



TaxAid

2014 / 2015 Annual Review



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Chairman's Letter

Advice changes lives. For vulnerable low income self-employed people and those with intractable PAYE problems, avoiding escalation and costs they simply can't meet depends on the right timely support.

Clients most commonly approach us when they receive a tax demand they didn't expect or can't pay. The main callers to our helpline are the low income self-employed who typically turn out to have many years of returns outstanding. Even in a future where HMRC realises its aspiration to reduce the Self Assessment population to 2 million by removing the backlog of those with old unfiled returns, the reality of low value/high cost clients who can't articulate their problems or have the confidence - or persistence - to deal with HMRC themselves will remain with us.

TaxAid is their safety net: geared to meet the anticipated (and unanticipated) changes in tax law and practice for those who need but can't afford to pay for commercial advisers.

When clients reach out to us, the immediate objective is to resolve the crisis that precipitated the contact. But an important part of what we do is also education - helping people stay compliant in future periods on their own. Our objective is always to limit the proportion of clients needing year-on-year support, but the correlation between low income level and low educational attainment means we often find this highly challenging: half our clients are on incomes below the Personal Allowance, 22% are currently being treated for mental illness, and many have very limited literacy or severely reduced mental capacity.

Wherever possible we promote self-help - referring taxpayers to the right part of HMRC, including the new Needs Extra Support helpline which offers some extended help to those who need it. This leaves us to help the especially vulnerable or those unable to articulate their problem for whom direct engagement with HMRC is just not a practicable option. This balance of hand-offs to and from HMRC, albeit appropriate, means we deal with a higher proportion of the more intransigent cases which are highly labour intensive. For example 275 cases of Special Relief were begun during the year, with some still outstanding. A third of our cases involve Late Filing Penalties - not necessarily difficult in themselves but with underlying missing records and intricate tax calculations which are time-consuming and sometimes difficult to pursue as they involve the more chaotic taxpayers.

To meet these demands we have a clear focus on managing resources efficiently and effectively to help as many as we can, as well as securing sustainable funding to support those efforts. During this year we asked ourselves the questions "are we doing the right things?" and "are we doing them right?" and as a result moved ourselves to a leaner organisation, more able to help more clients at a lower cost to serve but without compromising on quality.

We also launched our Bridge The Gap campaign in association with Tax Help for Older People and supported by The Chartered Institute of Tax and Association of Tax Technicians to raise awareness and, critically, additional funds from individuals across the tax profession to supplement the invaluable ongoing support of the profession in terms of funding, facilities and volunteers.

Through those combined energies, enthusiasm and deep professionalism we can, and will, continue to change lives.

Sue Bonney, Chairman of Trustees



Report of the Board of Trustees

For the year ended 31 March 2015

The Board of Trustees presents its report and the financial statements for the year ended 31 March 2015.

Reference and administrative information set out on below 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, issued March 2005

Reference & Administrative Details

For the year ended 31 March 2015

Status	The organisation is a charitable company limited by guarantee, incorporated on 21 May 1997, registered as a charity on 13 June 1993 and governed by its Memorandum and Articles of Association.
Company Number	3374001
Charity Number	1062852
Registered Office and Operational Address	Room 304, Linton House, 164-180 Union Street, London SE1 0LH
Patrons	The Rt. Hon. Lord Carnwath CVO, Justice of The Supreme Court of the United Kingdom. The Rt. Hon. Lord Hodge, Justice of the Supreme Court of the United Kingdom The Rt. Hon. Lord Howe of Aberavon, CH, QC
Trustees	Sue Bonney, Chairman Stephen Banyard Jim McKie Kevin Thomas, Treasurer
Secretary & Director	Rosina Pullman
Bankers	CAF Bank Limited, Kings Hill, West Malling, Kent, ME19 4TA
Auditors	Sayer Vincent, Chartered Accountants and Statutory Auditors Invicta House, 108-114 Golden Lane, London EC1Y 0TL
Solicitors	Bates, Wells & Braithwaite London LLP 2-6 Cannon Street, London EC4M 6YH



Aims and Activities

TaxAid resolves tax problems that people on low incomes cannot solve alone. Problems arise for three principal reasons: the tax system is complex, especially for those on low incomes; taxpayers who are caught up in the degree of complexity are ill-equipped to deal with them and require a tax-qualified expert to represent them; HMRC is not equipped to meet the extent of vulnerable taxpayers' needs in terms of calculations, independent advice or where there is a dispute.

