

REGISTERED COMPANY NUMBER: 05588883 (England and Wales)
REGISTERED CHARITY NUMBER: 01114839

Resolution Foundation

**The Resolution Foundation
Report of the Trustees and
Financial Statements for the Year Ended 30 September 2013**

The Resolution Foundation

**Contents of the Financial Statements
for the Year Ended 30 September 2013**

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The Resolution Foundation

Report of the Trustees for the Year Ended 30 September 2013

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 30 September 2013. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

05588883 (England and Wales)

Registered Charity number

01114839

Registered office

The Resolution Foundation
23 Savile Row
London
W1S 2ET

Trustees

| | |
|-------------------|-------------|
| C A Cowdery | (Chairman) |
| Ms C J Alexandrou | |
| G W Morton | |
| P T Stevens | (Treasurer) |
| Mrs S Regan | |

Company Secretary

G Kelly

Auditors

Knox Cropper
8/9 Well Court
London
EC4M 9DN

Solicitors

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

Bankers

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

United Trust Bank Limited
80 Haymarket
London
EC4M 6YH

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Resolution Foundation was incorporated on 11 October 2005 as a company limited by guarantee and was registered as a charity on 24 June 2006, the Charity is governed by its Memorandum and Articles of Association.

Recruitment and appointment of new trustees

The Trustees (who are also the directors of the charitable company for the purposes of company law), are a self-appointing body with each Trustee initially appointed for a three year term. New Trustees can be nominated by any existing Trustee and are appointed according to relevant skills and experience.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Induction and training of new trustees

Trustees are given an in-depth introduction to the organisation and the role of Trustees through meeting with the Chairman and Chief Executive.

Organisational structure

Trustees attend regular meetings where progress, strategy and plans are discussed. They 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 Trustees have appointed a Chief Executive, Gavin Kelly, who has day to day responsibility for all operational matters.

Related parties

Trustees are required to disclose all relevant interests, register them with the Chief Executive and withdraw from decisions where a conflict of interest arises. No conflicts of interest were registered during the year. All Trustees give of their time freely and no Trustee remuneration was paid during the year. Travel expenses were paid on one occasion to S Regan whose appointment to the Board ensures the Foundation will continue to benefit from her substantial expertise. The Trustees who acted during the year are those listed on page 1.

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.

OBJECTIVES AND ACTIVITIES

Public benefit

The Trustees confirm they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission and guidance relating to public benefit and the advancement of education specifically. The Trustees ensure that all work undertaken is in line with the Foundation's charitable objects and aims.

OBJECTIVES AND ACTIVITIES

Mission Statement

The Resolution Foundation is an independent research and policy organisation.

The objects of the charity (as set out in the Memorandum and Articles 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".

Our public benefit goal is to improve outcomes for people on low and modest incomes - in particular the 11 million adults in low to middle income households (LMIs), living on below median income but broadly independent of state support.

We do this by undertaking original research and economic analysis to understand the challenges facing LMIs today. We develop practical and effective policy proposals to tackle the issues we identify, and we engage with policy makers and other key stakeholders to influence decision making and bring about change.

Our Focus

We define the low to middle income group by focusing on those members of the working age population in income deciles 2-5 who receive less than one fifth of their gross households income from means tested benefits. We 'equivalise' household income prior to establishing the decile distribution, in order to account for the different living standards associated with varying household compositions. As such, couples with no children fall into deciles 2-5 if their gross household income (from all sources) is between £13,000 - £30,000 a year, while couples with two children qualify if their income is in the range £18,000 - £42,500 and those living alone need an income between £9,000 and £20,000.

By these definitions, there are six million low to middle income households in the UK and 10 million low to middle income adults. They are not the poorest in society, but they are struggling to get by. Low to middle income households have become more exposed as a result of the recession and the contraction of the consumer credit and mortgage markets, alongside recent rises in the cost of living.

