office space in Reading. This shift has not affected our work capacity. Our registered office address is: TaxWatch, 38 Coney Street, York, YO1 9ND.

Our directors and editorial committee

As TaxWatch became a charity, our directors became trustees. George Turner resigned from the board in advance of the organisation receiving charitable status, and became Executive Director, responsible for the day to day management of TaxWatch.

The trustees continue to play an active role in the organisation, providing input and advice on fundraising, staffing, and long-term strategy. The Chair of Trustees is responsible for setting the pay of management.

The editorial committee remains independent from the board, ensuring that funders are not influencing the editorial content 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.

Staff

Executive Director - George Turner

George Turner is the Executive Director of TaxWatch. Before setting up TaxWatch George worked as a journalist and has led multiple investigations that have appeared on the front pages of newspapers across the world.

George first became interested in tax policy when he wrote a paper for the think tank Centre Forum in 2013, which revealed how the UK's private equity owned water companies structured their finances to minimise corporation tax payments.

Before becoming an investigative journalist George was head of the Westminster office of the Deputy Leader of the Liberal Democrats, Simon Hughes.

Researcher – Alex Dunnagan

Alex Dunnagan is an accredited criminal investigator and military intelligence analyst. He previously worked at the National Crime Agency, investigating human trafficking, child exploitation, and political corruption.

Prior to joining TaxWatch, Alex worked at a private intelligence company leading a team of analysts providing security reporting to multi-national corporations.

Alex is currently serving as a Reservist with the British Army.

Communications – Paul Hebden

Paul Hebden works part-time providing communications and research support to TaxWatch. He has a background in strategic communications and campaigning. Before joining TaxWatch Paul worked for a number of NGOs, charities, and as a journalist.

TaxWatch

Report of the trustees

For the year ended 31 March 2021

Tax Law Adviser- Osita Mba

Dr Osita Mba is a Barrister and Solicitor in Nigeria and a Solicitor Advocate in England and Wales. He is also a Chartered Tax Adviser and a Fellow of the Chartered Institute of Taxation. He was a lawyer for Her Majesty's Revenue & Customs (HMRC) from 2007 to 2013. In 2014, he was awarded the Middlesex University UK Whistleblowing Award "in recognition of his part in exposing a tax settlement between HMRC and Goldman Sachs."

Osita's doctoral research, entitled "Cheating the Public Revenue: The Nature and Meaning of 'Tax Avoidance' and 'Tax Evasion' in English Law", explores the meaning of 'tax avoidance' and 'tax evasion' in law using Common Law principles used in all jurisdictions. It challenges the dogma that "tax evasion is illegal but tax avoidance is legal", which is accepted as an article of faith in domestic and international taxation, and argues that tax avoidance and tax evasion are different forms of cheating the public revenue under the Common Law, which corresponds to tax fraud in all jurisdictions.

Trustees

TaxWatch has 6 trustees, who have been recruited on the basis of their experience and the contribution they bring to the organisation.

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. The company 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 – the Ethical Capitalist: How to Make Business Work for a Better Society – was published in 2018.

Damien Morrison

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

Damien is the Company Secretary of TaxWatch.

Ana Caistor Arendar

Ana is Campaigns lead at Progressive International. She was previously Head of Inequality Campaigns and Policy at Oxfam GB. Before that Ana worked as Oxfam's Campaigns, Policy and Communications Manager for Latin America and the Caribbean based in Mexico and Bolivia and Oxfam's Campaigns and Policy Manager in Haiti, where she worked on the humanitarian responses following the 2010 earthquake and the cholera outbreak later that year.

TaxWatch

Report of the trustees

For the year ended 31 March 2021

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
George Turner - Executive Director

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.

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.

TaxWatch

Report of the trustees

For the year ended 31 March 2021

Other relevant organisations

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.

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.

Our research and publications

TaxWatch's main activities have been the publication of research, briefings and commentary on various issues related to the tax system. A summary of our research is below.

Creative sector tax reliefs

Following on from our research into Video Games Tax Relief, we turned our attention to films. We revealed that the UK companies behind the James Bond films have minimised tax for decades whilst receiving tens of millions of pounds in subsidy from the UK taxpayer.

Fraud

A major theme in TaxWatch research over the past year has been tax fraud. In particular, we have focused on highlighting the fraudulent nature of many tax avoidance schemes, work which is very much in the public interest if we are to encourage people to not get involved in such schemes.