Ensuring our work achieves our aims

Our tax advice and educational services are available to all those on low incomes (recognised in government as that below 60% of median income or approximately £20,000 per annum), irrespective of their background and circumstances.

Advice is free, independent and confidential.

Anyone on a low income can access our services through a national helpline and through face-to-face services or in London and major cities in England. The TaxAid website is designed to make tax comprehensible for those taxpayers on low incomes who struggle to understand their obligations under the tax system.

TaxAid trains front-line money and debt advisers in the voluntary sector in tax awareness. Front-line advisers are supported via a dedicated helpline providing specialist tax advice for their beneficiaries who are signposted to the services they need to resolve the tax aspects of their problems.

We meet with the government and HMRC formally and informally at consultations about tax issues which affect our low-income clients.

Unable to contact HMRC

Neil suffers from Motor Neurone Disease. This leaves him unable to speak or write and his only form of communication is through an iPad. Neil stopped working in 2012 and all his tax returns to 2012/13 were filed correctly. However, Neil received a £100 fine from HMRC for not filing a 2013/14 return.

He contacted HMRC's Needs Extra Support service for vulnerable people via an online appointment booking form. They suggested that he contact TaxAid because they were not able to deal with his communication difficulties. Neil contacted TaxAid through the online Contact us form. TaxAid took on his case and contacted HMRC by email on his behalf. The issue was quickly resolved by the cancellation of the 2013/14 and penalties on the grounds that there were no criteria for a Self Assessment return to be required.

Achievements and Performance

It has been another busy year for TaxAid as we have provided help to more people who struggle with the tax system. The impact of HMRC's own change strategy, particularly in respect of their Needs Extra Support (NES) call centre for taxpayers who needed more time than the Contact Centre permitted, while welcome, necessitated on our part the resolving of cases for the most vulnerable that were beyond HMRC's remit to help.

An in-depth assessment of our impact (Impact Report 2014) illustrated the extent to which the increasing complexity of cases and vulnerability of clients had resulted in in-house advisers taking on a much greater extent of casework than in former funding periods. Along with overall national trends, the proportion of clients with multiple vulnerabilities, including mental illness has increased to 48% of those calling for our help. As a consequence of lack of capacity or capability, nearly half of clients needed extensive support to resolve their problem.

The new operating model improves efficiency by bringing advice provision back in house, and by training and supporting additional tax qualified volunteers to follow through cases from seeing the client to casework and closure.

As a result of systemic efficiencies, we anticipate increasing the number of clients served per adviser in 2015/16.

In our consultations at HMRC on behalf of the low income taxpayer we have been keen to convey the message of the value of case resolution as the ultimate benefit of the relationship with HMRC, with the vulnerable taxpayer as the ultimate beneficiary.

Plans for the future

- To provide the safety-net in advising low income taxpayers across the UK (in circumstances where HMRC cannot act)
- To take a leading role in educating both the low-income taxpayer to empower them to act on their own behalf going forward in their dealings with HMRC, and the front-line voluntary sector to act as a channel for vulnerable taxpayers in accessing free professional tax advice
- To represent the unrepresented low income taxpayer in consultations with government and HMRC to encourage recognition of the needs of vulnerable taxpayers as HMRC's tax services evolve.
- To collaborate with Tax Help for Older People to raise awareness within the tax profession of the need for our advice services for those unable to pay: consequently to appeal to the profession for increased financial support (the Bridge the Gap campaign).

In 2015/16 to meet these objectives TaxAid will develop more advice services across the UK, initially in a pilot to hand off clients to volunteers willing to take on the case to resolution. In this way scaling up and reaching the most vulnerable will be made possible.

