

# TaxAid UK

Report and financial statements  
For the year ended 31 March 2017

Company number: 3374001    Charity Number: 1062852



## TaxAid UK • Reference and administration information for the year ended 31 March 2017

<b>Company number</b>	3374001	
<b>Charity number</b>	1062852	
<b>Registered office and operational address to 30 June 2017</b>	Room 304 164-180 Union Street LONDON SE1 0LH	
<b>Registered office and operational address from 1 July 2017</b>	Studio 2 33 Stannary Street London SE11 4AA	
<b>Patrons</b>	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	
<b>Trustees</b>	Sue Bonney Stephen Banyard Francesca Lagerberg Jim McKie Kevin Thomas Jonathan Peacock QC Kevin Nicholson	Chairman ( <i>resigned as Chairman 31 March 2017</i> ) Chairman ( <i>appointed 1 April 2017</i> )  <i>(resigned 6 June 2017)</i> <i>Treasurer</i> <i>(appointed 27 March 2017)</i> <i>(appointed 27 March 2017)</i>
<b>Secretary and Chief Executive</b>	Rosina Pullman Gary Millner	<i>(to 31 May 2016)</i> <i>(from 1 June 2016)</i>
<b>Bankers</b>	CAF Bank Limited Kings Hill West Malling Kent ME19 4TA	
<b>Solicitors</b>	Bates, Wells & Braithwaite London LLP 2-6 Cannon Street LONDON EC4M 6YH	
<b>Auditors</b>	Sayer Vincent LLP Chartered Accountants and Statutory Auditors Invicta House 108-114 Golden Lane LONDON EC1Y 0TL	

## Trustees' annual report for the year ended 31 March 2017

The trustees present their report and the audited financial statements for the year ended 31 March 2017.

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 SORP applicable to charities preparing their accounts in accordance with FRS 102.

### Chairman's letter

TaxAid continues to make a real difference for people with serious tax problems who have nowhere else to turn for help. We know from our own sampling that there is already a greater need for our services than we have resources to fulfil. Matthew Taylor's recent Review of Modern Working Practices demonstrates that changing working patterns have been drawing more people on low incomes into work where they face greater complexity in their tax affairs, particularly through the self-employment tax regime. We therefore expect the need for our services will continue to rise.

But while the demand for our services is growing, the environment for raising core funding is becoming more challenging. We have therefore been strengthening long-standing partnerships and building new ones to enable us to better serve those who come to us for help in the future.

To strengthen our funding basis long term, the Bridge the Gap campaign appeals to members of the tax profession to support what is, in effect, the profession's own safety net for vulnerable people. Launched in May 2015, jointly with Tax Help for Older People, this campaign has encouragingly produced a growing number of supporters for the two charities across the profession and has started to provide an essential additional source of income to enable the two charities to meet the need for their services.

To increase the number of people we can serve, we have been exploring how to expand the number of volunteers involved in providing our service and in partnership with Deloitte have been developing a pilot, to start in July 2017, to examine how this can best be achieved.

And to make sure people who need our service can find us, we have been refreshing the links with our colleagues in Citizens Advice (and similar organisations), the most common route by which people who need professional tax advice find us.

In a major development, in June 2016, we extended significantly the cooperation we had been building with our sister charity, Tax Help for Older People, by appointing Gary Millner as shared CEO for the two charities. This has opened up opportunities both to strengthen the service to our clients and to realise efficiencies. A first step has been the creation of a single management team, including a shared Advice Director, and the adoption of common fundraising and finance processes. Looking to the future, we are jointly exploring how best to deliver advice to meet our clients' needs and how to optimise our back-office systems and IT support.

The two charities remain independent: we serve different customer groups, have different business models that reflect this, and the CEO reports independently to the two Boards. But the two Chairs and CEO work closely together to promote closer working and discuss common issues.