In an open letter, we called on the Economic Crime Unit of the City of London Police to open a fraud investigation into the promoters and marketers of disguised remuneration tax avoidance schemes, after uncovering evidence that people were being misled into joining the schemes.

We also submitted evidence to HMRC calling for those who sell disguised remuneration schemes to be investigated for fraud. Our Executive Director also gave evidence to the Finance Bill Sub-Committee of the House of Lords on fraud and disguised remuneration, and also presented on fraud to the Financial Services Tax Conference 2020.

TaxWatch

Report of the trustees

For the year ended 31 March 2021

We released a report revealing the serious allegations of fraud being levelled against a major US corporation, General Electric, by HMRC. This report highlighted how GE moved \$5bn around the world in a matter of days, as part of a complex “hybrid arbitrage” tax avoidance scheme, that allegedly generated a tax benefit for GE in the UK of up to £760m over a period of 10 years.

Covid-19

The UK government has pumped billions of pounds into the economy in order to combat the economic and social impacts of the Covid pandemic. Given the speed at which this was implemented, the possibility of abuse of the system, as well as a misallocation of support presented a significant risk to public funds.

TaxWatch has sought to monitor the provision of government aid, highlighting policy issues of public interest. In our work on business rates relief, published in 2020-2021, we highlighted the fact that supermarkets were a major beneficiary of government support, whilst being one of the few retail businesses able to remain open during the national lockdown.

When the Bank of England published a list of 53 companies receiving Covid-19 CCFF loans, we calculated that over 29% of the loans were given to companies with links to tax havens. We also revealed that The Bank of England had loaned £325 million to cruise ship companies despite the United States Government excluding the industry from its financial assistance programme due to its links to offshore tax havens.

We have published an article looking at the history of excess profits taxes, which have in the past been used to combat profiteering during crises.

Looking at the tax behaviour of companies receiving government bailouts, we published research arguing that governments that wish to restrict bailouts going to tax avoiders should insist that companies sign up to new rules on their tax behaviour.

Lobby groups have used the pandemic as an excuse to attempt to delay legislation. We have reported on financial services lobbyists requesting the EU delay anti-tax avoidance measures, and tech giants lobbying for a delay in the UK’s digital services tax.

While tech companies have donated to various pandemic related causes, we calculated that the amount of cash donated by these tech giants accounts for just 0.22% of the total amount of profits they had accumulated in tax havens by the end of 2017.

Tax compliance

In a report we asked whether the current metrics used by HMRC are sufficiently robust to allow Parliament and other interested parties to hold the government to account on the issue of tax avoidance. This report was presented in December 2020 to The Tax Administration Research Centre at the University of Exeter Business School.

In ‘Equality before the law?’ we revealed the huge disparity between the way in which benefits crime is treated in the UK when compared to tax crime, finding that between 2009 and 2019 the UK prosecuted 23 times more people for benefits offences than tax offences - despite the value of tax fraud being nine times higher than benefits fraud.

TaxWatch

Report of the trustees

For the year ended 31 March 2021

Other issues

We have also provided research responding to current events, including; a briefing paper on Free Ports which was cited in Parliament, a briefing paper on Corporation Tax which was featured in both print and broadcast media, research into the 'super deduction'.

We looked at plans for the UK to make online marketplaces such as Amazon and eBay liable to collect VAT on behalf of their sellers, and published an article explaining Amazon's tax structure in the UK.

On gambling, we questioned whether bet365 is generating hundreds of millions of pounds in revenue from unregulated markets and processing these funds through low-tax jurisdictions.

We also revealed that up to £1.73 billion a year in tax is being dodged by unscrupulous landlords, while making suggestions as to how best to combat this.

We published a study that showed that large technology companies have historically paid more than four times as much tax on their US profits than on profits made in the rest of the world.

The use of TaxWatch research

All of this activity has led to significant impact. Notably, we were the first to raise the issue of how supermarkets were set to be one of the big winners from the business rates holiday announced by the Treasury in response to Covid-19. This story gained traction, with the issue being raised a number of times over the Summer. In the Autumn, several major supermarkets decided to voluntarily pay the business rates that should have been due were it not for the holiday, resulting in several billion pounds being returned to the Treasury.

In late 2020, it was announced that Netflix would start to bill customers from the UK and no longer bill subscriptions from the Netherlands. Although this was part of a wider restructuring on the part of Netflix, TaxWatch undoubtedly played a role in this announcement as we were the first to put a spotlight on how Netflix's tax structure worked, and our research led to significant Parliamentary scrutiny of Netflix's offshore billing structure.