Our continuing objective is to concentrate on those most in need, both in terms of crisis resolution and education going forward. These vulnerable workers include those most adversely affected by their lack of "financial literacy" that leaves them prey to abusive employers, scams and inappropriate self-employment.

We shall also continue our efforts to: work with HMRC to ensure that our intervention quickly and efficiently closes cases to the benefit of our clients, to represent the interests of the unrepresented taxpayer to government and HMRC, and particularly the cause of those most affected by such initiatives as the "drive to digital by default" and protection of rights in the proposed new debt collection legislation.

Structure, governance and management

All members of the Trustee Board gave their time voluntarily and received no benefits from the charity. No expenses were reclaimed from the charity as set out in note 5 to the accounts.

Trustees are sought to fill roles matching the activities of the charity with the varied expertise on the Board. New trustees are identified with the necessary specialist expertise and appropriate commercial, tax and legal experience to enrich the standing Board and are given induction and training by the current post-holders. There has been a vacancy from the legal tax profession that is to be filled this coming year. The trustees are supported in on-going training through updates from the current post holders and through their professional roles.

Day-to-day management is delegated to our Director, Rosina Pullman, who works to set guidelines. It is our practice to cascade information down from Trustee meetings and funnel information up from staff.

Key staff are Caroline Miskin, FCA, CTA who is the Technical Director and Caroline Philipps, ACA, CTA who is Operations Director. They were assisted in 2014/15 by an in-house team of fifteen tax professionals who provide helpline and casework services. We were greatly strengthened by 40 volunteers who provide face-to-face advice and support the caseworkers. Karen Clark heads our "back office" functions.

In common with much of the not-for-profit sector, TaxAid relies on funding which is uncertain beyond the short-term. We intend to limit risk by pursuing diverse income sources that are unlikely to withdraw support simultaneously, in particular from tax professionals who respond to the Bridge the Gap appeal.

Funding was necessarily more reliant on the statutory sector in 2014/15 in line with our time-limited agreements with HMRC to support vulnerable taxpayers who are displaced by HMRC's own "digital by default" agenda. The need for TaxAid to work closely with HMRC in setting up their "Needs Extra Support" service is not likely to be required to a comparable level going forward. Trustees are keen to develop TaxAid's advice services and accept that some level of risk is inherent in their active development.

The trustees have therefore set up a system of on-going monitoring of high risk areas and have devised responses to minimise impact should problems arise.

Meeting the public benefit requirement

Trustees confirm that they have complied with the duty in section 4 of the Charities Act of 2011 to have due regard to public benefit guidance published by the Commission, that there must be identifiable benefits to the public. Trustees review activities to ensure that we have met our aims in helping our beneficiaries and when planning future activities. The legal requirements to report on the two principles of public benefit, including the seven sub-principles, are met in this Report.



Failure to Declare Let Property Income

Sarah's husband was diagnosed with multiple sclerosis, eventually becoming aggressive and unmanageable. Sarah is now retired and her husband is in a care home, in the terminal stages of the disease.

To continue to be able to afford care for her husband Sarah had decided to sell his late parent's property which he had been renting out but discovered that he had not declared the income.

Sarah contacted TaxAid to help her with the income tax disclosure relating to the letting income. Our tax adviser worked closely with her to gain a complete timeline of the property over the last 7 years and the rental income received. With the help of TaxAid's calculations, Sarah was then able to reach a settlement with HMRC of £14,300 with no penalties being charged because of the circumstances.

Financial Review

Notwithstanding the difficult economic climate TaxAid is well-placed to meet future challenges. To help further secure the longer term we have launched to the tax profession the new "Bridge the Gap" appeal, jointly with our sister charity, Tax Help for Older People. This campaign has started by raising awareness of our two charities which, in effect provide the tax profession's safety net for vulnerable people who critically need tax advice but can't afford to pay. We would particularly like to thank the Association of Taxation Technicians, the Chartered Institute of Taxation, the Tax Faculty of the Institute of Chartered Accountants of England & Wales, and the Worshipful Company of Tax Advisers for their vital support including funding, facilities and personnel to help us and our sister charity get the campaign underway.