We are grateful for the encouragement and support we receive from many parts of the tax profession to enable us to carry out our vital role. This includes grants from EY, PWC, KPMG and Deloitte; help and support from the CIOT, ATT and the Worshipful Company of Tax Advisers; and through the Bridge the Gap Campaign, support and encouragement from our Patron, Ambassadors and many contributors to the campaign. We would also like to thank HMRC, both for their financial support and the specialised close working arrangements which exist and are tailored to serve the needs of our vulnerable clients.

We would like to express our thanks to Sue Bonney, the retiring Chair, for her forward-looking leadership and inclusive approach in steering the charity over the last five years. We are pleased Sue will continue to act as a trustee. We would also like to thank the people who deliver our service: to Rosina Pullman, who retired in May 2016 after 15 years outstanding service as our Chief Executive; and to all our volunteers and staff, whose professionalism and dedication is hugely appreciated, not least by our clients who, more than anybody, understand that our advice changes lives.

Stephen Banyard  
*Chair of Trustees*

## Trustees' annual report for the year ended 31 March 2017 *continued*

### 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 for support in terms of calculations, independent advice or where there is a dispute.

### Ensuring our work achieves our aims

According to the Office of National Statistics in its Statistical bulletin released on 10 January 2017 the median UK household disposable income stood at £26,300 in the financial year ending March 2016, some £600 higher than the previous year. TaxAid's advice and educational services are available to all those on low incomes currently below £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 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. Frontline advisers are supported via a dedicated helpline providing specialist tax advice for their clients 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.

### Achievements and performance

It has been another busy year for TaxAid as we have provided help to people who struggle with the tax system. The impact of HMRC's own change strategy necessitated on our part the resolving of cases for the most vulnerable that were beyond HMRC's remit to help, or who were simply unwilling or unable to engage directly with HMRC.

We continued to see improvement through our evolving advice model improving efficiency. As a result of these systemic efficiencies, we increased the number of clients served per adviser in 2016/17.

We continue to provide the safety net in advising low income taxpayers across the UK (in circumstances where HMRC cannot act). We also play a leading role in educating both the low-income taxpayer and in empowering them to act on their own behalf in their dealings with HMRC, and support the front-line voluntary sector to act as a channel for vulnerable taxpayers in accessing free professional tax advice.

In our consultations at HMRC on behalf of the low income taxpayer, we have emphasised the value of case resolution as the ultimate benefit of the relationship with HMRC, with the vulnerable taxpayer as the ultimate beneficiary. The result has been a three year HMRC grant running to March 2019.

In collaboration with our sister charity Tax Volunteers, who operate as Tax Help for Older People or simply Tax Help, we have been raising awareness within the tax profession of the need for our advice services for those unable to pay, resulting in an appeal to the profession for increased financial support under a campaign banner of 'Bridge the Gap'. We would particularly like to thank the Chartered Institute of Taxation, the Association of Taxation Technicians, 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. 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 the Bridge the Gap campaign.

## Trustees' annual report for the year ended 31 March 2017 *continued*

### Plans for the future

These are the major areas of development we will be exploring over the next year. We will;

- 1 conduct a major review of our current advice model, looking at how this will work and interact with an enhanced volunteering model with the aim of increasing the number of clients that we can help in a way that achieves the best outcome.
- 2 continue to pilot and enhance the use of volunteers. We are now training and supporting volunteers to work on our helpline and working on a pilot with Deloitte to take on and process casework. This will enable us to scale up and reach more of the most vulnerable clients.
- 3 carry out a review of the various technologies used by the charity to improve the support to advisers and volunteers in the delivery of the service.
- 4 expand the level of tax information and education offered to clients so that they can better self-help where able.
- 5 carry out research into the capacity and capability of low-income self-employed taxpayers to meet their obligations under "digital by default" and work with HMRC to ameliorate the impact on the most vulnerable.
- 6 continue to drive down cost-to-serve, with a particular focus on exploiting the new closer working relationship with Tax Help for Older People: whilst also seeking to reduce costs and improve services through a shared back-office support service where appropriate.

