

Company registration number: 03374001

Charity registration number: 1062852

# TaxAid UK

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 March 2018

# **TaxAid UK**

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# **TaxAid UK**

## **Reference and Administrative Details**

### **Chairman**

Stephen Banyard

### **Trustees**

Sue Bonney (resigned 30 April 2018)

Francesca Lagerberg

Jim McKie (resigned 6 June 2017)

Kevin Nicholson

Jonathan Peacock QC

Kevin Thomas, Treasurer

Melissa Geiger (appointed 29 January 2018)

### **Chief Executive Officer**

Gary Millner

### **Registered Office**

Unit 2  
33 Stannary Street  
London  
SE11 4AA

### **Company Registration Number**

03374001

### **Charity Registration Number**

1062852

### **Bankers**

CAF Bank Limited  
Kings Hill  
West Malling  
Kent  
ME19 4TA

### **Auditor**

Thompson Jenner LLP  
Statutory Auditors  
1 Colleton Crescent  
Exeter  
Devon  
EX2 4DG

## **TaxAid UK**

### **Chairman's Report for the Year Ended 31 March 2018**

TaxAid celebrated its 25th anniversary in 2017 - David Brodie founded the charity on December 7th 1992 to provide independent tax advice to people on low incomes, those with genuine debt problems and small businesses in serious difficulty.

We celebrated this at an event for our supporters and volunteers jointly with our sister charity, Tax help for Older People - at which Lord Hodge, a Justice of the Supreme Court and one of our Patrons, spoke on access to justice. Over the 25 years, together with our sister charity, Tax Help for Older People, we have helped over 250,000 people.

The need for people on low incomes to have access to independent tax advice has if anything grown since TaxAid was founded - there is now a harsher economic environment for people who are vulnerable and on low incomes; and many more now have to use more complex parts of the tax regime, for example because of the growth in self-employed and agency status work.

In looking forward, we have therefore been exploring models in which we can help a greater number of people through expanding the number of volunteers we use. We have been supported in this by Deloitte who have provided much support including the secondment of one of their people.

Our Bridge the Gap Campaign, joint with Tax Help for Older People, had a very successful year and has now raised over £250,000 - £138,000 of that in the last 12 months. This is an appeal to the tax profession and, in an increasingly challenging funding environment, we see this as an important part of our future funding.

At the start of this year, a substantial rent increase meant we needed to find a new home; we have therefore moved from Southwark to an office in Kennington, which provides a modern environment and maintains accessibility for our clients.

We would like to thank all our staff and volunteers, whose commitment and professionalism is much appreciated, not least by our clients. We would also like to thank our many supporters from across the tax profession for enabling TaxAid to carry out its vital role. This includes grants received from EY, PWC, KPMG and Deloitte; help and support from CIOT, ATT, the Worshipful Company of Tax Advisers, Women in Tax, Lexis Nexis, and Deloitte; 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, for financial support and for the specialised closer working arrangements which are designed to serve the needs of our more vulnerable clients.

Stephen Banyard

Stephen Banyard  
Dated: 11 October 2018

# TaxAid UK

## Trustees' Report

### Objectives and activities

#### *Public benefit*

The trustees confirm that they have complied with the requirements of section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

#### *The charity's objectives are;*

- To provide advice and assistance in tax and financial matters to persons in financial need.
- To advance public education about all aspects of tax and tax debt.

#### *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, including for those on low incomes; taxpayers on low incomes who are caught up in a high degree of complexity are ill-equipped to deal with it and require a tax-qualified expert to support and 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.

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 in consultations about tax issues which affect our low-income clients.

### Achievements and performance

It has been another busy year for TaxAid as we have continued to provide help to vulnerable people who struggle with the tax system. A harsher economic environment affecting many who are lower paid means that more vulnerable people on low incomes need our help. The people we have helped were beyond HMRC's remit to help, or were simply unwilling or unable to engage directly with HMRC. During the year the charity carried out 19,191 tax advice sessions (2016/17 - 18,954) helping 6,102 clients (2016/17 - 6,297).