The wider tax profession continues to provide vital support. We would particularly like to express our appreciation to LexisNexis and the personal support of Chris Jones and his team, through their publications and events which have provided the platform for launching our Bridge the Gap campaign. LexisNexis continue to provide extensive tax publications and training materials for the use of our staff and volunteers. CCH provided their software free of charge for all our workstations to support on-line tax returns. PTP provide their on-line e-learning for our staff.

The statement of financial activities shows a modest surplus for the year which is an acceptable result. The challenges of operating in an unstable funding environment of delays and uncertainty of level and timing of grants impact on rational planning for years beyond 2015. However, in the aftermath of the election, clarity about HMRC's

funding for service-level support for taxpayers handed off to TaxAid as beyond the remit of HMRC should emerge.

TaxAid's income increased by 13% over the previous year, in itself an achievement in these harsh economic times. Where restricted grants do not fully fund the activity, unrestricted funding makes up the shortfall, and is critical in enabling TaxAid to maintain the high level of quality of advice and the needed extensive support for very vulnerable taxpayers. Deloitte, EY, KPMG and PwC accountancy firms are major supporters and their donations are vital for all services. The estimated donated gifts-in-kind from the profession in terms of expertise and use of facilities amounted to £221,680 for the year (2014: £220,920), based on formulae developed by the London Benchmarking Group.

Reserves policy

The free reserves at 31 March 2015 are £311,757, which is more than 3 months' anticipated expenditure for the current year. Trustees have satisfied themselves that safeguards are in place to allow TaxAid to operate with a comfortable margin of safety at this level. The reserves held are sufficient to cover the charity's obligations in the event of a winding up. Income and expenses are predictable. There is a valid expectation of payment under agreements already entered into.

Contribution to members of staff defined contribution pension schemes is 3% of income: this is predictable and does not impact on the reserves position.

48% of self-employed people seeking help were on income below the Personal Allowance

The end of year accounts

The tax profession continues to provide vital support. Donations have been maintained again this past year from the Big 4 accountancy firms, Deloitte, EY, KPMG and PwC. Support from the tax profession is invaluable as the prime source of support for our core needs and backroom functions.

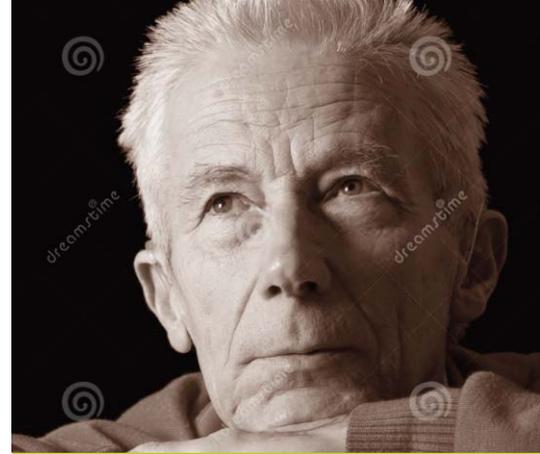
Under their grant-in-aid programme HM Revenue and Customs funding supported the core advice provision and contributed towards training front-line generalist advice providers in tax awareness. The Big Lottery Fund provided funding for help for the most vulnerable.

Tax education includes direct information provision on the website for the public, training for the front-line advice agencies and the income from running conferences for members of the tax profession.

Resources Expended: a higher level of expenditure on services and training in 2014/15 was made possible through increased grants. The greatest expenditure is on staff costs, crucial because it is through advice and training that we deliver services.

It is not always possible to obtain the full costs via restricted grants to run services so any shortfall is made up with unrestricted funding.

Support costs which cannot be directly linked to a particular output but which are necessary to support the activities, such as rent, insurance, depreciation, equipment maintenance are apportioned based on a formula of staff time.



A family tragedy

At 75 years old, formerly self employed John has had to deal with the murder of his daughter. Prior to her death in 2008, John's wife used to help file his tax returns and, as he was unable to afford an accountant, he had not filed a tax return since.