We believe that low to middle income households have been overlooked in debates about equality and economic opportunity. Our analysis shows how low to middle income households are squeezed in the mixed economy, too poor to thrive in private markets and yet too rich to receive substantial state support.

Our Approach

- **Rigorous:** we produce high quality analysis and draw on leading experts wherever appropriate.
- **Focused:** we concentrate our attention and resources on a small number of projects to achieve the greatest impact.
- **Practical Solutions:** our policy solutions are derived from robust research and analysis and are practical and achievable.
- **Influencing:** we engage with key stakeholders and policy makers to ensure that our policy solutions are heard and taken forward.
- **Independent:** we are independent and non-partisan in our approach we pursue policy issues on their merit and ability to improve outcomes for low to middle earners.
- **Facilitation and partnerships:** we bring together organisations to work in partnership to achieve greater collective impact and get a result.
- **Flexible:** we adapt our working style to suit the particular needs of each project. We are outcome oriented not process driven.
- **Communication:** our communication style is clear, concise and direct. We use a range of methods to convey our ideas.

Our Funding

The Foundation is primarily funded by the Resolution Trust. We are also grateful for the support of additional donations received during the year which has enabled us to pursue project specific work.

ACHIEVEMENT AND PERFORMANCE

The charity's key objectives for 2012/2013 were:

1. To continue to inform and influence the public and policy debate on living standards, working with the media, academics and other partner organisations.
2. To implement the post-Living Standards Commission strategy and to deliver a suite of projects on wages and employment that take forward the recommendations from the Commission.
3. To increase the policy focus of the Foundation's work to deliver a greater number of projects that inform and influence policymakers, building on the existing policy work on housing, childcare and low pay.
4. To develop new areas of work for the Foundation, particularly issues that link the living standards of low to middle income households to the broader economic agenda.

Activities included:

Maintaining the profile of the low to middle income group

- We published an annual audit of low to middle income Britain and launched it at a major public event.
- We also continued to follow a number of families throughout the year to understand more about the issues they face, as well as building a qualitative component into many of our research projects alongside data and policy analysis.
- We also extended our work on the group to include their political attitudes and voting intentions as part of a major piece of work looking at the role of living standards in the next election.

The low wage economy: pay and insecurity

- We explored the institutional architecture required to address Britain's growing low wage economy and boost productivity, particularly in light of falling government support for low income working households.
- Building on our earlier work on social care, we also took an in-depth look at some of the worst forms of insecurity facing low wage workers, such as zero hours contracts, non-compliance with the National Minimum Wage and false self-employment and work with employment law experts, businesses, unions, government and social innovators to develop new forms of employee security in today's flexible labour market.

Welfare reform, taxation and support for families

- In light of the tough fiscal climate that government will face over the coming years, our work considered the impact of different tax and benefit strategies on work incentives, the merits of targeting support on families with younger children and the appropriate balance between cash support and investment in services such as childcare.
- Our work in this area looked at how choices made by government in the forthcoming Spending Review could benefit families in the bottom half of the income distribution.

Pro-employment public services

- We continued to look at how public services can more effectively support employment among these two critical groups and what this means for the forthcoming Spending Review.
- We continued to conduct analysis on childcare to inform and influence policy decisions and developed a major new piece of work looking at the labour market impact of investment in childcare.

Debt, household recovery and the implications for monetary policy

- Our work in this area analysed the debt position of different types of households, looked at how they would be affected in a range of interest rate rise scenarios and how government and lenders should respond. Critically, our work connected household recovery to the macroeconomic outlook, and considered how household indebtedness could affect consumer spending and an emerging recovery.

Housing and the cost of living

- We continued to focus on the future of renting, exploring the potential contribution of a purpose-built, institutionally funded market rented sector. We published the findings of our modelling work and identified the scope for meeting investor expectations and an affordable level of rent through this approach.
- We began a new piece of work looking at the options for creating routes to partial home ownership and asset accumulation for the low to middle income group, drawing on the range of innovative products that currently exist and looking at the barriers to expansion and reaching scale.

