

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

**The Resolution Foundation
Report of the Trustees and
Financial Statements for the Year Ended 30 September 2016**

The Resolution Foundation

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for the Year Ended 30 September 2016**

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The Resolution Foundation

**Reference and Administrative Details
for the Year Ended 30 September 2016**

TRUSTEES	C A Cowdery ((Chairman)) Ms C J Alexandrou G W Morton P T Stevens ((Treasurer)) Mrs S Regan P Butler G Kelly (appointed 1.11.15)
REGISTERED OFFICE	The Resolution Foundation 2 Queen Anne's Gate London SW1H 9AA
REGISTERED COMPANY NUMBER	05588883 (England and Wales)
REGISTERED CHARITY NUMBER	01114839
AUDITORS	Knox Cropper 8/9 Well Court London EC4M 9DN
SOLICITORS	Stone King Boundary House 91 Charterhouse Street London EC1M 6HR
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

The Resolution Foundation

Report of the Trustees for the Year Ended 30 September 2016

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 2016. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

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 a non-partisan and award-winning UK think-tank that focuses on improving the living standards of working households in low-to-middle income Britain. It is a leading UK authority on securing widely-shared economic growth and has successfully ignited a major public debate about the stagnation in living standards that started in the UK in the years prior to the financial crisis. It is recognised as a home of real expertise on a range of policy issues such as low pay and the minimum wage, employment, the tax and benefit system, childcare and housing policy.

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 10 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 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 £13,800 - £32,250 a year, while couples with two children qualify if their income is in the range of £19,300 - £45,150 a year, and those living alone need an income between £9,250 and £21,600 a year.

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.

OBJECTIVES AND ACTIVITIES

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 specific project work.

ACHIEVEMENT AND PERFORMANCE

The charity's key objectives for 2015/16 were:

Having established a reputation for high quality research on living standards over the course of the last parliament, the Foundation established three high-level aims for the new parliament:

- To retain a clear focus on living standards via robust and primarily quantitative analysis, all with a clear purpose of improving outcomes for low to middle income households;
- To cement our relevance to public policy by broadening scope into other areas around low pay, productivity, cities, technology and inter-generational fairness; and
- Adding real-world grit by increasing the volume of policy recommendations and developing conversations with business, cities and devolved administrations.

Planned activities included:

Wages and income

- Building on our 2014/15 'nowcasting' by developing income forecasting designed to provide an indication of how the economic recovery is being shared.
- Continuing to analyse the potential impact of the National Living Wage ahead of its implementation in April 2016 - using both quantitative and qualitative approaches.
- Launching and regularly updating a new quarterly 'Earnings Outlook' that provides an overview of labour market data relevant to the evolution of wage growth in the short- and medium-term.

Work and security

- Completing the major project on full employment in conjunction with Professor Paul Gregg, delivering not just an analytical description of what full employment involves and where the gaps are - but also the various policy routes by which it might be achieved.
- Working with Paul Gregg to establish a new stream of work - funded by Nuffield - that focuses on earnings dynamics during the downturn and the particular challenges faced by younger and lower skilled workers.
- Returning to our work on automation and the role of technology in the new labour market.

Welfare and tax reform

- Building on our major review of Universal Credit by revisiting the conclusions with government as it continues its roll-out of the new welfare scheme.
- Setting out analysis ahead of - and in response to - Autumn Statement 2015 and Budget 2016.
- Evaluating tax and benefit proposals that impact on low to middle income households set out by different political parties in Westminster, in devolved administrations and at the local level.

Debt, savings and assets

- Establishing a new focus on the efficacy of monetary policy at the zero lower bound - looking both domestically and internationally to consider how well prepared we are for the next economic downturn.
- Consideration of private pension savings - including the role played by auto-enrolment and by reform to the system of pension tax relief.
- Undertaking new analysis of wealth distribution, covering housing, financial assets and physical assets.

Childcare and families

- Considering the particular impact of the National Living Wage on the social care sector.
- Exploring worklessness across families and looking at how this does (or doesn't) connect to child poverty.
- Analysing demographic trends and the potential impact on economic growth and living standards, in order to feed into the intergenerational fairness commission.

Housing

- Re-establishing the Foundation's reputation for work on housing - to include quantitative and qualitative overviews of the housing experiences of low to middle income households.
-

ACHIEVEMENT AND PERFORMANCE

Fiscal choices

- Taking a bigger picture look at the changing shape of the British state, focusing both on where government spends its money and on where it raises its money.
- Working with academics in the UK and elsewhere to support major new work on the development of generational accounts, which measure the public and private transfer of resources across society over time.