He received demands from HMRC for £15,000 and was threatened with a county court judgment if payment was not received. John's business by now had collapsed and his only form of income was from his pension.

A TaxAid adviser contacted HMRC on John's behalf and was able to cancel the tax returns and their related penalties on the grounds of business having ceased for 2011/12 and 2012/13. HMRC suspended any debt recovery action.



Stressful communications

Tom suffers from chronic depression. He attempted suicide as he was unable to deal with his personal affairs following the closure of his shop and the death of his mother. He had also neglected his income tax and VAT affairs over a long period. A cousin contacted TaxAid to request assistance to bring Tom's tax affairs up to date.

Due to Tom's emotional state, it proved difficult for TaxAid to communicate with him directly. TaxAid was able, however, to get HMRC to ensure repeated extensions to the debt collection deadlines.

With patience and perseverance, TaxAid was able to prepare Tom's outstanding income tax returns and set out the grounds for making an appeal against the late filing penalties covering the years leading up to and including the sale of his business.

Responsibilities of the Board of Trustees

The trustees (who are also directors of TaxAid UK for the purposes of company law) are responsible for preparing the report of the trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 charitable company will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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.

£221,680 was donated as gifts-in-kind by the tax profession

Members of the Board of Trustees

Members of the Board of Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Sue Bonney

Stephen Banyard

Jim McKie

Kevin Thomas

Members of the charitable company guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up. The total number of such guarantors at 31 March 2015 was 4 (2014 - 4). Members of the board of trustees have no beneficial interest in the charitable company.

Appointment of Trustees

The make-up and number of the board of trustees may be changed by a resolution approved by two-thirds of the trustees and ratified at general meeting by a majority vote of the members present at the meeting. Each person who is elected a trustee shall retire on or before the expiry of a period of four years beginning with the date of the meeting at which he or she was elected. Any person so retiring shall be eligible for reappointment as a trustee.

Auditors

Sayer Vincent LLP were re-appointed as the charitable company's auditors during the year and have expressed their willingness to continue in that capacity.

The report of the trustees has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the board of trustees on 11 August 2015 and signed on its behalf by



Sue Bonney
Chairman

Independent Auditor's Report

We have audited the financial statements of TaxAid UK for the year ended 31 March 2015 which comprise the statement of financial activities, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the statement of responsibilities of the trustees set out in the report of the trustees, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of the trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or

materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the report of the trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- The trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the report of the trustees and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Noelia Serrano (Senior Statutory Auditor)
for and on behalf of
Sayer Vincent LLP, Statutory Auditors
Invicta House, 108-114 Golden Lane,
London EC1Y 0TL

Statement of Financial Activities

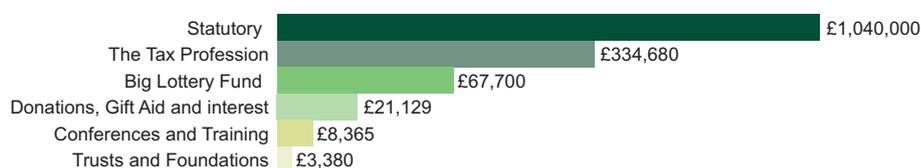
(Incorporating an Income and Expenditure Account)

For the year ended 31 March 2015

	Note	Restricted £	Unrestricted £	2015 Total £	2014 Total £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	-	114,111	114,111	104,457
Investment income		-	18	18	162
<i>Incoming resources from charitable activities</i>					
Advice services	3 a)	1,012,581	221,680	1,234,261	1,033,088
Tax education	3 b)	118,499	8,365	126,864	172,515
Total incoming resources		1,131,080	344,174	1,475,254	1,310,222
Resources expended					
<i>Costs of generating funds</i>					
Costs of generating voluntary income		-	13,814	13,814	8,919
<i>Charitable activities</i>					
Advice services		1,015,961	193,151	1,209,112	1,052,083
Tax education		110,000	55,722	165,722	155,855
<i>Governance costs</i>		-	29,488	29,488	34,298
Total resources expended	4	1,125,961	292,175	1,418,136	1,251,155
Net incoming resources for the year and net movement in funds	5	5,119	51,999	57,118	59,067
Funds at the start of the year		-	-	281,166	222,099
Funds at the end of the year		5,119	51,999	338,284	281,166

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. All movements in funds are disclosed in note 12.