We shall also continue our efforts to work effectively 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 in particular to represent the cause of those vulnerable people most affected by such initiatives as the "drive to digital by default" and the protection of their rights in the 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 claimed from the charity as set out in note 6 to the accounts.

Trustees are sought to fill roles matching the activities of the charity whilst taking account of 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. Sue Bonney stood down as Chairman at the end of March 2017 and continues to serve as a trustee, Stephen Banyard was duly elected as her replacement as Chairman for a three-year term. Two additional trustees were also appointed during the year, Jonathan Peacock QC from the legal profession and Kevin Nicholson from PwC further supporting our tax profession representation. 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 Chief Executive, Rosina Pullman, up until the end of May 2016 and then Gary Millner from 1 June 2016 in the combined role of CEO of both TaxAid and Tax Help for Older People. The Chief Executive has developed a rolling three-year strategic plan, which contains business, financial and service objectives and a risk register, which the Board approve and review progress.

The senior management team of Valerie Boggs, FCA, CTA as Advice Director, Mark Tipping as Finance and Infrastructure Director and Jasper Dorgan as Director of Development support the Chief Executive in the delivery of these objectives and operate across both TaxAid and Tax Help for Older People. The TaxAid in-house advice team comprises seven tax professionals who are greatly strengthened by 40 volunteers who provide face-to-face advice and casework. The office is managed by an Office Manager and a part time administration assistant who provide all the logistical support to the team and a meet and greet service for clients.

### Risk assessment

The principle risks facing the charity are the uncertainty of funding beyond the short-term and the issue of data security, given the sensitive nature of our work. We limit financial risk by pursuing diverse income sources, including trusts and foundations; and tax professionals who respond to the Bridge the Gap appeal. Funding is necessarily somewhat reliant on our continuing relevance to statutory sector in line with our three-year agreements with HMRC to support vulnerable taxpayers.

## Trustees' annual report for the year ended 31 March 2017 *continued*

Risks associated with personal data information are met by careful adherence to set rules, monitoring and audit overseen by a DPA-trained administrator. Our ITC support provider maintains high-level security of data.

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 the likelihood of risks arising and to minimise their impact should problems arise. Financial management accounts and cashflow forecasts are produced monthly for trustee oversight and reviewed quarterly. Data security is included in the overall annual risk assessment.

### 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.

### Financial review

Notwithstanding the difficult economic climate TaxAid is well-placed to meet future challenges. Overall performance efficiencies have resulted in costs-to-serve per client having been reduced. 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. In the year to end-March 2017, the contribution to TaxAid from the appeal was £28,000. Our plan is to achieve £125,000 to each charity in an ongoing and sustainable way.

Gifts-in-kind have a significant impact on our operating costs. The wider tax profession continues to provide vital support in terms of volunteers, and for that reason, their value is included in the accounts. 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 estimated donated gifts-in-kind from the profession in terms of expertise and use of Big 4 facilities amounted to £186,834 for the year (2016: £193,460), based on formulae developed by the London Benchmarking Group.

The statement of financial activities shows a deficit for the year, which was expected, and a result of reduced grant income from HMRC and the time factor in building additional replacement income from Bridge the Gap campaign. Ambitious income growth plans have been put in place for Bridge the Gap as well as other income streams, which are designed to improve TaxAid's financial position. The relocation of TaxAid from its Southwark office on the expiry of its lease have also provided substantial savings. There is also a further reduction in funding from HMRC in year two of the three year grant, which means that a small deficit is predicted for 2017-2018 before returning to surplus in 2018-2019.

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.

### Reserves policy

The free reserves at 31 March 2017 is £176,577 (2016 £252,533), 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 margin of safety at this level. The reserves held are sufficient to cover the charity's obligations in the event of a winding up and the optimum level of reserves is between £168,000 and £336,000. Income and expenses are predictable. There is a valid expectation of payment under agreements already entered into.

