Fair Tax Mark Statement of Third Sector Accountancy Limited (July 2022)

This statement of Fair Tax compliance was compiled in partnership with the Fair Tax Foundation ("FTF") and certifies that Third Sector Accountancy Limited ("the Company") meets the standards and requirements of the FTF's UK Small Business Standard for the Fair Tax Mark certification.

Tax Policy

The Company is committed to paying all the taxes that we owe in accordance with the spirit of all tax laws that apply to our operations. We believe that paying our taxes in this way is the clearest indication we can give of being responsible participants in society. We will fulfil our commitment to paying the appropriate taxes that we owe by seeking to pay the right amount of tax, in the right place, and at the right time. We aim to do this by ensuring that we report our tax affairs in ways that reflect the economic reality of the transactions that we undertake during the course of our trade.

We will not seek to use those options made available in tax law, or the allowances and reliefs that it provides, in ways that are contrary to the spirit of the law. Nor will we undertake specific transactions with the sole or main aim of securing tax advantages that would otherwise not be available to us based on the reality of the trade that we undertake. The Company will never undertake transactions that would require notification to HM Revenue & Customs under the Disclosure of Tax Avoidance Schemes Regulations or participate in any arrangement to which it might be reasonably anticipated that the UK's General Anti-Abuse Rule might apply.

We believe tax havens undermine the UK's tax system. As a result, whilst we may trade with customers and suppliers genuinely located in places considered to be tax havens, we will not make use of those places to secure a tax advantage, and nor will we take advantage of the secrecy that many such jurisdictions provide for transactions recorded within them. Our accounts will be prepared in compliance with this policy and will seek to provide all the information that users, including HM Revenue & Customs, might need to properly appraise our tax position.

We provide tax advice to our clients in order to help them to make use of reliefs and exemptions as set out in law, and to make the best possible decisions so as to minimise tax liabilities. We will not advise clients to do anything that gains a tax advantage that is not within the spirit of the law, or to disguise the economic reality of a transaction, or to use a tax haven. Furthermore we will not act for clients that seek unfair tax advantages in this way.

Company Information

The Company is a private company limited by guarantee without share capital, originally established in January 2017, with the principal activity of chartered accountants and registered auditors offering accountancy services primarily to those in the third sector.

The registered office address of the Company is Holyoake House, Hanover Street, Manchester, England, M60 0AS, which is also the trading address of the Company.

The Company is organised as a workers co-operative and, in accordance with the co-operative principle of democratic member control, each member worker has one vote at general meetings. Only employees may be admitted to membership of the co-operative, subject to various qualifying conditions.

Five employees are currently formal members of the co-operative, with each being conferred with one vote at meetings (and therefore controlling 20% of the company's voting rights). These members are:

Patrick Morrello
Scott Lockwood
Kate Adderley
Rebeca Ospina
Jodie Parry

The Company notes that, in substance, all employees attend monthly meetings and have an equal say in the running of the co-operative.

Patrick Morrello is also the only current director of the Company.

Profits of the Company can be applied in the following ways:

a) To create a general reserve for the continuation and development of the co-operative;
b) In accordance with the co-operative principle of member economic participation, to a bonus for all members, either equally or in accordance with some other equitable formula. In practice, as long as reserves permit, 50% of profit is distributed as a bonus in proportion to hours worked;
c) In accordance with the co-operative principle of concern for community, to make payment for social, co-operative and community purposes.

On winding up of the Company, any balance of assets remaining may not be distributed among the co-operative's members but shall be transferred to some other common ownership co-operative(s) or to Co-operatives UK (or any body that succeeds to its function). If such residual assets cannot be distributed in this manner they shall be transferred to some other organisation(s) whose purpose is to promote and support the co-operative movement and common ownership enterprises.

Tax Information

The average net profit before tax over the three years 1 February 2018 to 31 January 2021 was £9,655. The average current tax charge over the three years 2019 to 2021 was £1,567 (16.2%). The average expected current tax charge over the three years 2019 to 2021 was £1,834 (19.0%). The reason that the current tax charge for the Company is less than what would be expected is explained below in the following current tax reconciliation with accompanying narratives:

	Average £
Average profit before tax	9,655
Average expected corporation tax (19%)	**1,834**
Accelerated capital allowances	(301)
Expenses not deductible for tax purposes	69
Trading losses utilised	(36)
Average current tax charge	**1,567**

Accelerated capital allowances – The accounting treatment of capital assets is usually different than the tax treatment allowable. This is because, in the accounts, an asset is depreciated over its useful economic life. Whereas capital allowances are set rules in tax law applied to the type of asset. The differences, however, between the depreciation rate in the accounts and capital allowances claimed in the corporation tax return – are only timing differences – as eventually, the accumulated depreciation and the capital allowances claimed will equal one another.

Expenses not deductible for tax purposes – Some business expenses, although entirely appropriate for inclusion in the reporting entity's accounts, are not allowed as a deduction against taxable income when calculating the tax liability. Examples of such expenses are: client entertaining; non-qualifying charitable donations; and fines and penalties.

Trading losses utilised – Tax losses from earlier periods can be carried forward and relieved against future profits, so that the correct amount of tax is applied to the overall historic profits generated, and not just for that period. Once the tax losses have all been used, tax will then become chargeable on the profits generated thereafter.

Deferred Tax

As at 31 January 2021, the Company had no deferred tax assets or liabilities on its balance sheet; and no movements in deferred tax have been expensed or credited to the income statement during the three years 2019 to 2021.

Related Party Transactions

During the three years 2019 to 2021, there have been no transactions between the Company and any related parties.