HOW WE ARE FUNDED



Balance Sheet

For the year ended 31 March 2015

	Note	£	2015 £	2014 £
Tangible fixed assets	8		21,408	28,424
Current assets				
Debtors	9	137,419		106,122
Cash at bank and in hand		238,560		195,460
		375,979		301,582
Creditors: Amounts falling due within one year	10	59,103		48,840
Net current assets			316,876	252,742
Net assets	11		338,284	281,166
Funds				
Restricted funds	12		5,119	-
Unrestricted funds:				
Capital depreciation fund			21,408	28,424
General fund			311,757	252,742
Total funds			338,284	281,166

These accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the Board of Trustees on 11 August 2015 and signed on its behalf by

Kevin Thomas

Kevin Thomas - Treasurer

Sue Bonney

Sue Bonney - Chairman

CONTRIBUTING FACTORS IN PEOPLE'S FAILURE TO RESOLVE TAX PROBLEMS

- Functional literacy is a major contributory factor
- 70% of low-income clients are - or have been - self employed
- 80% can't understand HMRC correspondence, forms and obligations
- 20% of the people we help are being treated for mental illness
- 10% have disabilities or serious medical conditions

Notes to the Financial Statements

For the year ended 31 March 2015

1. Accounting policies

- a) The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 2006. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities (issued in March 2005).
- b) Grants are normally accounted for when receivable, except where they relate to a specified future period, in which case they are treated as deferred income.
- c) Income from conferences is recognised as income in the financial statements in the year when the conference takes place.
- d) Unrestricted funds are donations and other income received or generated for the objects of the charity without further specified purposes and are available as general funds.

The capital depreciation fund is an unrestricted fund for the future depreciation of assets held on the balance sheet.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

- e) Resources expended are recognised in the period in which they are incurred. Irrecoverable VAT is written off to expenditure.

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the overhead costs of the central function, is apportioned using a detailed analysis of each cost, which estimates the amount attributable to each activity.

- f) The cost of generating funds comprises the costs incurred in producing material for promotional purposes, and of raising funds for the charitable company.
- g) Governance costs include the management of the charitable company's assets, organisational management and compliance with constitutional and statutory requirements.
- h) Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write off the cost of each asset over their expected useful lives. The useful lives are as follows:

Computer equipment	3 years
Fixtures and fittings	6 years

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities.

- i) Rentals payable under operating leases are charged to the statement of financial activities on a straight line basis over the length of the lease.
- j) Gifts-in-kind represent goods and services donated to the charity from the tax profession. Services are recognised as incoming resources only when taken up. Gifts-in-kind are valued using formulas developed by the London Benchmarking Group. Seconded employees are included in the statement of financial activities where their services are provided free of charge to the charity and the cost of their salary is incurred by a third party. IT software and other publications are included at their estimated market value when donated.
- k) The charitable company makes contributions on behalf of its employees into their personal pension funds. The amounts charged in the statement of financial activities represent the contributions payable to the funds in respect of the accounting period. Outstanding pension contributions at the year end are included in creditors.

Notes to the Financial Statements

For the year ended 31 March 2015

2. Voluntary Income

	Restricted £	Unrestricted £	2015 Total £	2014 Total £
Donations from professional firms and supporters:				
Deloitte	-	20,000	20,000	20,000
EY	-	20,000	20,000	20,000
KPMG	-	20,000	20,000	20,000
PwC	-	20,000	20,000	20,000
Tax Advisors Charitable Trust	-	6,000	6,000	5,000
BDO Charitable Trust	-	5,000	5,000	-
The Association of Taxation Technicians	-	-	-	6,355
The Chartered Institute of Taxation	-	2,000	2,000	2,500
	-	93,000	93,000	93,855
Gift aid & other donations	-	21,111	21,111	10,602
Total donations and gifts	-	114,111	114,111	104,457