ACHIEVEMENT AND PERFORMANCE

Impact of 2012/2013 work:

- The work that the Foundation produced in 2012-13 has made a substantial contribution to putting the issue of living standards firmly at the centre of public policy discussion across the political spectrum. This was publicly recognised with the foundation winning UK Think Thank of the year in July 2013.
- The Foundation continues to produce detailed economic and policy analysis on specific areas such as low pay, employment, childcare, housing and household debt, all crucial issues for low to middle income households.
- The Foundation ensures that policy debate and wider public discussion focuses on the interests of the low to middle income group, which in turn helps ensure that policymakers respond to the need of the group when developing responses to today's economic and social policy problems.

FINANCIAL REVIEW

Financial Review and Reserves Policy

The Financial statements show incoming resources for the year of £1,142,291 with resources expended in the year of £1,015,427.

The incoming resources to the charity comprise donations from the Resolution Trust which was established by Clive Cowdery in 2007 and provides ongoing funding for the Resolution Foundation. Other incoming resources include donations from other charitable trusts, foundations and registered housing providers for project specific work, bank interest received in the year, donations received for our housing and precarious employment work and an administration fee for work carried out on behalf of the Resolution Trust.

Additionally, the Foundation receives a substantial donation in kind as it does not pay rent for office space. This donated service has been recognised as an incoming resource and a corresponding expenditure item in the Statement of Financial Activities.

In September 2012, the Trustees of the Resolution Trust met and agreed funding for the Foundation of £860,000 for 2012/2013, £1,000,000 for 2013/2014, £1,000,000 for 2014/2015 and £1,000,000 for 2015/2016. The Trustees have received as part of their funding commitment from the Resolution Trust a commitment that the Trust will meet any costs associated with the winding up of the Resolution Foundation.

At 30 September 2013, the Charity had free reserves totalling £376,346, of which £7,720 were represented by fixed assets. In addition funds held for restricted purposes amounted to £53,128.

FUTURE DEVELOPMENTS

2013 / 2014 Objectives

The charity's key objectives for 2013/2014 are:

- To act as authoritative commentators on the shape of the economic recovery in the UK and the extent to which the recovery is likely to be fairly shared and benefit low to middle income households.
- To continue to develop links with relevant organisations internationally, especially in the United States, and to develop a significant joint project that adds a comparative dimension to the Foundation's work.
- To develop a set of policy proposals in the interests of low to middle income households that can influence the manifestos of all major political parties in the run up to the 2015 election and builds on the Foundations core strengths on issues relating to wages, childcare, housing, insecure employment and household debt.
- To develop innovative new work that addresses the longer term challenges and identifies strategies for shifting away from a low pay, low productivity economy.

Activities will include:

The shape of the recovery and fiscal choices

- We will continue to conduct detailed economic analysis of the shape of the economic recovery and the extent to which the recovery will benefit low to middle income households.
- We will develop a proposal for the development of a more timely measure of household income growth that can be used to assess the extent to which growth is fairly shared.
- We will publish an audit of living standards that will focus on assessing how the pain of the downturn has been shared and prospects for a shared recovery. This will expand the focus of previous annual audits.
- We will continue to develop analysis of the public finances, focusing on the distribution of spending cuts between welfare and departmental spending and how that informs and influences the policy choices that can be made.

Tackling low pay and progression

- We will work with a group of leading academics and experts to develop a set of recommendations for the future of the National Minimum Wage.
- We will develop a major piece of analytical work that will assess the extent to which individuals are able to progress out of low pay over the course of a decade and the factors that are linked to pay progression.
- We will continue to develop our work on insecure employment, developing a set of recommendations related to the use of zero hours contracts as well as focusing on the costs and benefits of improving pay and conditions in the social care sector where low pay and insecurity are particularly prevalent.