We continued to see improvement through our evolving advice model improving efficiency. As a result we have delivered an increased number of tax sessions reflecting the increased complexity in dealing with client cases albeit we have been able to help slightly fewer clients.

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 - but a gain also for HMRC and society more widely through more people having been helped to comply. The result has been a three year HMRC grant running to March 2019. In 2016/17 this was for £430,000 and in 2017/18 and 2018/19 this is £410,000.

# TaxAid UK

## Trustees' Report

The charity's Strategy and Institutional Plan 2015-2019 focusses on four pillars: the delivery of our core tax advice service, the development of our educational capability, the use of the financial resources, and the charity's organisational resilience.

In collaboration with our sister charity Tax Volunteers, who operate as Tax Help for Older People or simply Tax Help, we have focussed on reviewing both our Advice Model and Volunteering Model so that we can increase our capacity to assist more vulnerable people in the most cost-effective way. TaxAid has undertaken a significant pilot with Deloitte volunteers assisting with the processing of casework and we plan to develop further pilots with large organisations for face-to-face appointments and through assisting on our helpline in the year ahead. We have also spent time reviewing our information technology requirement in order to be able to support new delivery models. We would particularly like to thank Deloitte and Rachel Austin and Rachel Anderson, a volunteer, for their significant contributions to making this happen.

We have also been increasing 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'.

### Financial review

#### *Results for the year*

The statement of financial activities on page 11 shows a small surplus of income over expenditure in the year of £192 (2017 - deficit £81,225). This is against a forecast deficit for the year (2017/18) of £28,993 representing a positive movement of £29,185. This also takes into account a planned reduction of £20,000 on the previous year of grant funding from HMRC. This move to a balanced budget reflects the continued focus on controlling costs and a growth and diversity in income both direct and through the Bridge the Gap campaign run in conjunction with our sister charity Tax Volunteers operating as Tax Help for Older People (Tax Help). Both income forecasts and overheads continue to be strictly monitored and controlled by the senior management team and the board.

#### *Forecast results for future year*

The charity continues to prepare prudent budgets and develop and deliver financial and organisational controls to provide a cost-effective use of resources and safeguard its financial stability. The budget for 2018/9 is forecast to show a balanced budget.

#### *Reserves policy*

The charity relies on funding that has no guarantee of continuation in the longer-term and it is unlikely that there will be sufficient funds for investment in the near future apart from short-term bank deposits.

The trustees have assessed the risks involved in the activities of the charity and have agreed the following reserves policy:

The trustees are endeavouring to ensure the success of the charity by developing and building a broader base of revenue streams, in particular the 'Bridge the Gap' campaign which has been established in collaboration with Tax Volunteers (operating as Tax Help for Older People registered charity number in England and Wales 1102276 and Scotland SCO 45819). The trustees are aware that the lack of free reserves, together with the current economic climate and any adverse impact from Brexit, will provide a challenging environment for a number of years ahead.

The free reserves at 31 March 2018 are £171,242 (2017 - £180,803), which is more than three 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 charity would look to operate at a level of between three to six months of reserves.

## **TaxAid UK**

### **Trustees' Report**

#### ***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. With Deloitte also making a financial contribution to the Bridge the Gap Campaign. Members of the Worshipful Company of Tax Advisers again provided invaluable unrestricted funding through the Tax Advisers Charitable Trust, both direct to TaxAid and to Bridge the Gap. 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 to support the provision of tax education. The Association of Taxation Technicians provided restricted funding of £12,000 shared equally between TaxAid and Tax Help for Older People to develop a range of tax guides to allow our low income vulnerable clients to understand their current tax problem or as an aid to enable them to be aware of any future responsibilities.

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.

#### **Plans for future periods**

We know that demand for our core tax advice service exceeds our capacity to meet it, and as a result our public helpline is only able to operate from 10-12 Monday to Friday. To test that demand we carried out a 2-week pilot when we kept the helpline open for a longer period, this resulted in a significant increase in call volumes to a level which we could not currently service.