HOW WE SPEND OUR RESOURCES

Tax education and advice services	£1,374,834
Governance	£29,488
Cost of generating voluntary income	£13,814

Notes to the Financial Statements

For the year ended 31 March 2015

3. Incoming resources from charitable activities

	Restricted £	Unrestricted £	2015 Total £	2014 Total £
a) Advice services:				
Big Lottery Fund - Advice Plus	-	-	-	18,380
Big Lottery - Reaching Communities	62,581	-	62,581	60,788
Gifts-in-kind	-	221,680	221,680	220,920
HM Revenue & Customs	950,000	-	950,000	733,000
	<u>1,012,581</u>	<u>221,680</u>	<u>1,234,261</u>	<u>1,033,088</u>
b) Education				
Big Lottery Fund - Awards For All	5,119	-	5,119	-
Chartered Institute of Taxation	20,000	-	20,000	17,000
Conference income and sales	-	8,365	8,365	23,015
Esmée Fairbairn Foundation	-	-	-	42,500
HM Revenue & Customs	90,000	-	90,000	90,000
Persula Foundation	3,380	-	3,380	-
	<u>118,499</u>	<u>8,365</u>	<u>126,864</u>	<u>172,515</u>

Notes to the Financial Statements

For the year ended 31 March 2015

4. Total resources expended

	Fundraising £	Advice services £	Tax education £	Governance £	Support costs £	2015 Total £	2014 Total £
Staff costs (note 6)	6,051	658,180	64,949	6,051	34,296	769,527	600,551
Gifts in kind	-	221,680	-	-	-	221,680	220,920
Conference, training & other costs	4,843	12,068	46,199	-	-	63,110	35,872
Helpline advisers	-	87,275	15,402	-	-	102,677	132,422
Premises and office costs	1,495	116,669	18,670	1,495	11,216	149,545	133,387
Website, ICT & equipment costs	518	36,246	12,687	518	1,812	51,781	62,844
Legal, insurance and professional	100	8,000	1,000	20,617	1,564	31,281	37,969
Communication and travel	300	23,370	-	300	1,805	25,775	27,190
Research & consultancy	-	-	2,760	-	-	2,760	-
	13,307	1,163,488	161,667	28,981	50,693	1,418,136	1,251,155
Apportionment of support costs:	507	45,624	4,055	507	(50,693)	-	-
Total resources expended	13,814	1,209,112	165,722	29,488	-	1,418,136	1,251,155

Notes to the Financial Statements

For the year ended 31 March 2015

5. Net incoming (outgoing) resources for the year

This is stated after charging:

	2015	2014
	£	£
Trustees' remuneration	-	-
Trustees' expenses	-	-
Trustee indemnity insurance	734	1,110
Operating lease		
▪ Property	111,654	96,822
Depreciation of tangible fixed assets	10,083	20,144
Auditors' remuneration		
▪ Audit	5,950	5,800
	<u>5,950</u>	<u>5,800</u>

6. Staff costs and numbers

Staff costs were as follows:

	2015	2014
	£	£
Salaries and benefits	681,663	522,389
Social security	69,697	56,982
Pension costs	13,684	11,602
Recruitment & training	4,483	9,578
	<u>769,527</u>	<u>600,551</u>

No employee earned more than £60,000 during the year (2014: nil).

The average weekly number of employees (full-time equivalent) during the year was as follows:

	2015	2014
	No.	No.
Tax education	1.6	1.8
Advice services	12.7	10.5
Cost of generating funds	0.1	0.1
Governance	0.1	0.2
Support	1.0	1.0
	<u>15.5</u>	<u>13.6</u>