Housing and the cost of living

- We will build on our work on the private rented sector over the last three years to develop a manifesto for renters, focusing on improving the housing options for large numbers of low to middle income households who will be long term renters.
- We will do further work on housing affordability, developing a new approach to assessing the affordability of housing and publishing an updated assessment of affordability by tenure and local authority across England, Scotland and Wales.

Protecting and boosting family incomes

- We will develop work looking at the future of support for families with children, while continuing to respond to proposed changes from government to the tax and benefits system
- We will continue to push for a change in the balance of government investment in childcare in favour of low paid, working families.
- We will develop work looking at the future of childcare in the UK, focusing in particular on how to introduced a system of capped parental fees and regulated prices in a mixed market.

Dealing with debt

- We will publish recommendations on how to address the stock of debt that households accumulated before the recession and the implications of a rise in interest rates for low to middle income households in particular
- We will continue to assess the impact of household debt on the prospects for the wider economy and the recovery.

Changing the nature of the UK economy

- We will develop longer term work that looks at the possibility of changing the shape of the UK labour market away from one that is overly reliant on low pay and how the UK economy could adapt to the potential impacts of such a change in order to avoid negative impacts such as unemployment.

TRUSTEES RESPONSIBILITY STATEMENT

The trustees (who are also the directors of The Resolution Foundation for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- 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 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



C A Cowdery - Trustee

12 March 2014

Report of the Independent Auditors to the Members of The Resolution Foundation

We have audited the financial statements of The Resolution Foundation for the year ended 30 September 2013 on pages ten to eighteen. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees Responsibility Statement set out on page seven, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the Independent Auditors to the Members of The Resolution Foundation

Matters on which we are required to report by exception

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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.



Richard Billinghamurst (Senior Statutory Auditor)
for and on behalf of Knox Cropper
8/9 Well Court
London
EC4M 9DN

12 March 2014

The Resolution Foundation

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 30 September 2013

| | Notes | Unrestricted fund £ | Restricted funds £ | 2013 Total funds £ | 2012 Total funds £ |
|--|-------|---------------------------|--------------------------|--------------------------|--------------------------|
| INCOMING RESOURCES | | | | | |
| Incoming resources from generated funds | | | | | |
| Voluntary income | 2 | 930,000 | 204,799 | 1,134,799 | 970,010 |
| Investment income | 3 | 3,580 | - | 3,580 | 2,937 |
| Other incoming resources | | <u>3,912</u> | <u>-</u> | <u>3,912</u> | <u>35,439</u> |
| Total incoming resources | | 937,492 | 204,799 | 1,142,291 | 1,008,386 |
| RESOURCES EXPENDED | | | | | |
| Charitable activities | | | | | |
| Research and Education | 4 | 857,170 | 151,671 | 1,008,841 | 959,091 |
| Governance costs | 6 | <u>6,586</u> | <u>-</u> | <u>6,586</u> | <u>6,544</u> |
| Total resources expended | | <u>863,756</u> | <u>151,671</u> | <u>1,015,427</u> | <u>965,635</u> |
| NET INCOME FOR THE YEAR | | 73,736 | 53,128 | 126,864 | 42,751 |
| RECONCILIATION OF FUNDS | | | | | |
| Total funds brought forward | | 302,610 | - | 302,610 | 259,859 |
| TOTAL FUNDS CARRIED FORWARD | | <u>376,346</u> | <u>53,128</u> | <u>429,474</u> | <u>302,610</u> |