A significant focus during the year has therefore been on reviewing both our Advice Model and Volunteering Model so that we can increase our capacity to better meet this demand and assist more vulnerable people in the most cost effective way. In conjunction with our sister charity Tax Help for Older People, we have undertaken a review of our current models and are exploring and piloting other ways in which we can help clients, making greater and more efficient use of volunteers from the tax profession. We have also reviewed our information technology requirement in order to be able to support new delivery models. We would particularly like to thank Matt Ellis at Deloitte for his leadership and continuing support in making this happen.

This work is continuing in 2018-2019 as we run more pilots and start to replace and improve our IT in conjunction with Tax Help for Older People

Whilst we recognise that digital engagement is a suitable means of informing or providing information to the majority of taxpayers, our particular demographic is less likely to be able to use the digital channel. We have therefore provided information and assistance where possible to those with the appropriate knowledge and skills to enable them to engage digitally.

In order to meet our charitable aims we will continue to develop and widen our fundraising strategy across a wider range of potential funders, who have an interest in improving the tax knowledge of working age and vulnerable clients. In particular we will look to expand and encourage further support from those involved in the tax profession and, in conjunction with our sister charity Tax Help for Older People, through the Bridge the Gap fundraising initiative, seek to raise over £170,000 as we move towards our target of raising £250,000 per year in an ongoing and sustainable way.

## **TaxAid UK**

### **Trustees' Report**

During the coming year we will continue to work closely with Tax Help for Older People. We anticipate that this will not only bring cost savings by removing some duplication of effort, but more importantly that it will also help improve our service provision, increase the number of clients we can help and through the sharing of best working practice, improve the awareness of the two charities services among those in direct need and with those other charities working with vulnerable and low income individuals.

#### **Risk**

The charity's activities expose it to a number of financial risks including credit risk and cash flow risk.

##### ***Cash flow risk***

The charity's activities expose it primarily to the cash flow risk relating to the receipt of donations for core funding, whilst this is mitigated to some extent through its current three-year agreement with HMRC which makes payments quarterly in advance. The charity has sought to further reduce this risk by seeking regular donations from the tax profession through its Bridge the Gap campaign from which it currently receives disbursements as agreed with its sister charity.

##### ***Credit risk***

The charity's principal financial assets are bank balances and cash. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The charity has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

#### **Disclosure of information to auditor**

Each trustee has taken steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

The annual report was approved by the trustees of the charity on 11 October 2018 and signed on its behalf by:

Stephen Banyard

Stephen Banyard  
Chairman

## **TaxAid UK**

### **Statement of Trustees' Responsibilities**

The trustees (who are also the directors of TaxAid UK for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements 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 business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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.

Approved by the trustees of the charity on 11 October 2018 and signed on its behalf by:

Stephen Banyard

Stephen Banyard  
Chairman

## **TaxAid UK**

### **Independent Auditor's Report to the Members of TaxAid UK**

#### **Opinion**

We have audited the financial statements of TaxAid UK (the 'charity') for the year ended 31 March 2018, 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 United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2018 and of its results 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.

#### **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 charity 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 charity'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 trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

## **TaxAid UK**

### **Independent Auditor's Report to the Members of TaxAid UK**

#### **Opinion 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 Chairman's Report and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Chairman's Report and Trustees' Report have been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Chairman's Report and the Trustees' Report.

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 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.

#### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 7], the trustees 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

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

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement 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 charity's internal control.

## **TaxAid UK**

### **Independent Auditor's Report to the Members of TaxAid UK**

- 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 charity'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 charity 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the charity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the charity audit. We remain solely responsible for our audit opinion.

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.

