Trustees
L Cowdery (Chairman)
C Alexandrou
G Morton
S Regan (joined Mar 2010)
P Stevens (Treasurer)

Company Secretary and Chief Executive
S Regan (left 15th Jan 2010)
G Kelly (joined 6th Sept 2010)

Acting Director
S Parker (Jan – Sept 2010)

Advisory Board
H Davies
K Green (stepped down May 2010)
D Carrington
J Sassoon (stepped down May 2010)
L Edmans
J Drake
B Pomeroy
P Butler
S Burke
R Hancock

Auditor
Crowe Clark Whitehill LLP (previously called 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 Street
London EC4M 6YH

Registered Office
Resolution Foundation
23 Savile Row
London W1S 2ET

Year ended 30 September 2010
The Charity, Trustees and Management

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

The trustees 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. Trustees are given an in-depth introduction to the organisation and the role of trustees through meetings with the Chairman and Chief Executive. They attend regular meetings 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 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.

Trustees are required to disclose all relevant interests, register them with the Chief Executive and withdraw from decision 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 2.

The trustees appointed a new Chief Executive in September 2010, Gavin Kelly, who has day to day responsibility for all operational matters.

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 low and modest earners (in particular the 11.1 million low-to-middle earners (LMEs) living on below median income but broadly independent of state support) by delivering change in areas where this income group is currently disadvantaged.

We do this by:
- Undertaking original research and economic analysis to understand the challenges facing LMEs today
- Developing practical and effective policy proposals to tackle the issues we identify
- Engaging with policy makers and other key stakeholders to influence decision-making and bring about change
**Our Focus**

We define the LME 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 household 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 £12,000-£30,000 a year, while couples with two children qualify if their income is in the range £17,000-£42,500 and those living alone need an income between £8,000 and £20,000.

By these definitions, there are six million LME households in the UK and 11.1 million LME adults. They are not the poorest in society, but they are struggling to get by. Low-to-middle earning 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 LMEs have been overlooked in debates about equality and economic opportunity. And our analysis shows how low-to-middle earning households are squeezed in the mixed economy – too poor to benefit from private markets, and yet too rich to receive 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.
Objectives, Activities and Achievements in 2009/2010

Objectives

- To continue to position Resolution Foundation as the voice of low earners
- To continue work on Low Earners in Recession and Recovery
- Continue to monitor developments in Long Term Care / Money Guidance

Activities

The charity completed its major cross-cutting project, Low Earners in Recession and Recovery, with the direction of the undertaking informed by a steering group comprising experts from academia, think-tanks, charities, unions, welfare-to-work providers, consumer groups and government departments. Two reports were produced:

- **Closer to Crisis: How low earners are coping in the recession** was published in November 2009. It analysed how the economic downturn was affecting low earners and provided specific recommendations for government and others about what more could be done to enable low earners to stay in work, in their homes and to maintain their fragile economic independence as the recession developed.

- **What’s the Damage? A low earner impact assessment of deficit reduction options** was released in June 2010. It identified and considered a range of options for public sector deficit reduction as the economy exited recession. In addition to looking at bigger picture issues of the pace and balance of the fiscal tightening, the report focused on the low earner impact of specific tax, benefit and public services policy proposals.

In addition, the charity produced briefings on the effects on low earners of proposals contained in the Pre-Budget Report 2009, Budget 2010 and the coalition government’s Emergency Budget.

The charity continued to build its evidence base about low earners, using both quantitative and qualitative approaches. Activities included:

- Publication of the third edition of the Low Earners Audit in March 2010, analysing large-scale government survey data to describe the experiences of low earners in relation to work, housing and financial health. An in focus section gave specific attention to the impact of the recession on low earner lives.

- Production of Behind the Balance Sheet: the financial health of low income households in March 2010, which complemented the statistical data included in the Audit with a qualitative analysis of financial and non-financial resources, conditions, decisions and strategies in 12 low earner households.

- Beginning work on social mobility, focusing on changes in earnings over the lifetime. This will be a statistical analysis of differences in mobility in the 1990s compared to the 2000s. The work will help to build the evidence base on social mobility but also prospects for in-work progression. The first paper to be based on this analysis, Intragenerational Social Mobility over the Last Two Decades will be published in March 2011.

- Some qualitative, and quantitative, analysis of low-to-middle earners in the private rental sector (PRS) to understand the profile of the group and their experiences of this part of the housing market. This, along with some scoping work on barriers to institutional investment in the PRS, was used to inform a consultation response to Her Majesty’s Treasury on investment in the private rented sector and a submission to the Work and Pensions Select Committee on changes to Housing Benefit.

