

**Registered No: 5588883**

**Registered Charity No: 1114839**

**THE RESOLUTION FOUNDATION  
REPORT AND FINANCIAL STATEMENTS  
30 SEPTEMBER 2008**

**THE RESOLUTION FOUNDATION**  
**YEAR ENDED 30 SEPTEMBER 2008**

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**TRUSTEES**

C Cowdery (Chairman)  
Baroness Greengross OBE  
C Alexandrou  
G Morton  
P Stevens

**SECRETARY AND CHIEF EXECUTIVE**

S Regan

**ADVISORY BOARD**

H Davies  
K Green  
D Carrington  
J Sassoon  
L Edmans  
J Drake  
B Pomeroy  
P Butler  
S Burke  
R Hancock

**AUDITORS**

Horwath Clark Whitehill LLP  
St Bride's House  
10 Salisbury Square  
London  
EC4Y 8EH

**BANKERS**

NatWest Bank Plc  
St Paul's Branch  
Juxon House  
98 St Paul's Churchyard  
London  
EC4M 8BU

**SOLICITORS**

Bates, Wells and Braithwaite  
2 Cannon St  
London  
EC4M 6YH

**REGISTERED OFFICE**

The Resolution Foundation  
2 Broomhouse Lane  
London  
SW6 3RD

## **THE RESOLUTION FOUNDATION YEAR ENDED 30 SEPTEMBER 2008**

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### **THE CHARITY, ITS TRUSTEES AND ITS MANAGEMENT**

The Resolution Foundation was incorporated on 11 October 2005 as a company limited by guarantee no. 5588883 and was registered as charity no. 1114839 on 24 June 2006. The charity is governed by its Memorandum and Articles of Association.

The trustees are a self-appointing body with each trustee being appointed initially for a three year term. New trustees can be nominated by any existing trustee and are appointed according to relevant skills and experience. Trustees are given an in-depth introduction to the organisation and the role of the trustee through meetings with the Chairman and Chief Executive. They attend the regular meetings of the organisation's Advisory Board where progress, strategy and plans are discussed. Trustees are also sent relevant documentation including research reports and minutes of meetings.

The trustees meet as necessary and not less than twice each year, and all key decisions affecting the charity are made at these meetings. The Advisory Board has a purely advisory function. The trustees have appointed a Chief Executive who has the day to day responsibility for all operational matters.

The trustees who acted during the year are those listed on page 2.

### **OBJECTIVES, ACTIVITIES AND ACHIEVEMENTS**

#### **Aims, objectives and strategy**

The objects of the charity (as set out in company's Memorandum of Association) are "to promote research and the education of the public into the effect of economic, social and financial factors on the living standards of people benefiting from an income at or below the national average."

The charity's aim is to improve the well-being of low earners (people largely independent of state support earning up to median incomes) by promoting fair and efficient access to the mixed economy. The charity does this by researching their needs, developing practical proposals for reform and actively engaging with policy-makers and practitioners to bring about change.

In 2007/08, the charity developed its work programme on long-term care and maintained workstreams on financial health and on low earners. The key objectives for 2007/08 were:

- To influence long-term care policy development through robust market analysis, the development of practical solutions and a comprehensive engagement strategy;
- To monitor the development of the Money Guidance service and raise the profile of issues affecting financial health;
- To build an evidence base and encourage debate on low earners and how they fare in the mixed economy;
- To develop the staff team, move offices and detach the charity from Resolution plc ensuring all systems and policies are in place.

The charity's overall strategy is to combine robust research with a strategy of engagement and consensus-building.

**THE RESOLUTION FOUNDATION**  
**YEAR ENDED 30 SEPTEMBER 2008**

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**Activities**

At the start of 2007/08, the charity set out a two year programme on long-term care with three stages:

1. Analysing and illustrating the problem
2. Setting out a vision and identifying the steps to achieve it
3. Building a consensus and lobbying

By end of 2007/08, the charity was, as planned, nearing completion of stage two. Our activities have included:

- Primary research in the form of focus groups and in depth interviews (linked to the wider research with low earners) as well as a YouGov poll to investigate experiences and perceptions of long-term care. The findings were published in February 2008 in a report entitled *Lost: low earners and the elderly care market*;
- A project with Deloitte mapping care markets, contrasting them with the attributes of well functioning markets and highlighting where there is scope for greater efficiency and fairness, published in April 2008;
- Our annual conference with senior politicians (including Nick Clegg MP and David Willets MP) and an audience from government, the third sector and industry;
- Developing a vision of a healthy long-term care market and undertaking a series of projects throughout summer 2008 to identify solutions needed to realise this vision, which included further primary research (interviews with local authorities, workshops with care providers and focus groups with low earners), promoted at a launch event in the House of Commons in December 2008;
- A consultation exercise with all key stakeholders (care providers, third sector, local government, policy influencers (incl. government) and financial service providers) in June and October 2008, combined with an ongoing programme of one-on-one meetings;
- A political engagement strategy involving key figures from all three main political parties and local government, including hosting meetings at all three party conferences;
- A proactive media strategy fostering relationships with key journalists.