TaxAid has either auto-enrolled staff to a pension scheme or contributes to an approved pension scheme and contributes 3% of salaries to the scheme.

## Trustees' annual report for the year ended 31 March 2017 *continued*

### Remuneration policy

Trustees consider staff salaries annually, and make decisions of any award dependent on the overall financial position and on consideration of market rates.

### 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. Members of the Worshipful Company of Tax Advisers again provided invaluable unrestricted funding, both direct to TaxAid and to encourage further donations to our fundraising campaign. Support from the tax profession is invaluable as the prime source of support for our core needs and backroom functions.

The Chartered Institute of Taxation provided restricted funding of £20,000, which involves working with Tax Help for Older People and the Low Incomes Tax Reform Group (LITRG) about developing common content for our respective web sites. The Association of Taxation Technicians provided restricted funding of £12,000 shared equally between TaxAid and Tax Help for Older People to develop a project to encourage our low income vulnerable clients to engage digitally with HMRC and set up a personal tax account and to use it. The Henry Smith Charity provided a grant of £25,100 for a pilot that enabled us to test extending the role of volunteers.

Under their grant-in-aid programme HM Revenue and Customs funding supported the core advice provision, in particular for those taxpayers HMRC were unable to serve.

Tax education includes direct information provision on the website for the public and training for the front-line advice agencies.

### Resources expended

Expenditure to support services and training in 2016/17 was possible by utilising reserves. 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 supplemented 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.

### Responsibilities of the 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
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

## Trustees' annual report for the year ended 31 March 2017 *continued*

The trustees are responsible for keeping adequate 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
- 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.

### Members of the board of 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:

Sue Bonney (Chairman)  
Stephen Banyard  
Francesca Lagerberg  
Jim McKie  
Kevin Thomas  
Jonathan Peacock QC  
Kevin Nicholson

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 2017 was 7 (2016 - 5). 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

The Board of TaxAid propose to put the audit out for tender for the financial year 2017 – 2018, along with its sister charity Tax Volunteers operating as Tax Help for Older People. The intention is that subject to both Boards independently agreeing, the charities would utilise the services of the same single audit firm as the financial processing for both charities is now centralised in Tax Volunteers office in Bridport Dorset.

Sayer Vincent LLP have been asked to tender as part of this process.

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 10 November 2017 and signed on its behalf by

Stephen Banyard  
Chairman

## Independent auditors' report to members of TaxAid UK

### Opinion

We have audited the financial statements of TaxAid UK (the 'charitable company') for the year ended 31 March 2017 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is 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).

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 2017 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
- Have been prepared in accordance with the requirements of the Companies Act 2006

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The other information comprises the information included in the trustees' annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Independent auditors' report to members of TaxAid UK *continued*

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report has been prepared in accordance with applicable legal requirements

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

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

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; 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' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

### Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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 auditor's 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.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Independent auditors' report to members of TaxAid UK *continued*

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Noelia Serrano  
(Senior statutory auditor)  
10 November 2017  
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 2017

	Note	Unrestricted £	Restricted £	2017 Total £	Unrestricted £	Restricted £	2016 Total £
<b>Income from:</b>							
Donations and legacies	2	118,010	-	118,010	122,392	-	122,392
Charitable activities							
Advice services	3	186,833	461,100	647,933	193,460	613,068	806,528
Tax education	3	-	20,000	20,000	-	20,000	20,000
<b>Total income</b>		<b>304,843</b>	<b>481,100</b>	<b>785,943</b>	<b>315,852</b>	<b>633,068</b>	<b>948,920</b>
<b>Expenditure on:</b>							
Raising funds	4	15,925	-	15,925	16,894	-	16,894
Charitable activities							
Advice services	4	342,369	461,100	803,469	319,125	613,068	932,193
Tax education	4	27,774	20,000	47,774	50,970	25,119	76,089
<b>Total expenditure</b>		<b>386,068</b>	<b>481,100</b>	<b>867,168</b>	<b>386,989</b>	<b>638,187</b>	<b>1,025,176</b>
<b>Net expenditure for the year and net movements in funds</b>		<b>(81,225)</b>	<b>-</b>	<b>(81,225)</b>	<b>(71,137)</b>	<b>(5,119)</b>	<b>(76,256)</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		262,028	-	262,028	333,165	5,119	338,284
<b>Total funds carried forward</b>		<b>180,803</b>	<b>-</b>	<b>180,803</b>	<b>262,028</b>	<b>-</b>	<b>262,028</b>