On long-term care, the charity responded to the government’s Green Paper on the future of social care and developed its work on the role housing wealth can play in funding care for low earners in retirement. Specific outputs included:
- Publication in March 2010 of both **Home Equity: accumulation and decumulation through the life-cycle** (commissioned) and **Funding Future Care Need: the role of councils in supporting individuals to access the capital in their homes**. The first report explored changes in patterns of housing wealth accumulation and the capacity of the government to aid its productive use. The second report built on an expert seminar held in conjunction with the Local Government Association to consider how councils could more explicitly assist asset-rich but income-poor low earners to access their housing wealth in order to fund care in their retirement.

On **Financial Health**, we effectively lobbied Government to ensure that Money Guidance was rolled out nationally in March 2010. We also hosted two successful meetings of the Financial Health Forum – a cross sector expert group – to discuss a range of issues, including the impact of a change of government on financial health.

On **fuel poverty** we sent a submission to the House of Commons Environment and Climate Change Committee in March 2010, making the case that more attention needs to be given to low earners with respect to fuel poverty. We pointed out that low earners were often too rich to qualify for grants or state assistance but too poor to meet rising fuel costs or make their homes more energy efficient.

The Foundation maintained its presence at the **Annual Party Conferences** – holding a joint Demos fringe event at the Conservative party conference addressing how to make cuts in the post-recession recovery without wounding low earners; and a financial health breakfast at the Labour party conference in partnership with the Money Advice Trust.

Work around the May 2010 election included polling the low earner group to understand their voting intentions, running **constituency events** to bring together low earners and parliamentary candidates and sending an open memo on improving outcomes and post-election briefing for new MPs.

- **Polling** – the Foundation commissioned three opinion polls in the lead-up to the 2010 General Election to examine the voting intentions of low earners as well as their views on key issues such as personal economic expectations. Analysis of historical election data was also undertaken to compare the voting intentions of low earners in 2010 with those in previous elections.
- **Constituency events** – the Foundation ran events in three constituencies identified as being marginal at the 2005 general election (Kettering, Somerset and Frome and South Thanet). At each event, a group of local low earners was given the opportunity to discuss their priorities and quiz candidates from the three main political parties about how they would deal with these issues. These events were videoed and clips were placed on our website.
- **New MPs** - following the election the Foundation wrote to MPs with constituencies with average wages in the bottom half of the income distribution. This explained the work of the Resolution Foundation, the pressures those on low-to-middle incomes face and suggested MPs consider setting up an All Party Parliamentary Group in partnership with the Resolution Foundation, which is currently being discussed.

Internally, we completed the **Sustainability** project. Elements of the Foundation’s governance and oversight, human resources strategy and internal processes were reviewed and new systems implemented. Ultimately, the project contributed to maintaining the quality of our outputs by improving and codifying internal processes. Additionally, it ensured the Foundation is in a strong position to cope with unforeseen circumstances, future growth and / or changes in the staff team. **Sue Regan**, Chief Executive since the Foundation was formed in 2005, stepped down in January 2010 and much of the year was spent recruiting her replacement. Sue has since joined the board of trustees so the Foundation continues to benefit from her expertise. **Sophia Parker** became Acting Director in the interim and oversaw work during the summer which was largely spent further consolidating our internal
processes, including redesigning our website. This ensured we were able to communicate more effectively with key stakeholders and the wider public when the new Chief Executive, Gavin Kelly, joined the Foundation in September 2010, bringing further expertise in economic policy, low pay, public services and social mobility.

Achievements

• We continued to position the Foundation as the voice of low earners and achieved steadily growing press coverage over the year. We focused particularly on ensuring that low earners were not overlooked in recession and recovery policy and secured a significant number of articles highlighting the often ignored experiences of low earners, helping to spark a wider debate about the composition and needs of the group.

• Our pre-election constituency events, polling and open memo helped to politicise the low earner group, ensuring that the needs and concerns of low earners were on the radar of each of the three main political parties. Post-election, we made newly elected MPs aware of the Foundation’s work, ensuring the concerns of low earners were in the forefront of political debate.

• Our Recession and Recovery reports contributed to the body of public knowledge about the economic situation of low earners and made specific recommendations in relation to work, household finances and housing policies, several of which – such as tackling cultural barriers for low earners in Jobcentre Plus and simplifying the benefit and tax credit system – were reflected in subsequent government policy focus.

• The expert panels informing this work and the subsequent dissemination of the reports significantly increased our contact base – taking us for the first time into the spheres of housing and work. For example, we engaged at length with a number of welfare-to-work providers to discuss the specific needs of newly unemployed low earners, thus ensuring that the group was better understood by those providing it with a key service.