This report is made solely to the charitable company's trustees, 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 charity's trustees 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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Thompson Jenner LLP**

Mr Neil Curtis (Senior Statutory Auditor)  
For and on behalf of Thompson Jenner LLP, Statutory Auditor

1 Colleton Crescent  
Exeter  
Devon  
EX2 4DG

Date: 11 October 2018

## TaxAid UK

### Statement of Financial Activities for the Year Ended 31 March 2018 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

<b>2018</b>	<b>Note</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total 2018 £</b>
<b>Income and Endowments from:</b>				
Donations and legacies	3	182,517	7,500	190,017
Charitable activities	4	276,675	448,050	724,725
Total Income		459,192	455,550	914,742
<b>Expenditure on:</b>				
Raising funds		(31,245)	-	(31,245)
Charitable activities	5	(437,508)	(445,797)	(883,305)
Total Expenditure		(468,753)	(445,797)	(914,550)
Net (expenditure)/income		(9,561)	9,753	192
Net movement in funds		(9,561)	9,753	192
<b>Reconciliation of funds</b>				
Total funds brought forward		180,803	-	180,803
Total funds carried forward	17	171,242	9,753	180,995
<b>2017</b>	<b>Note</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total 2017 £</b>
<b>Income and Endowments from:</b>				
Donations and legacies	3	118,010	-	118,010
Charitable activities	4	186,833	481,100	667,933
Total Income		304,843	481,100	785,943
<b>Expenditure on:</b>				
Raising funds		(15,925)	-	(15,925)
Charitable activities	5	(370,143)	(481,100)	(851,243)
Total Expenditure		(386,068)	(481,100)	(867,168)
Net expenditure		(81,225)	-	(81,225)
Net movement in funds		(81,225)	-	(81,225)
<b>Reconciliation of funds</b>				
Total funds brought forward		262,028	-	262,028
Total funds carried forward	17	180,803	-	180,803

All of the charity's activities derive from continuing operations during the above two periods.

The funds breakdown for 2017 is shown in note 17.

## TaxAid UK

### (Registration number: 03374001) Balance Sheet as at 31 March 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	11	<u>1,311</u>	<u>4,226</u>
		<u>1,311</u>	<u>4,226</u>
<b>Current assets</b>			
Debtors	12	89,971	40,138
Cash at bank and in hand	13	<u>164,151</u>	<u>268,900</u>
		254,122	309,038
<b>Creditors: Amounts falling due within one year</b>	14	<u>(74,438)</u>	<u>(132,461)</u>
<b>Net current assets</b>		<u>179,684</u>	<u>176,577</u>
<b>Net assets</b>		<u>180,995</u>	<u>180,803</u>
<b>Funds of the charity:</b>			
<b>Restricted funds</b>		9,753	-
<b>Unrestricted income funds</b>			
Unrestricted funds		<u>171,242</u>	<u>180,803</u>
<b>Total funds</b>	17	<u>180,995</u>	<u>180,803</u>

The financial statements on pages 11 to 26 were approved by the trustees, and authorised for issue on 11 October 2018 and signed on their behalf by:

Stephen Banyard

Stephen Banyard  
Chairman

Kevin Thomas

Kevin Thomas  
Trustee

## TaxAid UK

### Statement of Cash Flows for the Year Ended 31 March 2018

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash income/(expenditure)		192	(81,225)
<b>Adjustments to cash flows from non-cash items</b>			
Depreciation		3,872	5,336
Loss on disposal of tangible fixed assets		419	-
		<u>4,483</u>	<u>(75,889)</u>
<b>Working capital adjustments</b>			
Increase in debtors	12	(49,833)	(13,752)
(Decrease)/increase in creditors	14	<u>(58,023)</u>	<u>84,562</u>
Net cash flows from operating activities		(103,373)	(5,079)
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets	11	<u>(1,376)</u>	<u>(67)</u>
Net decrease in cash and cash equivalents		(104,749)	(5,146)
Cash and cash equivalents at 1 April		<u>268,900</u>	<u>274,046</u>
Cash and cash equivalents at 31 March		<u>164,151</u>	<u>268,900</u>

All of the cash flows are derived from continuing operations during the above two periods.

# TaxAid UK

## Notes to the Financial Statements for the Year Ended 31 March 2018

### 1 Charity status

The charity is a charity limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation. The charity is incorporated in England and Wales and its registered office is Unit 2, 33 Stannary Street, London, SE11 4AA.