We have taken part in a number of events and debates. TaxWatch was invited to present our work to the CBI tax committee and a panel discussion at a Financial Services Conference where TaxWatch was invited to speak alongside HMRC's Chief Investigations Officer Simon York and Head of the Fraud Investigation Service of the Canadian Revenue Service Eric Ferron. TaxWatch also received an invitation from the All Party Parliamentary Group on Responsible Tax to speak on a panel with the Financial Secretary to the Treasury, Rt Hon Jesse Norman MP.

In July TaxWatch took part in a consultation with Cabinet Office advisor Richard Collier-Keywood and Naire Woods of the Oxford Business School, who are working on the Building Back Better agenda for the Government.

We were invited to brief the members of the Public Accounts Committee as part of their ongoing investigation into subsidies administered through the tax credit system. We presented our findings on Creative Industry Tax Reliefs.

TaxWatch

Report of the trustees

For the year ended 31 March 2021

We submitted evidence to three parliamentary inquiries over this period:

1. Treasury Evidence Select Committee – Tax After the Coronavirus;
2. HMRC – Tackling Disguised Remuneration Tax Avoidance; and
3. House of Lords Finance Bill Sub-Committee – Draft Finance Bill.

Following our submission to the Lords Finance Bill Sub-Committee, TaxWatch was invited to give oral evidence to Sub-Committee. This was broadcast live on parliament.uk. Our evidence was reflected in the recommendations made by the committee on the subject of the promotion of tax avoidance schemes. In particular the committee recommended that HMRC should open criminal investigations in to former promoters of tax avoidance schemes, which was an issue we had raised in our written and oral evidence.

The Public Accounts Committee held a short inquiry into the Tax Gap. In advance of this we provided a briefing to all members of the PAC setting out the issues with regards to how the UK calculates its tax gap liability.

TaxWatch now regularly meets with officers of the All Party Group on Responsible Tax. TaxWatch has met, briefed, and built relationships with a number of MPs including from both sides of the house.

TaxWatch published 3 op-eds, 4 briefing papers, 7 investigative reports, and 28 blog posts in the 12 months to 31 March 2021. Over the previous year we have logged 138 articles citing TaxWatch. This includes some very high quality coverage. Our story on allegations of tax fraud levelled against General Electric was the front page feature on the FT website for an entire day. Our publication on James Bond was on the front page of the Financial Mail on Sunday and the whole of page three of the Observer. Our research was cited on ITV's News at 10 in their coverage of the budget.

In terms of interacting with the public, our newsletter mailing list has grown to over 1,000 sign ups, our website has seen over 85,000 hits, and our Twitter profile has garnered 1,147,100 'impressions'.

Some of our older reports, and in particular our research on tax avoidance in the tech industry, still continues to be cited in the media, which demonstrates the long term value of our work. Journalists now frequently seek comment and advice from TaxWatch, demonstrating that we have become a trusted and authoritative voice on tax. This shows a growing 'brand' reputation.

Financial review

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.

All of our donors are committed to multi-year funding, and the vast majority of our funding is unrestricted. The grant from the Joffe is to be used to fund our tax and the Rule of Law Project. In this year TaxWatch also received one small payment for research undertaken on behalf of Transparency International.

Broadening our donor base is a priority for TaxWatch. TaxWatch had planned a fundraising event for March 2020, which sadly had to be cancelled due to the Covid-19 pandemic.

TaxWatch

Report of the trustees

For the year ended 31 March 2021

As a small organisation operating remotely, TaxWatch does not have many fixed costs or liabilities other than payroll. Office space is rented on a month to month basis from providers of shared spaces. Given this, until now the trustees have not felt it necessary to have a reserves policy. However they will look to build a reserve covering 3 months of payroll costs over the following year.

Plans for future periods

Over the following year TaxWatch will continue to research areas of public interest in the field of taxation. The next year will be a particularly important year for international taxation, with the OECD continuing negotiations on a major reform of the taxation of large multinational companies.

We will also be seeking to develop new areas of work in terms of tax compliance, making public interest interventions in ongoing tax cases, researching tax compliance, and holding regulators to account on professional standards.

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.

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).

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.