• Our effective lobbying and research around the financial advice gap resulted in the roll out of the National Money Advice Service (previously Money Guidance) in March 2010. The service provides free, preventative and impartial financial information and advice to people via the telephone, internet and face-to-face services to help increase their financial capability.

• We contributed to a Downing Street review of housing options for younger low earners, helping to inform government policy decisions on the potential role of saving incentives, shared ownership and mortgage insurance.

• We influenced the debate on long-term care policy development, setting out key reform priorities and their potential impact on low earners. Given the diminishing political appetite for long-term reform in the period immediately before and after the general election, we opted to focus our attention on practical short-term solutions. In particular, we presented the findings of our work on the role that housing wealth can play under current legislation in a number of articles (in Public Finance for example) and at the 5th International Carers Conference, reaching an audience of policy experts, practitioners and members of the public. This effort helped spread awareness of best practice across councils (building on our earlier expert seminar which brought council officers into direct contact with each other) and alerted low earner users of long-term care to the option of asking their local authorities to apply deferred payment and/or charging order powers.
Plans for 2010/2011

Objectives

The charity’s key objectives for 2010/11 are:

1. To increase understanding and raise the profile of the challenges facing low-to-middle earners during the current period of falling living standards for the group
2. To identify practical solutions to the challenge of raising living standards for low-to-middle earners in the decade ahead and to seek to build cross-party support for these solutions through the work of the Commission on Living Standards
3. To identify practical solutions to the current shortage of high quality private rented accommodation for low-to-middle earner households and to seek to get these solutions adopted by key bodies including institutional investors and local and central government
4. To develop the Foundation’s longer-term strategy and identify new projects including on the living wage, childcare for low-to-middle earners, and earnings mobility
5. To work closely with, and learn from, low-to-middle earners and to ensure that there is greater media understanding of the challenges they face in their day-to-day life

Activities

Commission on Living Standards
We will launch and host an independent and wide-ranging investigation into the pressures facing people on low-to-middle incomes. The Commission’s work will be focused on the long-term economic trends that are changing the nature of life on low-to-middle income in modern Britain.

- Commission members will be drawn from a broad range of backgrounds and political views and will include leaders from business, academia, the media, trade unions and parents’ organisations.
- The charity will act as the secretariat for the commission and produce six major reports that will form the backdrop to the Commission’s work. These will cover issues such as the labour market and wages, the tax and benefits system; the cost of living; assets and debt; and the role of public services in supporting living standards.
- The charity will host a range of public events to engage a wider audience in debates about low-to-middle earners in Britain. Where appropriate, these will be done in partnership with other leading policy and research organisations.
- To provide an international dimension to the work of the commission, we will publish a collection of essays edited by Resolution Foundation Associate, Sophia Parker, on lessons from the US where wages for low-to-middle earners have been stagnant for a generation.

Who are low-to-middle-earners in Britain?

- Building on the successful publication of our low earner audit last year, we will publish an audit in the autumn on 2011. We will convene an advisory group of leading thinkers in the area to help shape the analysis and report.
- We will conduct a project to follow eight low-to-middle earning families from the beginning of the 2011/12 tax year until the end of the 2011 calendar year. This project will have two important purposes: first, to gain a first-hand understanding of the real life challenges facing low-to-middle earners; and second, to strengthen our engagement with the group of people whose interests we pursue. We will develop a media partnership for this project as part of our objective to raise the profile of low-to-middle earners in public debate.
- We will explore the possibility of conducting a regular poll looking at the financial health of low-to-middle earners as part of our objective to raise the profile of this issue in public debate.
Labour market, jobs and earnings
- We will publish a report from the first phase of our work on intragenerational social mobility which will be informed by a seminar involving leading academic experts. Phase two of this project will analyse the characteristics of people who move up and down the earnings distribution. This analysis will help inform a final report that will identify options for policymakers to support greater intragenerational social mobility.
- We will undertake a six month project to look at the economics of the living wage which will look at the trade offs of more workers moving to a living wage in different sectors of the economy, particularly those with a high concentration of low-to-middle earners, and identify the extent of the business case for the living wage.

The tax and benefits system
- We will invest in a tax and benefits model jointly with the Institute for Public Policy Research. This will allow us to produce commentaries on Budget and Pre-Budget tax changes and develop cost-neutral policy proposals. This will also support analysis for the Commission on Living Standards which will look at the role and limits of the tax and benefits system.
- We will commission a short briefing on the impacts of the government’s proposed changes to the benefits system and the introduction of universal credit on low-to-middle earning families. We will host a seminar to discuss this work and its implications for policy with a range of policy and research organisations.