### 2 Accounting policies

#### Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Statement of compliance

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.

#### Basis of preparation

TaxAid UK meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

#### Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity.

#### Income and endowments

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

#### Donations and legacies

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

#### Grants receivable

Grants are recognised when the charity has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

## TaxAid UK

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### *Donated 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 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), general 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,

#### **Expenditure**

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

#### *Raising funds*

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

#### *Charitable activities*

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

#### **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.

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	88%
Tax education	1%
Cost of raising funds	9%
Governance costs	2%

## TaxAid UK

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

#### Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### Tangible fixed assets

Individual fixed assets costing £500 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

#### Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Computer equipment	3 years straight line
Fixtures and fittings	6 years straight line

#### Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

## TaxAid UK

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### **Fund structure**

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the charity.

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the trustees.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

#### **Financial instruments**

##### *Classification*

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

##### *Recognition and measurement*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the charity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the charity, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

## TaxAid UK

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### 3 Income from donations and legacies

	Unrestricted funds		Total 2018 £	Total 2017 £
	General £	Restricted funds £		
Donations and legacies:				
Donations from professional firms and supporters	93,500	-	93,500	86,000
Other donations	89,017	-	89,017	32,010
Grants, including capital grants:				
Grants from entities	-	7,500	7,500	-
	182,517	7,500	190,017	118,010

#### Summary of restricted fund grants

	2018 £	2017 £
Esmée Fairbairn Foundation	7,500	-

#### Summary of donations from professional firms and supporters

	2018 £	2017 £
Deloitte	30,000	20,000
E&Y	20,000	20,000
KPMG	20,000	20,000
PWC	20,000	20,000
Tax Advisers Charitable Trust (The Worshipful Company of Tax Advisers)	3,500	6,000
	93,500	86,000

## TaxAid UK

### Notes to the Financial Statements for the Year Ended 31 March 2018

Other donations includes 50% of the following amounts greater than £2,500 received through Bridge The Gap. This is a joint initiative set up by TaxAid UK and its sister charity Tax Help For Older People, whereby amounts received are split equally between the two charities.

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
The Bernard Charitable Trust	10,000	-
Linklaters	10,000	-
Pure Recruitment	10,000	-
Slaughter & May	10,000	10,000
Akin Gump	5,000	-
Freshfields	10,000	-
Tax Advisers Charitable Trust (The Worshipful Company of Tax Advisers)	3,775	-
London Legal Walk 2017	2,900	-
Inman Charity	2,500	-
Chartered Institute of Taxation	-	4,000

#### 4 Income from charitable activities

	<b>Unrestricted funds</b>		<b>Total</b>	<b>Total</b>
	<b>General</b>	<b>Restricted</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>funds</b>	<b>£</b>	<b>£</b>
		<b>£</b>		
<b>Advice services</b>				
Association of Taxation Technicians (ATT)	-	6,000	6,000	6,000
HM Revenue & Customs	-	410,000	410,000	430,000
Donations of gifts, services and facilities	276,675	-	276,675	186,833
The Henry Smith Charity	-	-	-	25,100
Civil Service Insurance Society	-	12,050	12,050	-
	<u>276,675</u>	<u>428,050</u>	<u>704,725</u>	<u>647,933</u>
<b>Tax education</b>				
Chartered Institute of Taxation	-	20,000	20,000	20,000
	<u>-</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
<b>Total income from charitable activities</b>	<u>276,675</u>	<u>448,050</u>	<u>724,725</u>	<u>667,933</u>

## TaxAid UK

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### 5 Expenditure on charitable activities