Shared growth

- Launching a major new intergenerational commission that begins to analyse the extent to which public policy and economic conditions favour either certain lifestages or specific cohorts over others (and how this has changed over time).
- Starting new work on living standards in different cities around the UK, focusing on variations in outcomes and the lessons that can be learned across the country. Placing a particular emphasis on how this analysis fits with the new devolution agenda.

ACHIEVEMENT AND PERFORMANCE IN 2015/16

Reflecting on our activity in 2015/16 across these same themes:

The work that the Foundation produced in 2015/16 continued to make a substantial contribution to ensuring the issue of living standards remains firmly at the centre of public policy discussion across the political spectrum. The research has continued to evolve: the Foundation has made increasing use of econometric techniques and remains at the forefront of attempts to improve the timeliness of the UK's living standards data via the use of 'nowcasting'.

Alongside retaining its focus on employment, jobs and welfare, the Foundation opened up several new areas of research in 2015/16. These included work on city regions, housing, Brexit and - following the launch of the Intergenerational Commission - issues around intergenerational fairness.

The Foundation continues to foster relationships and opportunities for influence with national and devolved governments and with other parties such as the Social Mobility Commission, the Low Pay Commission and the Living Wage Foundation. The Foundation has delivered a number of detailed, policy-focused reports and played a central role in the successful campaign to cancel the major tax credit cuts that the government had planned to bring in from April 2016.

- **Wages and income**

Alongside our annual Low Pay Britain report, the Foundation published the first comprehensive analysis of the early impact of the National Living Wage in 2015/16 - combining interviews and a survey of employers with quantitative analysis of labour market data. The Foundation also designed a new aligned method for the UK and London Living Wages, becoming the official calculating body for the Living Wage until 2020.

The Earnings Outlook - a four page briefing on key labour market trends with accompanying interactive microsite - was launched in October 2015 and has been published quarterly since.

'Nowcasting' and forecasting techniques formed important parts of both our annual Living Standards 2016 report and the Housing Headwind report which looked into the impact of housing costs on living standards. The Foundation is now making frequently use of these models and continues to improve them.

- **Work and security**

The Foundation's final report on full employment was published in March 2016, with a follow-up in-depth report on disability employment policy published in May. Both have been widely circulated among civil servants and referenced in government green papers and other policy documents. A stream of work on earnings dynamics during the downturn and the particular challenges faced by younger and lower skilled workers - delivered in partnership with academics Paul Gregg and Steve Machin - was maintained throughout the year.

ACHIEVEMENT AND PERFORMANCE

Continuing a focus on the impact of technology on the labour market and an increased interest in productivity, the Foundation hosted a major robotics conference at the Science Museum and published a paper on differing opportunities and challenges across different sectors of the economy. The Foundation has also taken a leading role on the changing world of work, with papers on self-employment, forms of atypical working such as zero-hours contracts and the impact of migration on jobs and pay.

- Welfare and tax reform

The Foundation published a number of papers and blogs highlighting the potential impact of government plans for major tax credit cuts ahead of Autumn Statement 2015, hosting an event designed to work through the various options for change facing the government. The Foundation also continued to develop its post-fiscal event response, hosting high-level morning-after roundtables and developing ever more detailed analyses of government policies and changing OBR projections. The Foundation also looked at specific proposals for tax reform in Scotland in 2015/16.

- Debt, savings and assets

Working with the Pensions Policy Institute, the Foundation published analysis and thoughts on the outlook and options for pension tax relief ahead of Budget 2016. This focus has since been broadened in order to include a much deeper understanding of trends in debt, savings and assets as part of the Intergenerational Commission. At a more macro level, the Foundation published a paper on monetary policy options at the zero lower bound and hosted a high profile event to discuss the relationship between monetary and fiscal policy.

- Childcare and families

With the government changing its poverty targets in 2015/16, the Foundation provided a description of recent trends and an assessment of future options. The Foundation also published two briefing notes on the implications of the National Living Wage for the social care sector over the course of the year.

- Housing

The Foundation re-entered the housing policy debate, landing the importance of housing costs to the living standards debate. A major report on housing affordability was followed up with multiple blogs which have positioned the organisation in key conversations on the London housing market, Help to Buy, housing supply and institutional investment in the private rented sector.