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 14 to the financial statements.

## Balance Sheet as at 31 March 2017

	Note	£	2017 £	£	2016 £
<b>Fixed assets:</b>					
Tangible assets	10		4,226		9,495
			<b>4,226</b>		9,495
<b>Current assets:</b>					
Debtors	11	40,138		26,386	
Cash at bank and in hand		268,900		274,046	
		<b>309,038</b>		300,432	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	12	132,461		47,899	
<b>Net current assets</b>			<b>176,577</b>		252,533
<b>Total net assets</b>			<b>180,803</b>		262,028
<b>The funds of the charity:</b>					
Restricted income funds	14		-		-
Unrestricted income funds:					
Designated funds		4,226		9,495	
General funds		176,577		252,533	
Total unrestricted funds			<b>180,803</b>		262,028
			-		-
<b>Total charity funds</b>			<b>180,803</b>		262,028

Approved by the trustees on 10 November 2017 and signed on their behalf by

Kevin Thomas  
Treasurer

Stephen Banyard  
Chairman

## Statement of cash flows as at 31 March 2017

	Note	2017		2016	
		£	£	£	£
<b>Cash flows from operating activities</b>	15				
<b>Net cash provided by operating activities</b>			<b>(5,079)</b>		36,830
<b>Cash flows from investing activities:</b>					
Purchase of fixed assets	10	<b>(67)</b>		(1,344)	
<b>Change in cash and cash equivalents in the year</b>			<b>(5,146)</b>		35,486
Cash and cash equivalents at the beginning of the year			<b>274,046</b>		238,560
<b>Cash and cash equivalents at the end of the year</b>	16		<b>268,900</b>		274,046

## Notes to the financial statements for the year ended 31 March 2017

## 1 Accounting policies

## a) Statutory information

TaxAid UK is a charitable company limited by guarantee and is incorporated in the United Kingdom. The registered office address (and principal place of business, if different from the registered office) is Unit 2, 33 Stannary Street, London, England, SE11 4AA.

## b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

## c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

## d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

## e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

## Notes to the financial statements for the year ended 31 March 2017 *continued*

Income from 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.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

### f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, 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.

Donations of gifts, services and facilities include seconded employees, IT software and office space. Seconded staff's services are provided free of charge to the charity and the cost of their salary is incurred by a third party. IT software and office space are included at their estimate market value when donated.

### g) Fund accounting

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.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

### h) 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. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of delivering tax advice services and tax education activities undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

### i) Allocation of support costs

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 salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

## Notes to the financial statements for the year ended 31 March 2017 *continued*

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of the personnel involved with each activity.

- Advice services 90%
- Tax education 8%
- Cost of raising funds 1%
- Governance costs 1%

### j) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

### k) Tangible fixed assets

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. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

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
- Fixtures and fittings 6 years

### l) 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.

### m) 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. Cash balances exclude any funds held on behalf of service users.

### n) Creditors and provisions

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.

The charity 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 measured at amortised cost using the effective interest method.

### o) Pensions

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 year end are included in creditors.