TaxWatch

Report of the trustees

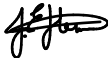
For the year ended 31 March 2021

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 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 15 December 2021 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 2021, which are set out on pages 13 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 other 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: 15 December 2021

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 2021

				Year ended 31 March 2021 Total £	Restated 18 months to 31 March 2020 Total £
	Note	Restricted £	Unrestricted £		
Income from:					
Donations and legacies	2	25,000	110,000	135,000	175,000
Charitable activities		-	3,574	3,574	-
Total income		<u>25,000</u>	<u>113,574</u>	<u>138,574</u>	<u>175,000</u>
Expenditure on:					
Raising funds		-	6,644	6,644	6,982
Charitable activities		<u>20,750</u>	<u>108,913</u>	<u>129,663</u>	<u>160,852</u>
Total expenditure	4	<u>20,750</u>	<u>115,557</u>	<u>136,307</u>	<u>167,834</u>
Net income / (expenditure) and net movement in funds	5	4,250	(1,983)	2,267	7,166
Reconciliation of funds:					
Total funds brought forward		-	7,166	7,166	-
Total funds carried forward		<u>4,250</u>	<u>5,183</u>	<u>9,433</u>	<u>7,166</u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. All income and expenditure in the prior period was unrestricted.

The prior period has been restated to gross up income and expenditure. This has no net effect on funds. See note 14 for detail.

TaxWatch

Balance sheet

As at 31 March 2021

	Note	£	2021 £	2020 £
Fixed assets				
Tangible assets	8		<u>556</u>	<u>223</u>
Current assets				
Debtors	9	3,550		5,800
Cash at bank and in hand		<u>27,811</u>		<u>16,195</u>
		31,361		21,995
Liabilities				
Creditors: amounts falling due within 1 year	10	<u>(22,484)</u>		<u>(15,052)</u>
Net current assets			<u>8,877</u>	<u>6,943</u>
Net assets	11		<u><u>9,433</u></u>	<u><u>7,166</u></u>
Funds	12			
Restricted funds			4,250	-
Unrestricted funds			<u>5,183</u>	<u>7,166</u>
Total charity funds			<u><u>9,433</u></u>	<u><u>7,166</u></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 15 December 2021 and signed on their behalf by



Jennifer Herrera - Treasurer

Notes to the financial statements

For the year ended 31 March 2021

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. The trustees acknowledge that the charity's unrestricted reserves are in a net liabilities position at 31 March 2021. However, the charity has received further unrestricted funding since year end, and expects to be able to continue to rely on support from its founders for at least 12 months from the date of signing. 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.

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.

Notes to the financial statements

For the year ended 31 March 2021

1. Accounting policies (continued)**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:

	2021	2020
Raising funds	4.9%	4.2%
Charitable activities	95.1%	95.8%

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
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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.

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.

Notes to the financial statements

For the year ended 31 March 2021

1. Accounting policies (continued)**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.

2. Income from donations

			Year ended 31 March 2021 Total £	Restated 18 months to 31 March 2020 Total £
	Restricted £	Unrestricted £		
Joffe Charitable Trust	25,000	-	25,000	15,000
Persula Foundation	-	60,000	60,000	100,000
Richer Sounds	-	-	-	40,000
CAF American Donor Fund	-	50,000	50,000	-
James Timpson	-	-	-	20,000
Total income from donations	25,000	110,000	135,000	175,000

All income in the prior year was unrestricted.

3. Government grants

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

Notes to the financial statements

For the year ended 31 March 2021

4. Total expenditure

	Raising funds £	Charitable activities £	Support and governance costs £	Year ended 31 March 2021 Total £
Staff costs (note 6)	5,558	100,052	5,558	111,168
Legal fees	-	5,226	1,295	6,521
Editorial and research	-	3,182	-	3,182
Rent	-	-	505	505
Insurance	-	-	13,116	13,116
Depreciation	-	-	152	152
Accountancy	-	-	1,608	1,608
Miscellaneous costs	-	-	55	55
Sub-total	5,558	108,460	22,289	136,307
Allocation of support and governance costs	1,086	21,203	(22,289)	-
Total expenditure	6,644	129,663	-	136,307

Total governance costs were £1,680.