On financial health, activities included:

- Setting up a Financial Health Forum to bring together high-level stakeholders to promote financial health issues;
- Monitoring the development of the Money Guidance Service and financial capability more broadly, attending conferences and seminars and holding one on one meetings with a range of stakeholders from the FSA, Treasury and other key stakeholders.

On low earners and the mixed economy, activities included:

- Party conference events on financial health and low earners;
- Hosting two series of focus groups with low earners in the context of care reform but also wider issues;
- Undertaking a Low Earners' Audit which involved collating existing evidence on low earners and the mixed economy and identifying priority reform areas to feed into future work.

In order to achieve our objectives, we also needed to build the capacity of the staff team and establish ourselves in new premises. This included:

- Recruiting three new members of staff;
- Managing the move to new premises, and communicating this externally;
- Setting up separate payroll, HR policies and financial procedures;

## THE RESOLUTION FOUNDATION

### YEAR ENDED 30 SEPTEMBER 2008

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- Refreshing our brand, website and communications.

#### **Achievements in 07/08**

The charity's key achievements in 2007/08 were to:

- Raise the profile of the need for social care reform, publishing three major reports on social care illustrating the problem and setting out the solutions;
- Undertake extensive primary research with care providers, local authorities and low earners;
- Host several events engaging social care experts with our work and reaching beyond usual suspects, including an "expert group" series, our annual conference and recent parliamentary reception;
- Raise the profile of the Foundation among key decision-makers and influencers;
- Launch the Financial Health Forum and help secure a financial capability clause in bank recapitalisation programme;
- Develop a better understanding of low earners and lay foundations for future work;
- Move to Broomhouse Lane with minimal disruption, and review and refresh all policies and procedures;
- Recruit three new members of staff, re-brand and launch new website.

#### **PLANS FOR FUTURE PERIODS**

##### **Aims, objectives and strategy**

Given the changed economic context in 2008/09, the charity has decided it will maintain its work programme on long-term care and on financial health, but will also build its capacity to undertake more work on low earners and, in particular, how they will fare as the economy adjusts.

The charity's key objectives for 2008/09 are:

- To influence long-term care policy development across all political parties, through setting out key reform priorities and to build momentum and consensus around need for reform;
- To monitor the development of the Money Guidance service and develop the role and impact of the Financial Health Forum in raising the profile of *financial health*;
- To continue to build the evidence base on low earners and the mixed economy, and influence key policy issues affecting how low earners will fare as the economy adjusts;
- To ensure the Foundation is 'sustainable' by end of 2009.

##### **Activities**

On long-term care, activities will include:

- Developing the reform proposals laid out at end of 2007/08 with more research and consultation work, explicitly focusing on questions of implementation and progress towards the vision;
- Exploring short term steps to improve the existing care system alongside longer term reform questions;

**THE RESOLUTION FOUNDATION**  
**YEAR ENDED 30 SEPTEMBER 2008**

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- A series of work “making the case” for reform, including linking care reform to the achievement of wider political priorities and the economic impact of an unreformed care system.

On financial health, activities will include:

- Progressing the Financial Health Forum by hosting quarterly meetings, each on an issue relevant to financial health, with guest speakers;
- Completing a Financial Health Map, an interactive tool hosted on the Foundation website which identifies the activities of private, public and third sector organisations in the fields of financial capability and inclusion;
- Developing a Financial Health Index, which will be composed of a basket of measures and data to assess the financial health of the nation.

On low earners, activities will include:

- Completing the low earners audit, which will draw together a range of statistical data to illustrate the position of low earners and identify key priority areas for reform;
- Undertaking *Low Earners through Recession and Recovery* – a project exploring the impact of the current economic downturn on low earners and ways the worst effects might be mitigated;
- Commissioning a low earners book, with contributions from domestic and international thinktanks on a range of issues relevant to this income group;
- Launching a Low Earners APPG so that issues of relevance to this group are discussed among parliamentarians and general awareness is raised;
- Establishing a “low earners” panel which would act as a sounding board for the Foundation’s work and policy suggestions, as well as a valuable source of insight and information to inform future research.