The notes form part of these financial statements

Balance Sheet
At 30 September 2013

| | Notes | 2013 £ | 2012 £ |
|--|-------|----------------|----------------|
| FIXED ASSETS | | | |
| Tangible assets | 10 | 7,720 | 11,220 |
| CURRENT ASSETS | | | |
| Debtors | 11 | 22,960 | 8,518 |
| Cash at bank | | <u>459,725</u> | <u>375,282</u> |
| | | 482,685 | 383,800 |
| CREDITORS | | | |
| Amounts falling due within one year | 12 | (60,931) | (92,410) |
| | | <u>421,754</u> | <u>291,390</u> |
| NET CURRENT ASSETS | | | |
| | | <u>429,474</u> | <u>302,610</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | |
| | | <u>429,474</u> | <u>302,610</u> |
| NET ASSETS | | | |
| | | <u>429,474</u> | <u>302,610</u> |
| FUNDS | | | |
| Unrestricted funds | 15 | 376,346 | 302,610 |
| Restricted funds | | <u>53,128</u> | <u>-</u> |
| TOTAL FUNDS | | <u>429,474</u> | <u>302,610</u> |

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Trustees on 12 March 2014 and were signed on its behalf by:

C A Cowdery -Trustee

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

Exemption from preparing a cash flow statement

Exemption has been taken from preparing a cash flow statement on the grounds that the charitable company qualifies as a small charitable company.

Incoming resources

All incoming resources are included on the Statement of Financial Activities 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.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

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 at cost. 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.

Rentals under operating leases are charged on a straight line basis over the lease term to the statement of financial activities, even if the payments are not made on such a basis.

Taxation

The charity is exempt from corporation tax on its charitable activities.

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.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

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.

2. VOLUNTARY INCOME

| | 2013 | 2012 |
|------------------------------|------------------|----------------|
| | £ | £ |
| Donations in Kind | 70,000 | 70,000 |
| Grants from Resolution Trust | 860,000 | 900,000 |
| Other Donations | <u>204,799</u> | <u>10</u> |
| | <u>1,134,799</u> | <u>970,010</u> |

Resolution Trust are committed to fund the Foundation for at least a further three years having awarded grants of £1,000,000 for 2013/2014, £1,000,000 for 2014/2015 and £1,000,000 for 2015/2016.

The Foundation is not charged rent in their current premises. This donated service has been valued at £5,833 per month and a total of £70,000 has been recognised as an incoming resource and a corresponding expenditure item in the Statement of Financial Activities.

3. INVESTMENT INCOME

| | 2013 | 2012 |
|---------------|--------------|--------------|
| | £ | £ |
| Bank Interest | <u>3,580</u> | <u>2,937</u> |

4. CHARITABLE ACTIVITIES COSTS

| | Direct costs | Support costs (See note 5) | Totals |
|------------------------|----------------|-------------------------------|------------------|
| | £ | £ | £ |
| Research and Education | <u>961,311</u> | <u>47,530</u> | <u>1,008,841</u> |

5. SUPPORT COSTS

| | Management £ |
|------------------------|-----------------|
| Research and Education | <u>47,530</u> |

Support costs, included in the above, are as follows:

| | 2013 | 2012 |
|-------------------------|--------------------------------|-----------------------|
| | Research and Education £ | Total activities £ |
| Operating leases | 3,264 | 4,080 |
| IT support and supplies | 18,744 | 16,079 |
| Insurance | 1,550 | 1,459 |
| Miscellaneous supplies | 2,671 | 5,119 |
| Telephone | 520 | 504 |
| Postage and stationery | 3,481 | 1,163 |
| Membership | 562 | 685 |
| Photocopier charges | <u>1,588</u> | <u>(6,908)</u> |
| Carried forward | 32,380 | 22,181 |

5. SUPPORT COSTS - continued

| | 2013 Research and Education £ | 2012 Total activities £ |
|--|--|-------------------------------|
| Brought forward | 32,380 | 22,181 |
| Payroll and finance support | 3,524 | 5,839 |
| Travel | 7,609 | 5,159 |
| Depreciation of tangible and heritage assets | 3,500 | 3,963 |
| Loss on sale of tangible fixed assets | - | 13,526 |
| Interest payable and similar charges | 517 | 535 |
| | <u>47,530</u> | <u>51,203</u> |