Notes to the financial statements for the year ended 31 March 2017 *continued*

## 2 Income from donations and legacies

	Unrestricted £	Restricted £	2017 total £	2016 Total £
Gifts	118,010	-	<b>118,010</b>	122,392
	<hr/> 118,010	<hr/> -	<hr/> <b>118,010</b>	<hr/> 122,392
Professional firms and supporters				
Deloitte	20,000	-	<b>20,000</b>	20,000
E&Y	20,000	-	<b>20,000</b>	20,000
KPMG	20,000	-	<b>20,000</b>	20,000
PWC	20,000	-	<b>20,000</b>	20,000
Tax Advisors Charitable Trust	-	-	-	8,500
The Chartered Institute of Taxation (CIOT)	-	-	-	2,000
WCTA (Tax Advisers' Charitable Trust)	6,000	-	<b>6,000</b>	-
	<hr/> 86,000	<hr/> -	<hr/> <b>86,000</b>	<hr/> 90,500
Other donations	32,010	-	<b>32,010</b>	31,892
	<hr/> 118,010	<hr/> -	<hr/> <b>118,010</b>	<hr/> 122,392

## 3 Income from charitable activities

	Unrestricted £	Restricted £	2017 Total £	2016 Total £
Association of Taxation Technicians (ATT)	-	6,000	<b>6,000</b>	-
HM Revenue & Customs	-	430,000	<b>430,000</b>	495,000
Donations of gifts, services and facilities	186,833	-	<b>186,833</b>	193,460
Big Lottery - Reaching Communities	-	-	-	47,968
Dulverton Trust	-	-	-	40,000
The Henry Smith Charity	-	25,100	<b>25,100</b>	25,100
MSE Charity	-	-	-	5,000
	<hr/> 186,833	<hr/> 461,100	<hr/> <b>647,933</b>	<hr/> 806,528
Sub-total for Advice services				
Chartered Institute of Taxation (CIOT)	-	20,000	<b>20,000</b>	20,000
	<hr/> -	<hr/> 20,000	<hr/> <b>20,000</b>	<hr/> 20,000
Sub-total for Tax education				
	<hr/> -	<hr/> 20,000	<hr/> <b>20,000</b>	<hr/> 20,000
Total income from charitable activities	<hr/> 186,833	<hr/> 481,100	<hr/> <b>667,933</b>	<hr/> 826,528

Notes to the financial statements for the year ended 31 March 2017 *continued*

## 4 Analysis of expenditure

	Charitable activities					2017 Total £	2016 Total £
	Cost of raising funds £	Advice services £	Education £	Governance costs £	Support costs £		
Staff costs (Note 6)	10,109	338,654	25,273	5,055	126,363	<b>505,454</b>	621,525
Gifts in kind	-	186,834	-	-	-	<b>186,834</b>	193,460
Premises and office costs	2,238	74,989	5,596	1,119	27,982	<b>111,924</b>	97,903
Helpline advisers	-	5,096	-	-	-	<b>5,096</b>	3,318
Website, ICT and equipment costs	482	16,132	1,204	241	6,019	<b>24,078</b>	48,927
Legal, insurance and professional	377	12,630	943	189	4,711	<b>18,850</b>	28,491
Communication and travel	204	6,830	510	102	2,548	<b>10,194</b>	22,159
Other costs	-	4,738	-	-	-	<b>4,738</b>	2,695
Research and consultancy	-	-	-	-	-	-	6,698
	13,410	645,903	33,526	6,706	167,623	867,168	1,025,176
Support costs	1,677	150,859	13,410	1,677	(167,623)	-	-
Governance costs	838	6,707	838	(8,383)	-	-	-
<b>Total expenditure 2017</b>	<b>15,925</b>	<b>803,469</b>	<b>47,774</b>	-	-	<b>867,168</b>	<b>1,025,176</b>
Total expenditure 2016	16,894	932,193	76,089	-	-	<b>1,025,176</b>	

Of the total expenditure, £386,068 was unrestricted (2016: £386,989) and £481,100 was restricted (2016: £638,187).