**THE RESOLUTION FOUNDATION**  
**YEAR ENDED 30 SEPTEMBER 2008**

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**FINANCIAL REVIEW AND RESERVES POLICY**

The financial statements show incoming resources for the year of £441,796 with resources expended in the year of £516,256.

The incoming resources to the charity comprise personal donations from Clive Cowdery together with bank interest received in the year. In autumn 2007, the Resolution Trust was established and will provide ongoing funding for the Resolution Foundation. In June 2008, the trustees of the Resolution Trust met and agreed three years funding for the Foundation of £650,000 per annum from the start of the 2008/09 financial year. The Foundation received a £650,000 donation from Resolution Trust on 6<sup>th</sup> October 2008.

During the year the Foundation made one grant payment of £25,000 to another charity, Counsel and Care.

At 30 September 2008, the charity had free reserves totalling £74,437. The trustees' policy is to hold free reserves of between three to six months of the charity's ongoing costs, essentially staff and office costs. In future years, the Foundation will work towards ensuring that sufficient free reserves are held.

**RISK MANAGEMENT**

The trustees acknowledge their responsibility for establishing a risk management system and are satisfied that appropriate systems and procedures have been established to identify and manage the major risks faced by the charity.

The trustees consider that the charity does not currently face any major risks.

**AUDITORS**

So far as each of the trustees at the date of this report is aware, there is no relevant audit information of which the charity's auditors are unaware. Each trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Horwath Clark Whitehill LLP have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted to the forthcoming Annual General Meeting.

By order of the trustees

Secretary

**THE RESOLUTION FOUNDATION**  
**YEAR ENDED 30 SEPTEMBER 2008**

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The trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charitable company at the end of the year and of the profit or loss of the charitable company for the year. In preparing those financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charitable company will continue to operate.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 or other irregularities.



**THE RESOLUTION FOUNDATION**  
**YEAR ENDED 30 SEPTEMBER 2008**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
THE RESOLUTION FOUNDATION**

We have audited the financial statements of The Resolution Foundation for the year ended 30 September 2008, which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the 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 company and the company's members as a body, for our audit work, for this report, or for the opinion we have formed.

**Respective responsibilities of the trustees and auditors**

The responsibilities of the trustees, who are also the charity trustees for the purposes of charity law, for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustee's remuneration and other transactions with the charity is not disclosed. We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to other information.

**Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations, which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**THE RESOLUTION FOUNDATION**  
**YEAR ENDED 30 SEPTEMBER 2008**

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**Unqualified opinion**

**In our opinion:**

- the financial statements give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice of the state of affairs of the charitable company as at 30 September 2008 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the financial statements.

**Horwath Clark Whitehill LLP**  
Chartered Accountants and Registered Auditors

St Bride's House  
10 Salisbury Square  
London EC4Y 8EH

**THE RESOLUTION FOUNDATION**  
**YEAR ENDED 30 SEPTEMBER 2008**

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**STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)**

	Notes	2008 £	2007 £
<b>INCOMING RESOURCES</b>			
Donations	2	429,967	419,408
Bank interest		11,829	11,701
<b>TOTAL INCOMING RESOURCES</b>		<u>441,796</u>	<u>431,109</u>
<b>RESOURCES EXPENDED</b>			
Charitable activities	3	508,037	653,959
Governance cost	3	8,219	5,875
<b>TOTAL RESOURCES EXPENDED</b>		<u>516,256</u>	<u>649,834</u>
<b>NET (RESOURCES EXPENDED) / INCOMING RESOURCES FOR THE YEAR</b>		<b>(74,460)</b>	<b>(228,725)</b>
Funds brought forward at 1 October		<u>148,897</u>	<u>377,622</u>
Funds carried forward at 30 September		<u>74,437</u>	<u>148,897</u>

**THE RESOLUTION FOUNDATION**  
**YEAR ENDED 30 SEPTEMBER 2008**

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**BALANCE SHEET**  
**AT 30 SEPTEMBER 2008**