Prior period comparative

	Raising funds £	Charitable activities £	Support and governance costs £	Restated 18 months to 31 March 2020 Total £
Staff costs (note 6)	5,135	92,431	5,135	102,701
Legal fees	-	5,412	7,290	12,702
Editorial and research	-	20,451	-	20,451
Rent	-	-	5,213	5,213
Insurance	-	-	18,851	18,851
Depreciation	-	-	112	112
Accountancy	-	-	4,800	4,800
Miscellaneous costs	-	-	3,004	3,004
Sub-total	5,135	118,294	44,405	167,834
Allocation of support and governance costs	1,847	42,558	(44,405)	-
Total expenditure	6,982	160,852	-	167,834

Total governance costs were £1,000.

TaxWatch

Notes to the financial statements

For the year ended 31 March 2021

5. Net movement in funds

This is stated after charging:

	Year ended 31 March 2021 Total £	18 months to 31 March 2020 Total £
Depreciation	152	112
Trustees' remuneration (note 13)	2,641	9,224
Trustees' reimbursed expenses	Nil	Nil
Independent examiners' remuneration: ▪ Independent examination	<u>1,680</u>	<u>-</u>

6. Staff costs and numbers

Staff costs were as follows:

	Year ended 31 March 2021 £	18 months to 31 March 2020 £
Salaries and wages	101,984	72,334
Social security costs	5,497	4,322
Pension costs	3,687	2,432
Freelancers	<u>-</u>	<u>23,613</u>
	<u>111,168</u>	<u>102,701</u>

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

The key management personnel of the charitable company comprise the trustees and Executive Director. The total employee benefits of the key management personnel were £57,023 (2020: £51,400).

	2021 No.	2020 No.
Average head count	<u>3</u>	<u>2</u>

7. 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 2021

8. Tangible fixed assets

	Computer equipment £
Cost	
At 1 April 2020	335
Additions in year	<u>485</u>
At 31 March 2021	<u>820</u>
Depreciation	
At 1 April 2020	112
Charge for the year	<u>152</u>
At 31 March 2021	<u>264</u>
Net book value At 31 March 2021	<u>556</u>
At 31 March 2020	<u><u>223</u></u>

9. Debtors

	2021 £	2020 £
Prepayments	<u>3,550</u>	<u>5,800</u>

10. Creditors: amounts due within 1 year

	2021 £	2020 £
Trade creditors	965	-
Accruals	<u>21,519</u>	<u>15,052</u>
	<u>22,484</u>	<u>15,052</u>

Notes to the financial statements

For the year ended 31 March 2021

11. Analysis of net assets between funds

	Restricted funds £	Unrestricted funds £	Total funds £
Tangible fixed assets	-	556	556
Current assets	4,719	26,642	31,361
Current liabilities	(469)	(22,015)	(22,484)
Net assets at 31 March 2021	4,250	5,183	9,433

In the prior year all funds held were unrestricted.

12. Movements in funds

	At 1 April 2020 £	Income £	Expenditure £	Transfers between funds £	At 31 March 2021 £
Restricted funds					
Rule of Law	-	25,000	(20,750)	-	4,250
Total restricted funds	-	25,000	(20,750)	-	4,250
Unrestricted funds					
General funds	7,166	113,574	(115,557)	-	5,183
Total unrestricted funds	7,166	113,574	(115,557)	-	5,183
Total funds	7,166	138,574	(136,307)	-	9,433

Purposes of restricted funds

The Rule of Law fund is funding from Joffe Charitable Fund to employ a Tax Law Advisor.

There were no restricted funds in the prior year.

13. Related party transactions

The charity received £60,000 (2020: £100,000) from The Persula Foundation during the period. Julian Richer is a trustee of both charities.

The charity's payroll is administered free of charge by Richer Sounds, a company owned by trustee, Julian Richer. The value of this gift is expected to be in the region of £250. The company also waived £40,000 of set up costs owed from TaxWatch in the prior period.

Trustee Richard Brooks receives fees for his role as Chair of the charity's Editorial Committee. This amounted to £2,641 in the current year (2020: £9,224). This is permitted under the charity's Articles of Association.

TaxWatch

Notes to the financial statements

For the year ended 31 March 2021

14. Prior period restatement

The prior period has been restated to gross up income and expenditure to include £40,000 owed to Richer Sounds which was written off. There is no net effect on funds.

	As reported £	Adjustment £	As restated £
Donations and legacies	135,000	40,000	175,000
Expenditure	<u>(127,834)</u>	<u>(40,000)</u>	<u>(167,834)</u>
Unrestricted funds carried forward at 31 March 2020	<u>7,166</u>	<u>-</u>	<u>7,166</u>