Fair Tax Mark Statement for Freethought Group Limited (October 2023)

This statement of Fair Tax compliance was compiled in partnership with the Fair Tax Foundation ("FTF") and certifies that Freethought Group Limited and its subsidiary companies ("the Group") meet the standards and requirements of the FTF's UK Small Business Standard for the Fair Tax Mark certification.

Tax Policy

The Group 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 Group 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.

Group Information

The Group consists of four companies limited by shares: Freethought Group Limited ("the ultimate parent company"); and Freethought Internet Limited, Freethought Services Limited and Host Lincoln Limited trading as Jolt.co.uk ("the subsidiary companies").

Freethought Group Limited was incorporated on 13 February 2023 to facilitate the merger of the Freethought trading companies (Freethought Internet Limited, Freethought Services Limited) and Host Lincoln Limited trading as Jolt.co.uk. All shareholder share-for-share exchanges associated with this transaction were subject to advance clearance by HM Revenue & Customs.

The directors of the ultimate parent company have the following shareholdings:

- Mr Edward Dore – 3,126 ordinary shares and 2 ordinary 'A' shares: 28.8% control
- Mr Kieran Jones – 2,034 ordinary shares and 2 ordinary 'B' shares: 18.8% control
- Mr Matthew Russell – 4,885 ordinary 'E' shares: 45.0% control

All other shareholders of the ultimate parent company have less than 10% voting rights.

Controlling interests in the subsidiary companies, along with principal operating activities, are shown below. All subsidiary companies are directly owned by Freethought Group Limited.

Company name	Holding	Principal activity
Freethought Group Limited	N/a	Parent/holding company
Freethought Internet Limited	100%	Website hosting services
Freethought Services Limited*	75%	Website hosting services
Host Lincoln Limited trading as Jolt.co.uk	100%	Website hosting services

**Mr Nicholas Fothergill owns and controls 24% of the 25% portion not owned by Freethought Group.*

The registered office and trading address of Freethought Group Limited, Freethought Internet Limited and Freethought Services Limited is: Unit 5, Oak House, Witham Park, Waterside South, Lincoln, LN5 7FB.

The registered office address of Host Lincoln Limited trading as Jolt.co.uk is: Halifax House, 30-34 George Street, Hull, HU1 3AJ. However, the company does not have a trading address because staff and contractors work remotely.

Other Disclosures / Related Party Transactions

Mr Nicholas Fothergill is also the sole director and shareholder of XNC Limited.

The Group has on occasion supplied XNC Limited with goods and services and such transactions have all been carried out on an arm's length basis.

Mr Matthew Russell has involvement with other companies outside of the Group.

The Group has on occasion traded with, or does currently trade with, some of these companies and such transactions have always been carried out on an arm's length basis.

Tax Information

The ultimate parent company is not required to prepare consolidated accounts; therefore, each subsidiary company's figures have been presented separately and do not consider any potential consolidation adjustments.

Freethought Group Limited

The ultimate parent company is a holding company, incorporated on 13 February 2023. There are no financial results yet available to report as the first accounts (and accompanying corporation tax computations) have not yet been prepared.

Freethought Internet Limited

The average net profit before tax over the three years 1 July 2019 to 30 June 2022 was £35,953. The average current tax charge over the three years 2019 to 2022 was £4,212 (11.7%). The average expected current tax charge over the three years 2019 to 2022 was £6,831 (19.0%). The reason that the current tax charge for Freethought Internet Limited is less than what would be expected is explained below in the following current tax reconciliation with accompanying narratives:

	£
Average profit before tax	35,953
Expected corporation tax charge (19.0%)	**6,831**
[i]Pension adjustments	30
[ii]Depreciation in excess/(shortfall) of capital allowances	(1,118)
[iii]Super-deduction capital allowances	(378)
[iv]Expenditure not eligible for tax relief	45
[v]Research and Development (R&D) relief	(968)
[vi]Prior year adjustments	(230)
Average current tax charge (11.7%)	**4,212**

As at 30 June 2022, Freethought Internet Limited had a deferred tax liability of £13,679 (2021: 16,561), after releasing £2,882 to reduce the total tax charge in the accounts.