## 5 Net outgoing resources for the year

This is stated after charging

	2017 £	2016 £
Depreciation	<b>5,336</b>	13,257
Operating lease rentals:		
Property	<b>74,551</b>	66,598
Auditors' remuneration (excluding VAT):		
Audit	<b>6,200</b>	6,000
Other services	<b>2,850</b>	-
Trustee indemnity insurance	-	737

Notes to the financial statements for the year ended 31 March 2017 *continued***6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel**

Staff costs were as follows:

	<b>2017</b>	2016
	£	£
Salaries and wages	<b>426,314</b>	551,891
Redundancy and termination costs	<b>15,000</b>	-
Social security costs	<b>42,490</b>	55,494
Employer's contribution to defined contribution pension schemes	<b>17,590</b>	7,624
Other forms of employee benefits	<b>4,060</b>	6,516
	<b>505,454</b>	621,525

No employee earned more than £60,000 during the year (2016: nil).

The total employee benefits including employer's national insurance contributions and pension contributions of the key management personnel were £49,131 (2016: £55,756). These include the benefits received by the current shared Chief Executive paid by and subsequently reimbursed to Tax Volunteers Ltd.

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2016: £nil). No charity trustee received payment for professional or other services supplied to the charity (2016: £nil).

**7 Staff numbers**

The average number of employees (head count based on number of staff employed) during the year was as follows:

	<b>2017</b>	2016
	No.	No.
Raising funds	<b>0.3</b>	0.1
Advice services	<b>8.0</b>	10.8
Tax education	<b>0.5</b>	1.0
Support	<b>1.9</b>	1.0
Governance	<b>0.3</b>	0.1
	<b>11.0</b>	13.0

**8 Related party transactions**

A donation was received from KPMG, where Sue Bonney is a partner. The total of these donations amount to £20,000 (2016 £20,000). KPMG also provide free meeting facilities.

Other donations from related parties totalled £238 in the year (2016: nil). No restrictions have been attached to these donations.

During the year, salary costs of £38,388 (2016: £nil) in relation of remuneration payable to key management personnel were borne by Tax Help for Older People, a related party by virtue of shared CEO, Gary Milner. These expenses were fully repaid to Tax Help for Older People in 2017/8. In addition, staff costs totalling £9,074 were paid by Tax Aid on behalf of Tax Help during the year, representing a share of one member of staff's salary. The amount was also settled in 2017/18.

During the year, income totalling £35,000 was collected by Tax Aid UK on behalf of Tax Help for Older People, a related party by virtue of shared CEO, Gary Milner. This income was not paid to Tax Help for Older People in the financial year to 31 March 2017 and is included under other creditor in the financial statements.

Notes to the financial statements for the year ended 31 March 2017 *continued*

## 9 Taxation

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

## 10 Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	<b>Total £</b>
<b>Cost or valuation</b>			
At the start of the year	27,034	28,751	<b>55,785</b>
Additions in year	-	67	<b>67</b>
At the end of the year	<b>27,034</b>	<b>28,818</b>	<b>55,852</b>
<b>Depreciation</b>			
At the start of the year	21,289	25,001	<b>46,290</b>
Charge for the year	2,014	3,322	<b>5,336</b>
At the end of the year	<b>23,303</b>	<b>28,323</b>	<b>51,626</b>
<b>Net book value</b>			
<b>At the end of the year</b>	<b>3,731</b>	<b>495</b>	<b>4,226</b>
At the start of the year	5,745	3,750	9,495

All of the above assets are used for charitable purposes.