	Cost of raising funds	Advice services	Education	Governance costs	Support costs	2018 Total	2017 Total
	£	£	£	£	£	£	£
Staff costs	9,768	327,213	24,419	4,884	122,095	488,379	505,454
Gifts in kind	-	276,675	-	-	-	276,675	186,834
Premises and other costs	1,780	59,624	4,450	890	22,248	88,992	111,924
Helpline advisers	-	4,238	-	-	-	4,238	5,096
Website, ICT and equipment costs	565	18,935	1,413	283	7,066	28,262	24,078
Legal, insurance and professional	376	12,595	940	188	4,700	18,799	18,850
Communication and travel	38	1,287	96	19	480	1,920	10,194
Other costs	3,360	-	-	-	153	3,513	4,738
Research and consultancy	-	-	-	3,772	-	3,772	-
	15,887	700,567	31,318	10,036	156,742	914,550	867,168
Support costs	14,107	137,933	1,567	3,135	(156,742)	-	-
Governance costs	1,251	11,854	66	(13,171)	-	-	-
Total expenditure 2018	31,245	850,354	32,951	-	-	914,550	867,168
Total expenditure 2017	15,925	803,469	47,774	-	-	867,168	-

£468,753 (2017 - £386,068) of the above expenditure was attributable to unrestricted funds and £445,797 (2017 - £481,100) to restricted funds.

## TaxAid UK

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### 6 Net incoming/outgoing resources

Net incoming/(outgoing) resources for the year include:

	2018 £	2017 £
Operating leases - other assets	(39,921)	(74,551)
Audit fees	(10,390)	(6,200)
Other non-audit services	-	(2,850)
Profit on disposal of tangible fixed assets	(419)	-
Depreciation of fixed assets	(3,872)	(5,336)

#### 7 Trustees remuneration and expenses

No trustees, nor any persons connected with any trustee, has received any remuneration from the charity during the year.

No trustees have received any reimbursed expenses from the charity during the year.

#### 8 Staff costs

The aggregate payroll costs were as follows:

	2018 £	2017 £
<b>Staff costs during the year were:</b>		
Wages and salaries	450,877	441,314
Social security costs	36,483	42,490
Pension costs	(516)	21,650
	<u>486,844</u>	<u>505,454</u>

The monthly average number of persons (including senior management team) employed by the charity during the year expressed as full time equivalents was as follows:

	2018 No	2017 No
Raising funds	0.7	0.3
Advice services	6.9	8.0
Tax education	0.1	0.5
Support	2.8	1.9
Governance	0.2	0.3
	<u>10.7</u>	<u>11.0</u>

No employee received emoluments of more than £60,000 during the year.

The total employee benefits of the key management personnel of the charity were £44,583 (2017 - £49,131).

## TaxAid UK

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### 9 Auditors' remuneration

	2018 £	2017 £
Audit of the financial statements	10,390	6,200
<b>Other fees to auditors</b>		
All other non-audit services	-	2,850

The amount included in the current year audit fees includes £5,590 relating to the previous auditor and £4,800 relating to the current auditor.

#### 10 Taxation

The charity is a registered charity and is therefore exempt from taxation.

#### 11 Tangible fixed assets

	Furniture and equipment £	Computer equipment £	Total £
<b>Cost</b>			
At 1 April 2017	27,034	28,818	55,852
Additions	648	728	1,376
Disposals	(27,034)	(7,428)	(34,462)
At 31 March 2018	648	22,118	22,766
<b>Depreciation</b>			
At 1 April 2017	23,303	28,323	51,626
Charge for the year	3,393	479	3,872
Eliminated on disposals	(26,615)	(7,428)	(34,043)
At 31 March 2018	81	21,374	21,455
<b>Net book value</b>			
At 31 March 2018	567	744	1,311
At 31 March 2017	3,731	495	4,226

## TaxAid UK

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### 12 Debtors

	2018 £	2017 £
Trade debtors	30,000	-
Prepayments	38,725	27,782
Other debtors	21,246	12,356
	<u>89,971</u>	<u>40,138</u>

#### 13 Cash and cash equivalents

	2018 £	2017 £
Cash on hand	334	517
Cash at bank	163,817	268,383
	<u>164,151</u>	<u>268,900</u>

#### 14 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	2,357	953
Other taxation and social security	8,687	11,374
Other creditors	55,831	76,620
Accruals	7,563	43,514
	<u>74,438</u>	<u>132,461</u>

#### 15 Pension and other schemes

##### Defined contribution pension scheme

The charity operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the charity to the scheme and amounted to £516 (2017 - £21,650).