The housing needs of low-to-middle earners
- We will host a roundtable with institutional investors, housing associations, developers, landlords and government representatives to discuss the prospects for institutional investment in the private rental sector.
- We will publish a report outlining the housing issues facing low-to-middle earners as a background to a new project looking at identifying models for institutional investment in the private rental sector. This project will include several seminars and the publication of at least one report. It will also seek to engage institutional investors in the creation of a fund for the development of build-to-let housing in London and elsewhere.

Public services
- Our public services work will focus on the role of government support for childcare and care for older people in supporting families to maintain their living standards.
- On childcare, our work will focus on informing the government’s decision on the long term financing of childcare under the universal credit. We will also consider whether changes can be made to the supply of childcare to make it more sustainable in local areas and better suited to the needs of parents working atypical hours.
Financial Review and Reserves Policy

The financial statements show incoming resources for the year of £869,916 with resources expended in the year of £730,813.

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 comprise bank interest received in the year 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 January 2010, the trustees of the Resolution Trust met and agreed funding for the Foundation of £800,000 for 2010/2011, £900,000 for 2011/2012 and £860,000 for 2012/2013. 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. As such, the charity is considered to be a going concern.

The charity does not hold any significant reserves. At 30 September 2010, the charity had free reserves totalling £201,165, which represented three months expenditure.

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 the report is aware, there is no relevant audit information of which the charity’s auditor is unaware. Each trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/her aware of any relevant audit information and to establish that the charity’s auditor is aware of that information.

On 1 October 2010, Horwath Clark Whitehill LLP changed its name to Crowe Clark Whitehill LLP.

Crowe Clark Whitehill LLP has indicated its willingness to be reappointed as statutory auditor.

On behalf of the trustees,

Clive Cowdery
Chairman
The trustees are responsible for preparing the Trustees’ Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 net outgoing resources for that period. In preparing these 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;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the ongoing 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 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 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.
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 2010, which comprise the Statement of Financial Activities, the Balance Sheet and the related notes numbered 1 to 7. These financial statements have been prepared in accordance with the accounting policies set out therein.

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 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 directors of The Resolution Foundation for the purpose of company 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, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. We also report to you if in our opinion 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 adequate accounting records, if the charity’s financial statements are not in agreement with those records, if we have not received all the information and explanations we require for our audit or if certain disclosures of trustees’ remuneration specified by law are not made.

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.
Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the charity's affairs as at 30 September 2010 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 United Kingdom Generally Accepted Accounting Practice

- the financial statements have been prepared in accordance with the Companies Act 2006; and

- the information given in the Trustees' Report is consistent with the financial statements.

Michael Nichols
Senior Statutory Auditor
For and on behalf of Crowe Clark Whitehill LLP
Statutory Auditor
Date: 3/5/11

St Bride's House
10 Salisbury Square
London EC4Y 8EH
Statement of Financial Activities  
(including an income and expenditure account)

<table>
<thead>
<tr>
<th>Notes</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOMING RESOURCES</strong></td>
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<td></td>
</tr>
<tr>
<td>Donations</td>
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<td>868,350</td>
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<tr>
<td>Bank interest</td>
<td>16</td>
<td>3,084</td>
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<td>Resolution Trust Admin Charge</td>
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<td>1,550</td>
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<tr>
<td><em>TOTAL INCOMING RESOURCES</em></td>
<td>869,916</td>
<td>682,834</td>
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</table>

<table>
<thead>
<tr>
<th>Resources Expended</th>
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</thead>
<tbody>
<tr>
<td>Charitable activity</td>
<td>3</td>
<td>724,644</td>
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<tr>
<td>Governance cost</td>
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<td>6,169</td>
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<td><em>TOTAL RESOURCES EXPENDED</em></td>
<td>730,813</td>
<td>695,209</td>
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<table>
<thead>
<tr>
<th>Net (Resources Expended) / Incoming Resources for the Year</th>
<th>139,103</th>
<th>(12,375)</th>
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</thead>
<tbody>
<tr>
<td>Funds brought forward at 1 October</td>
<td>62,062</td>
<td>74,437</td>
</tr>
<tr>
<td>Funds carried forward at 30 September</td>
<td>201,165</td>
<td>62,062</td>
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**Balance Sheet (at 30 September 2010)**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>£</td>
</tr>
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**FIXED ASSETS**

<table>
<thead>
<tr>
<th>Tangible fixed assets</th>
<th>4</th>
<th>25,350</th>
<th>34,856</th>
</tr>
</thead>
</table>

**CURRENT ASSETS**

| Debtors | 5 | 4,350 | 1,550 |
|         |   | 188,421 | 61,522 |
| Cash at bank |   | 192,771 | 63,072 |

**CREDITORS: amounts falling due within one year**

| 6 | (16,956) | (35,866) |

**NET CURRENT ASSETS**

|   | 175,815 | 27,206 |

**TOTAL ASSETS**

|   | 201,165 | 62,062 |

**FUNDS**

| Unrestricted funds |   | 201,165 | 62,062 |

The financial statements on pages 13 to 18 were approved and authorised for issue by the trustees on 9th March 2011 and signed on their behalf by the Chairman.