## 11 Debtors

	<b>2017 £</b>	2016 £
Other debtors	<b>12,356</b>	15,010
Prepayments	<b>27,782</b>	11,376
	<b>40,138</b>	26,386

## 12 Creditors: amounts falling due within one year

	<b>2017 £</b>	2016 £
Taxation and social security	<b>11,374</b>	13,804
Other creditors	<b>76,620</b>	11,497
Accruals and trade creditors	<b>44,467</b>	22,598
	<b>132,461</b>	47,899

Notes to the financial statements for the year ended 31 March 2017 *continued*

## 13a Analysis of net assets between funds (current year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	-	4,226	-	4,226
Net current assets	176,577	-	-	176,577
<b>Net assets at the end of the year</b>	<b>176,577</b>	<b>4,226</b>	<b>-</b>	<b>180,803</b>

## 13b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	-	9,495	-	9,495
Net current assets	252,533	-	-	252,533
	<b>252,533</b>	<b>9,495</b>	<b>-</b>	<b>262,028</b>

## 14a Movements in funds (current year)

	At the start of the year £	Income and gains £	Expenditure and losses £	At the end of the year £
<b>Restricted funds:</b>				
Advice services	-	461,100	(461,100)	-
Tax education	-	20,000	(20,000)	-
<b>Total restricted funds</b>	<b>-</b>	<b>481,100</b>	<b>(481,100)</b>	<b>-</b>
<b>Unrestricted funds:</b>				
Designated funds:				
Capital depreciation fund	9,495	67	(5,336)	4,226
Total designated funds	9,495	67	(5,336)	4,226
<b>General funds</b>	<b>252,533</b>	<b>304,776</b>	<b>(380,732)</b>	<b>176,577</b>
<b>Total unrestricted funds</b>	<b>262,028</b>	<b>304,843</b>	<b>(386,068)</b>	<b>180,803</b>
<b>Total funds</b>	<b>262,028</b>	<b>785,943</b>	<b>(867,168)</b>	<b>180,803</b>

Notes to the financial statements for the year ended 31 March 2017 *continued*

## 14b Movements in funds (prior year)

	At the start of the year £	Income and gains £	Expenditure and losses £	At the end of the year £
<b>Restricted funds:</b>				
Advice services	-	613,068	(613,068)	-
Tax education	5,119	20,000	(25,119)	-
<b>Total restricted funds</b>	<b>5,119</b>	<b>633,068</b>	<b>(638,187)</b>	<b>-</b>
<b>Unrestricted funds:</b>				
Designated funds:				
Capital depreciation fund	21,408	1,344	(13,257)	<b>9,495</b>
Total designated funds	21,408	1,344	(13,257)	<b>9,495</b>
<b>General funds</b>	<b>311,757</b>	<b>314,508</b>	<b>(373,732)</b>	<b>252,533</b>
<b>Total unrestricted funds</b>	<b>333,165</b>	<b>315,852</b>	<b>(386,989)</b>	<b>262,028</b>
<b>Total funds</b>	<b>338,284</b>	<b>948,920</b>	<b>(1,025,176)</b>	<b>262,028</b>

**Purposes of restricted funds**

## Advice services

This fund represents income which is for delivering the main charitable purpose of TaxAid, 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.

## 15 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2017 £	2016 £
<b>Net (expenditure)/income for the reporting period (as per the statement of financial activities)</b>	<b>(81,225)</b>	(76,256)
Depreciation charges	<b>5,336</b>	13,257
Decrease / (increase) in debtors	<b>(13,752)</b>	111,033
(Decrease) / increase in creditors	<b>84,562</b>	(11,204)
<b>Net cash provided by operating activities</b>	<b>(5,079)</b>	36,830

Notes to the financial statements for the year ended 31 March 2017 *continued*

## 16 Analysis of cash and cash equivalents

	<b>At 31 March 2017 £</b>	Cash flows £	At 1 April 2016 £
Cash at bank and in hand	<b>268,900</b>	(5,146)	274,046
<b>Total cash and cash equivalents</b>	<b>268,900</b>	(5,146)	274,046

## 17 Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property	
	<b>2017 £</b>	2016 £
Less than one year	<b>12,184</b>	73,104
One to five years	-	12,184
	<b>12,184</b>	85,288

## 18 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

# TaxAid UK

Registered office: Studio 2, 33 Stannary Street, London SE11 4AA  
Company number: 3374001 Charity number: 1062852