Notes to the Financial Statements

For the year ended 31 March 2015

7. Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

8. Tangible fixed assets

	Computer equipment £	Fixtures & fittings £	Total £
COST			
At 1 April 2014	47,118	30,622	77,740
Additions	3,067	-	3,067
Disposals	<u>(22,778)</u>	<u>(3,588)</u>	<u>(26,366)</u>
At 31 March 2015	<u>27,407</u>	<u>27,034</u>	<u>54,441</u>
DEPRECIATION			
At 1 April 2014	33,451	15,865	49,316
Charge for the year	5,577	4,506	10,083
Disposals	<u>(22,778)</u>	<u>(3,588)</u>	<u>(26,366)</u>
At 31 March 2015	<u>16,250</u>	<u>16,783</u>	<u>33,033</u>
NET BOOK VALUE			
At 31 March 2015	<u>11,157</u>	<u>10,251</u>	<u>21,408</u>
At 31 March 2014	<u>13,667</u>	<u>14,757</u>	<u>28,424</u>

9. Debtors

	2015 £	2014 £
Grants & donations receivable	104,690	60,047
Other debtors	17,041	19,834
Prepayments	<u>15,688</u>	<u>26,241</u>
	<u>137,419</u>	<u>106,122</u>

A sum of £13,809 (2014 £19,834), included within other debtors, relates to rent deposits as part of meeting the lease conditions on property. The deposit is repayable on the expiry of the head lease (June 2017).

Notes to the Financial Statements

For the year ended 31 March 2015

10. Creditors - Amounts falling due within one year

	2015 £	2014 £
Other taxation and social security	19,832	18,974
Pension costs creditor	9,755	7,327
Accruals & trade creditors	29,516	21,681
Deferred income	-	858
	<u>59,103</u>	<u>48,840</u>

11. Analysis of net assets between funds

	Restricted £	Capital depreciation fund £	General £	Total Funds £
Tangible fixed assets		21,408	-	21,408
Net current assets	5,119	-	311,757	316,876
	<u>5,119</u>	<u>21,408</u>	<u>311,757</u>	<u>338,284</u>
Net assets at 31 March 2015	<u>5,119</u>	<u>21,408</u>	<u>311,757</u>	<u>338,284</u>

12. Movement in funds

	At 1 April 2014 £	Incoming resources £	Resources expended £	At 31 March 2015 £
Restricted funds:				
Advice services				
Advice services	-	1,012,581	(1,012,581)	-
Total Advice services	<u>-</u>	<u>1,012,581</u>	<u>(1,012,581)</u>	<u>-</u>
Tax education				
Tax education	-	118,499	(113,380)	5,119
Total restricted funds	<u>-</u>	<u>1,131,080</u>	<u>(1,125,961)</u>	<u>5,119</u>
Unrestricted funds:				
<i>Designated funds</i>				
Capital depreciation fund	28,424	3,067	(10,083)	21,408
<i>General fund</i>	252,742	341,107	(282,092)	311,757
Total unrestricted funds	<u>281,166</u>	<u>344,174</u>	<u>(292,175)</u>	<u>333,165</u>
Total funds	<u>281,166</u>	<u>1,475,254</u>	<u>(1,418,136)</u>	<u>338,284</u>

Notes to the Financial Statements

For the year ended 31 March 2015

12. Movement in funds (continued)

Purposes of restricted funds

Advice services

This fund represents income which is for delivering the main charitable purpose of TaxAid UK, that of advising low income clients and the generalist voluntary sector on tax matters.

Tax education

This fund represents income provided to improve access to information on tax so that those on low incomes are aware of their rights and responsibilities under the tax system. It is delivered through conferences, seminars, training and the TaxAid website.

Purposes of designated funds

The designated fund represents the net book value of assets to be depreciated in the future.

13. Operating lease commitments

The charity had annual commitments at the year end under operating leases expiring as follows:

	Property	
	2015	2014
	£	£
Under 1 year	62,780	39,612
1 - 2 years	-	-
2 - 5 years	-	-

14. Related parties

Sue Bonney is a partner in KPMG. KPMG made unrestricted donations during the year of £20,000 (2014:£20,000). They also provide free meeting facilities.



TaxAid helps people on low incomes to:

- Understand the bits of the tax system that apply to them and safely ignore the confusing 98% that doesn't
- Pay only the right amount of tax
- Resolve crises when things go wrong

For further information on TaxAid visit www.taxaid.org.uk
Public Helpline: **0345 120 3779**

If you would like to see a copy of this review using a larger type size please contact us on **020 7803 4950**

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