#### 16 Commitments

##### Other financial commitments

The total amount of future minimum lease payments not provided in the financial statements is £120,000 (2017 - £12,184). Of this amount a total of £30,000 (2017 - £12,1284) is payable within less than one year.

## TaxAid UK

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### 17 Funds

<b>2018</b>	<b>Balance at 1 April 2017 £</b>	<b>Incoming resources £</b>	<b>Resources expended £</b>	<b>Balance at 31 March 2018 £</b>
<b>Unrestricted funds</b>				
<i>General</i>				
General	176,577	457,816	(464,462)	169,931
<i>Designated</i>				
Capital depreciation	4,226	1,376	(4,291)	1,311
<b>Total Unrestricted funds</b>	<b>180,803</b>	<b>459,192</b>	<b>(468,753)</b>	<b>171,242</b>
<b>Restricted funds</b>				
Advice services	-	428,050	(422,025)	6,025
Tax education	-	20,000	(20,000)	-
Governance	-	7,500	(3,772)	3,728
<b>Total restricted funds</b>	<b>-</b>	<b>455,550</b>	<b>(445,797)</b>	<b>9,753</b>
<b>Total funds</b>	<b>180,803</b>	<b>914,742</b>	<b>(914,550)</b>	<b>180,995</b>
<b>2017</b>	<b>Balance at 1 April 2016 £</b>	<b>Incoming resources £</b>	<b>Resources expended £</b>	<b>Balance at 31 March 2017 £</b>
<b>Unrestricted funds</b>				
<i>General</i>				
General	252,533	304,776	(380,732)	176,577
<i>Designated</i>				
Capital depreciation	9,495	67	(5,336)	4,226
<b>Total unrestricted funds</b>	<b>262,028</b>	<b>304,843</b>	<b>(386,068)</b>	<b>180,803</b>
<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>Total funds</b>	<b>262,028</b>	<b>785,943</b>	<b>(867,168)</b>	<b>180,803</b>

## TaxAid UK

### Notes to the Financial Statements for the Year Ended 31 March 2018

The specific purposes for which the funds are to be applied are as follows:

#### 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 UK website.

#### Designated funds

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

### 18 Analysis of net assets between funds

	Unrestricted funds		Restricted funds	Total funds
	General	Designated		
	£	£	£	£
Tangible fixed assets	-	1,311	-	1,311
Net current assets	169,931	-	9,753	179,684
Total net assets	169,931	1,311	9,753	180,995

### 19 Analysis of net funds

	At 1 April 2017	Cash flow	At 31 March
	£	£	2018
			£
Cash at bank and in hand	268,900	(104,749)	164,151
Net debt	268,900	(104,749)	164,151

## **TaxAid UK**

### **Notes to the Financial Statements for the Year Ended 31 March 2018**

#### **20 Related party transactions**

A donation was received from KPMG, where Sue Bonney is a partner. The total of these donations amount to £20,000 (2017 - £20,000). KPMG also provide free meeting facilities.

A donation was received from PWC, where Kevin Nicholson is a partner. The total of these donations amount to £20,000 (2017 - £20,000). PWC also provide free meeting facilities.

A donation of £8,000 was received from Sue Bonney. Other donations from related parties totalled £600 in the year (2017 - £238).

During the year, salary costs of £76,154 in relation to remuneration payable to the senior management team were recharged from Tax Volunteers Service Company Limited, a related party by virtue of Stephen Banyard and Kevin Thomas being directors of both companies.

During the year, income totalling £69,000 (2017 - £35,000) was collected by TaxAid UK on behalf of Tax Help For Older People, a related party by virtue of shared CEO, Gary Millner. At the year end, the amount due to Tax Help For Older People, included in other creditors in the financial statements, was £40,000 (2017 - £35,000).