The majority of the Group's deferred tax provisions relate to fixed asset temporary timing differences between the net book value of qualifying assets in the accounts and their equivalent tax written down values (see footnote ii). These temporary timing differences will unfold in annual instalments over the useful economic lives of the assets to which they relate.

Freethought Services Limited

The average net profit before tax over the three years 1 July 2019 to 30 June 2022 was £10,249. The average current tax charge over the three years 2019 to 2022 was £1,548 (15.1%). The average expected current tax charge over the three years 2019 to 2022 was £1,947 (19.0%). The reason that the current tax charge for Freethought Services Limited is less than what would be expected is explained below in the following current tax reconciliation with accompanying narratives:

	£
Average profit before tax	10,249
Expected corporation tax charge (19.0%)	**1,947**
[ii]Depreciation in excess/(shortfall) of capital allowances	(379)
[iii]Super-deduction capital allowances	(23)
[iv]Expenditure not eligible for tax relief	3
Average current tax charge (15.1%)	**1,548**

As at 30 June 2022, Freethought Services Limited had a deferred tax liability of £1,136 (2021: 1,363) in respect of accelerated capital allowances, after releasing £227 to reduce the total tax charge in the accounts.

Host Lincoln Limited trading as Jolt.co.uk

The average net profit before tax over the three years 1 March 2019 to 28 February 2022 was £37,442. The average current tax charge over the three years 2019 to 2022 was £nil (0.0%). The average expected current tax charge over the three years 2019 to 2022 was £7,114 (19.0%). The reason that the current tax charge for Host Lincoln Limited is less than what would be expected is explained below in the following current tax reconciliation with accompanying narratives:

	£
Average profit before tax	37,442
Expected corporation tax charge (19.0%)	**7,114**
[ii]Depreciation in excess/(shortfall) of capital allowances	(5,390)
[iii]Super-deduction capital allowances	(231)
[iv]Expenditure not eligible for tax relief	714
[v]Research and Development (R&D) relief	(2,914)
[vii]Losses carried forward for future use	707
Average current tax charge (0.0%)	**-**

As at 28 February 2022, Host Lincoln Limited had no deferred tax assets or liabilities on its balance sheet; and had no movements in deferred tax expensed or credited to the income statement.

[i] **Pension adjustments** – Tax relief is given on a paid basis. Therefore, if there is a pension creditor or accrual in the accounts (i.e., not yet paid), this will be adjusted for in computing the taxable profits/losses.

[ii] **Depreciation in excess/(shortfall) of 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.

[iii] **Super-deduction capital allowances** – From 1 April 2021 until 31 March 2023, UK companies investing in qualifying new plant and machinery assets are able to claim a 130% super-deduction capital allowance on qualifying plant assets and a 50% first-year allowance for qualifying special rate assets. For qualifying new plant and machinery assets, the top 30% slice of the super-deduction allowance (i.e., the portion which exceeds the actual purchase cost of the qualifying asset) creates a permanent timing difference which will not be resolved by accumulated depreciation and capital allowances claimed equalling one another over the asset's life (as explained in footnote ii). The tax saving which arises as a result of the 30% permanent timing difference is therefore presented separately in the numerical tax reconciliations.

[iv] **Expenditure not eligible for tax relief** – Some business expenses, although entirely appropriate for inclusion in the accounts, are not allowed as a deduction against taxable income when calculating the tax liability. Examples of such expenses are: client entertaining, fines and penalties.

[v] **Research and Development (R&D) relief** – R&D tax reliefs support companies that work on innovative projects in science and technology. It can be claimed by a range of companies that seek to research or develop an advancement in their field. There are different types of R&D relief depending on the size of the organisation. The Group is classed as a 'Small and Medium sized Enterprise' and therefore can claim an extra 130% deduction on qualifying costs.

[vi] **Prior year adjustments** – Adjustments to tax charges in prior periods are quite common and can arise for a number of reasons. Sometimes the tax charge for the previous year was calculated for the accounts before the corporation tax return had been finalised and submitted to HMRC, due to the different deadlines for both the accounts and the tax return. This is then updated the year after to reflect any changes between the tax charge in the accounts and the actual tax charge that was submitted. Other times, either the reporting entity, or HMRC, may correct a mistake from the previous year(s) and then this is adjusted for in the current year tax charge.

[vii] **Losses carried forward for future use** – 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 become chargeable on the profits generated thereafter.