	Notes	2008 £	2007 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	4	<b>71,507</b>	-
<b>CURRENT ASSETS</b>			
Debtors	5	<b>1,453</b>	2,350
Cash at bank		<b>12,605</b>	307,893
		<b>14,058</b>	310,243
<b>CREDITORS:</b> amounts falling due within one year	6	<b>(11,128)</b>	(161,346)
<b>NET CURRENT ASSETS</b>		<b>2,930</b>	148,897
<b>TOTAL ASSETS</b>		<b>74,437</b>	148,897
<b>FUNDS</b>			
Unrestricted funds		<b>74,437</b>	148,897

The financial statements on pages 11 to 15 were approved and authorised for issue by the trustees on X and signed on their behalf by the Chairman

Chairman

**THE RESOLUTION FOUNDATION**  
**YEAR ENDED 30 SEPTEMBER 2008**

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**NOTES TO THE FINANCIAL STATEMENTS**

**1. ACCOUNTING POLICIES**

**a) Basis of Preparation**

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Companies Act 1985, the Statement of Recommended Practice (SORP 2005), "Accounting and Reporting by Charities" and applicable accounting standards.

**b) Company Status**

The charity was incorporated on 11 October 2005 and is limited by the guarantee of its members. The members of the company are the Trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member.

**c) Fund Accounting**

Unrestricted funds which have not been designated for other purposes are available for use at the discretion of the trustees in furtherance of the objectives of the charity.

**d) Incoming Resources**

All incoming resources are included in the financial statements when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Donation income is recorded in the financial statements when the donations are received. Tax recoverable on gift aid donations is recorded when the donation is received.

**e) Resources Expended**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Governance costs are those incurred in connection with the charity's compliance with constitutional and statutory requirements.

Tangible fixed assets with a cost of more than £5,000 are capitalised. Depreciation is provided to write off the cost of office computers and equipment on a straight line basis over their estimated lives of 5 years.

**THE RESOLUTION FOUNDATION**  
**YEAR ENDED 30 SEPTEMBER 2008**

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**NOTES TO THE FINANCIAL STATEMENTS**

**2. DONATED SERVICES**

During the year, the Foundation was not charged rent in its new premises. This donated service has been valued at £2,350 per month and a total of £11,750 has been recognised as an incoming resource and a corresponding expenditure item in the Statement of Financial Activities.

**3. RESOURCES EXPENDED**

	<b>2008</b>	<i>2007</i>
	£	£
<b>Charitable activities</b>		
Consultants	50,765	134,628
Research and development	81,142	195,495
Staff costs – salaries	213,389	230,840
– social security	25,043	27,878
– other expenses	2,826	6,079
Events and publications	42,928	26,146
Rent	35,250	23,500
Marketing	12,329	1,986
Donation to Counsel and Care	25,000	-
Depreciation	5,108	-
Other expenses	14,257	7,407
	<b>508,037</b>	<b>653,959</b>
<b>Governance costs</b>	<b>8,219</b>	<b>5,875</b>
	<b>516,256</b>	<b>659,834</b>

Governance costs include audit fees of £5,000 (2007 - £4,875) and other fees payable to the auditors for accountancy and taxation services of £1,700 .

No corporation tax liability arises as the Foundation is able to take advantage of the tax relief available to charities.

None of the trustees received any remuneration or reimbursed benefits.

One employee received emoluments as defined for taxation purposes of between £70,001 and £80,000 in the year (2007 – one employee between £70,001 and £80,000).

	<b>2008</b>	<i>2007</i>
	No	No.
Excluding trustees, the average monthly full time equivalent number of employees during the year was	<b>4</b>	<b>4</b>

**THE RESOLUTION FOUNDATION**  
**YEAR ENDED 30 SEPTEMBER 2008**

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	2008 £	2007 £
<b>4. TANGIBLE FIXED ASSETS</b>		
Office computers and equipment:		
Cost at 1 October	-	-
Additions in the year	<u>76,615</u>	<u>-</u>
Cost at 30 September	<u>76,615</u>	<u>-</u>
Depreciation at 1 October	-	-
Charge for the year	<u>5,108</u>	<u>-</u>
Depreciation at 30 September	<u>5,108</u>	<u>-</u>
	<u>71,507</u>	<u>-</u>
	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>5. DEBTORS</b>		
Prepayments	<u>1,453</u>	<u>2,350</u>
	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>6. CREDITORS: amounts falling due within one year</b>		
Accrued expenses	<u>11,128</u>	<u>161,346</u>

**7. ADDITIONAL AUDIT SERVICES**

In common with many other charities of our size we use our auditors to assist with the preparation of the financial statements and to prepare and submit returns to the tax authorities.