6. GOVERNANCE COSTS

| | 2013 £ | 2012 £ |
|------------------------|--------------|--------------|
| Trustees' expenses | 1,173 | 1,130 |
| Sundry expenses | 13 | 14 |
| Auditors' remuneration | <u>5,400</u> | <u>5,400</u> |
| | <u>6,586</u> | <u>6,544</u> |

7. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

| | 2013 £ | 2012 £ |
|------------------------------------|-----------|---------------|
| Auditors' remuneration | 5,400 | 5,400 |
| Depreciation - owned assets | 3,500 | 3,963 |
| Other operating leases | 3,264 | 4,080 |
| Deficit on disposal of fixed asset | <u>-</u> | <u>13,526</u> |

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 30 September 2013 nor for the year ended 30 September 2012.

Trustees' expenses

One trustee was reimbursed travel expenses totalling £1,173 (2012: one trustee reimbursed £1,130).

9. STAFF COSTS

| | 2013 | 2012 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 625,944 | 548,922 |
| Social security costs | 73,139 | 62,875 |
| Other pension costs | <u>9,178</u> | <u>-</u> |
| | <u>708,261</u> | <u>611,797</u> |

The average monthly number of employees during the year was as follows:

| | 2013 | 2012 |
|-----------------------------|-----------|----------|
| Average number of employees | <u>11</u> | <u>8</u> |

The number of employees whose emoluments fell within the following bands was:

| | 2013 | 2012 |
|---------------------|----------|----------|
| £60,001 - £70,000 | 2 | - |
| £70,001 - £80,000 | - | 2 |
| £80,001 - £90,000 | 2 | 1 |
| £100,001 - £110,000 | <u>1</u> | <u>1</u> |
| | <u>5</u> | <u>4</u> |

Included within wages and salaries are recruitment, training and other costs of £5,706 (2012: £15,577).

10. TANGIBLE FIXED ASSETS

| | Computer equipment £ |
|------------------------|----------------------------|
| COST | |
| At 1 October 2012 | 19,816 |
| Disposals | <u>(3,769)</u> |
| At 30 September 2013 | <u>16,047</u> |
| DEPRECIATION | |
| At 1 October 2012 | 8,596 |
| Charge for year | 3,500 |
| Eliminated on disposal | <u>(3,769)</u> |
| At 30 September 2013 | <u>8,327</u> |
| NET BOOK VALUE | |
| At 30 September 2013 | <u>7,720</u> |
| At 30 September 2012 | <u>11,220</u> |

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2013 | 2012 |
|--------------------------------|---------------|--------------|
| | £ | £ |
| Prepayments and accrued income | <u>22,960</u> | <u>8,518</u> |

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2013 | 2012 |
|---------------------------------|---------------|---------------|
| | £ | £ |
| Social security and other taxes | 21,777 | 20,366 |
| Other creditors | 24,576 | 66,644 |
| Accrued expenses | <u>14,578</u> | <u>5,400</u> |
| | <u>60,931</u> | <u>92,410</u> |

13. OPERATING LEASE COMMITMENTS

At 30 September 2013, the Foundation had annual commitments under non-cancellable operating leases in respect of office equipment as follows:

| | 2013 | 2012 |
|----------------------------|--------------|--------------|
| | £ | £ |
| Expiring: | | |
| Between one and five years | <u>3,960</u> | <u>3,264</u> |

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted fund £ | Restricted funds £ | 2013 Total funds £ | 2012 Total funds £ |
|---------------------|---------------------------|--------------------------|--------------------------|--------------------------|
| Fixed assets | 7,720 | - | 7,720 | 11,220 |
| Current assets | 429,557 | 53,128 | 482,685 | 383,800 |
| Current liabilities | <u>(60,931)</u> | <u>-</u> | <u>(60,931)</u> | <u>(92,410)</u> |
| | <u>376,346</u> | <u>53,128</u> | <u>429,474</u> | <u>302,610</u> |