Chairman
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 2006, 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.

2. Donated Services

During the year, the Foundation moved premises. The Foundation was not charged rent in either the old or the new premises. This donated service has been valued at £2,350 per month (old office) and £6,000 per month (new office) and a total of £68,350 has been recognised as an incoming resource and a corresponding expenditure item in the Statement of Financial Activities.
3. Resources Expended

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charitable activity</td>
<td></td>
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<tr>
<td>Consultants</td>
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<td>Research and development</td>
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<td>Staff costs</td>
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</tr>
<tr>
<td>– employer’s national insurance contribution</td>
<td>£34,350</td>
<td>£36,692</td>
</tr>
<tr>
<td>– other expenses</td>
<td>£45,329</td>
<td>£11,266</td>
</tr>
<tr>
<td>Events and publications</td>
<td>£31,250</td>
<td>£100,006</td>
</tr>
<tr>
<td>Rent</td>
<td>£68,350</td>
<td>£28,200</td>
</tr>
<tr>
<td>Marketing</td>
<td>£8,763</td>
<td>£1,953</td>
</tr>
<tr>
<td>Depreciation</td>
<td>£9,506</td>
<td>£36,651</td>
</tr>
<tr>
<td>Other expenses</td>
<td>£65,421</td>
<td>£41,916</td>
</tr>
<tr>
<td><strong>Governance costs</strong></td>
<td>£6,169</td>
<td>£8,519</td>
</tr>
<tr>
<td><strong>Total resources expended</strong></td>
<td><strong>£724,644</strong></td>
<td><strong>£686,690</strong></td>
</tr>
</tbody>
</table>

The principle charitable activity is improving outcomes for low to middle earners by delivering change in areas where they are disadvantaged.

Governance costs include accrued audit fees of £6,300 (2009 - £6,300).

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. One trustee was reimbursed travel expenses totalling £850.

Sue Regan’s contract as Chief Executive ended in January 2010 and she joined the board of trustees in March 2010. She received statutory maternity pay until October 2010 but no conflict of interest occurred because these payments relate to her previous employment and are independent of her duties as trustee.

Three employees received emoluments as defined for taxation purposes of between £70,001 and £80,000 in the year (2008 – one employee between £70,001 and £80,000).

Excluding trustees, the average monthly full time equivalent number of employees during the year was

<table>
<thead>
<tr>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

| 7    | 6    |
4. **Tangible Fixed Assets**

<table>
<thead>
<tr>
<th>Description</th>
<th>£</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office computers and equipment:</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost at 1 October</strong></td>
<td>76,615</td>
<td>76,615</td>
</tr>
<tr>
<td><strong>Additions in the year</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Disposals in the year</strong></td>
<td>(29,084)</td>
<td>(29,084)</td>
</tr>
<tr>
<td><strong>Cost at 30 September</strong></td>
<td>47,531</td>
<td>76,615</td>
</tr>
<tr>
<td><strong>Depreciation at 1 October</strong></td>
<td>41,759</td>
<td>5,108</td>
</tr>
<tr>
<td><strong>Depreciation on disposals</strong></td>
<td>(29,084)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Charge for the year</strong></td>
<td>9,506</td>
<td>36,651</td>
</tr>
<tr>
<td><strong>Depreciation at 30 September</strong></td>
<td>22,181</td>
<td>41,759</td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td>25,350</td>
<td>34,856</td>
</tr>
</tbody>
</table>

5. **Debtors**

<table>
<thead>
<tr>
<th>Description</th>
<th>£</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Due from Resolution Trust</strong></td>
<td>0</td>
<td>1,550</td>
</tr>
<tr>
<td><strong>Prepayments</strong></td>
<td>4,350</td>
<td>1,550</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,350</td>
<td>1,550</td>
</tr>
</tbody>
</table>

6. **Creditors: amounts falling due within one year**

<table>
<thead>
<tr>
<th>Description</th>
<th>£</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accrued expenses</strong></td>
<td>16,956</td>
<td>35,866</td>
</tr>
</tbody>
</table>

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.