15. MOVEMENT IN FUNDS

| | At 1.10.12 £ | Net movement in funds £ | At 30.9.13 £ |
|--|-----------------|-------------------------------|-----------------|
| Unrestricted funds | | | |
| General fund | 302,610 | 73,736 | 376,346 |
| Restricted funds | | | |
| Institute of New Economic Thinking project | - | 39,799 | 39,799 |
| National Minimum Wage | - | <u>13,329</u> | <u>13,329</u> |
| | - | 53,128 | 53,128 |
| | <u>302,610</u> | <u>126,864</u> | <u>429,474</u> |

Net movement in funds, included in the above are as follows:

| | Incoming resources £ | Resources expended £ | Movement in funds £ |
|--|----------------------------|----------------------------|---------------------------|
| Unrestricted funds | | | |
| General fund | 937,492 | (863,756) | 73,736 |
| Restricted funds | | | |
| PRS Housing Modelling | 80,000 | (80,000) | - |
| Precarious Employment | 40,000 | (40,000) | - |
| Home Ownership Work | 30,000 | (30,000) | - |
| Institute of New Economic Thinking project | 39,799 | - | 39,799 |
| National Minimum Wage | <u>15,000</u> | <u>(1,671)</u> | <u>13,329</u> |
| | 204,799 | (151,671) | 53,128 |
| | <u>1,142,291</u> | <u>(1,015,427)</u> | <u>126,864</u> |

15. MOVEMENT IN FUNDS - continued

PRS Housing Modelling project

This is the second phase of the Foundation's work on institutional investment in the private rented sector and involved economic modelling to demonstrate that viable returns for investors are possible at the same time as delivering better quality, more secure rental products for low to middle income tenants. The project was funded by a number of grants ranging from £5,000 to £25,000 from the Joseph Rowntree Foundation and Dolphin Square.

Precarious Employment project

The focus of the project was to quantify the growth of precarious employment in the UK and identify innovative routes to increasing employee security in a flexible labour market. It was funded by a grant from Unbound Philanthropy.

Home Ownership Work project

This project focused on the future of home ownership for low and middle income households, looking specifically at how shared ownership impacts the ability of LMI's to buy. The project was jointly funded by Thames Valley Housing and The Nationwide Foundation.

Institute of New Economic Thinking (INET) research programme

This is a new research programme at INET at the Oxford Martin School, University of Oxford, looking at the links between growth, employment, living standards and working life for low to middle income households, focusing on why the growth model in the UK and other developed economies has failed to deliver for the LMI group over the past few decades and what policy and institutional changes might lead to a better, fairer model of growth. It has been funded by an initial donation of \$50,000 plus gift aid recovered.

National Minimum Wage project

This project considers the role the UK's National Minimum Wage and Low Pay Commission could play in its next 15 years in reducing the incidence of low pay. This project is partly funded by the Barrow Cadbury Trust.

16. PENSION COMMITMENTS

The charitable company operates a defined contribution pension scheme through The Pensions Trust with contributions being made by both employer and employees at variable rates. The assets of the scheme are held separately from those of The Resolution Foundation. Pension costs charged represent contributions payable by the Foundation to the Trust. Total pension costs in the current year amounted to £9,178 (2012: £nil). At the year end £9,178 was due to the Trust (2012: £nil).

17. RELATED PARTY DISCLOSURES

Resolution Foundation is funded primarily by Resolution Trust. Two trustees of the Foundation are also Trustees of Resolution Trust.

Resolution Trust is committed to continue funding of the Foundation for at least the next three years. Grants have been awarded towards the Foundation's annual costs of £1,000,000 in 2013/2014, £1,000,000 in 2014/2015 and £1,000,000 in 2015/2016. During the current year the Foundation received a grant of £860,000 from the Trust (2012: £900,000).

Resolution Trust has no employees of its own and relies on the Foundation to administer its activities. The Foundation charges an administration fee for this service which in the current year amounted to £3,100 (2012: £3,100).

No amounts were due to or from the Resolution Trust at the year end (2012: £nil).