- Fiscal choices

The Foundation looked in some detail at the changing shape of the state, in terms of both revenue and spending. As well as macro trends, the work highlighted the shrinking of the tax base and the increased focus of spending on older people. The Foundation also commented on fiscal (and monetary) responses to the Brexit vote, undertaking detailed analysis of the potential consequences of any change in short- and medium-term economic projections.

- Shared growth

The Intergenerational Commission was launched in July 2016. The Commission met initially in September 2016 and the Foundation has since been delivering blogs, briefing notes report and events according to the agreed work plan. The Foundation also launched its major new stream of work on city regions - ahead of the first round of metro mayor elections in May 2017 - at the end of 2015/16.

The Foundation's work on income growth across the global income distribution provided an important reminder of the importance of domestic policy choices in the face of common pressures associated with globalisation. Following the EU referendum, the Foundation undertook innovative analysis of the causes of the Brexit vote and was subsequently quick to respond to the new Prime Minister's focus on 'just about managing' families.

- Key performance indicators

	2016/17	2015/16
Unique Website Visitors	150,514	77,659
Public events and roundtables	46	24
RF publications/reports	37	25
National print coverage	1,646	708

ACHIEVEMENT AND PERFORMANCE

FINANCIAL REVIEW

Financial Review and Reserves Policy

The Financial statements show incoming resources for the year of £972,238 with resources expended in the year of £1,235,044.

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 and funders for project specific work, bank interest received in the year and an administration fee for work carried out on behalf of the Resolution Trust.

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. As a result of funding requirements during 2015/16 being lower than originally forecast, the grant for the current year from Resolution Trust was reduced to £850,000.

At 30 September 2016, the Charity had free reserves totalling £178,924. In addition funds held for restricted purposes amounted to £79,834. 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. In addition to the Trust's commitment, the Trustees of the Foundation consider it wise to maintain a level of reserves commensurate with covering immediate commitments. As such, the Trustees consider the optimal level of free reserves to be approximately £300,000 and will seek to manage income and expenditure prudently in order to deliver that level of free reserves.

FUTURE PLANS

DEVELOPMENTS IN 2016/17

The charity's key objectives for 2016/17 are:

Building on objectives set out at the start of the parliament and responding to the changed political and economic backdrop resulting from the Brexit process, the Foundation will continue to focus on three high-level aims:

- To retain a clear focus on living standards via robust and primarily quantitative analysis, all with a clear purpose of improving outcomes for low to middle income households;
- To cement our relevance to public policy by broadening scope into other areas around low pay, productivity, cities, technology and inter-generational fairness; and
- Adding real-world grit by increasing the volume of policy recommendations and developing conversations with business, cities and devolved administrations.

Planned activities include:

- **Wages and income**

The Foundation will continue to develop its new regular Earnings Outlook publication and will again deliver an annual Low Pay Britain report. This work will include an assessment of the National Living Wage. The Foundation will also review its approach to its annual Living Standards output to reflect improvements in the timeliness of government data sources. In order to deepen understanding of the challenges facing low to middle income households, the Foundation will undertake detailed qualitative and primary research designed to complement its existing quantitative knowledge.

- **Work and security**

Responding to changes in the nature of working life in Britain and the potential impact of Brexit, the Foundation will place increased emphasis on understanding atypical work. This will include a major investigation of employment agencies and a new focus on post-16 paths into work. Research into progression at work and options for improving these will form a key additional strand of work.

- **Welfare and tax reform**

The Foundation will continue to improve its response to fiscal statements, with the publication of reports ahead of Autumn Statement 2016 and Budget 2017 and focused reactions following these events. As Universal Credit continues its roll out, the Foundation will provide commentary and monitoring. In work for the Intergenerational Commission the Foundation will also consider the interaction between welfare and life-stage, providing an analysis of how this relationship has altered over time.

- **Debt and savings**

As part of the Intergenerational Commission process, the Foundation will open up significant new avenues of work on wealth, pensions and inheritance, with a particular emphasis on distributions. The Foundation will also continue to comment on trends in household debt and the appropriateness of monetary policy.

- **Childcare and families**

The Foundation will place a renewed emphasis on the future of adult social care, exploring implications for both consumers and members of the social care workforce.

- **Housing**

Housing will form a key element of the work of the Intergenerational Commission, both in terms of accumulation and decumulation of wealth. This work will cover both analysis and policy recommendations. Recognising the growing importance of the private rented sector in the lives of low to middle income families, the Foundation will also focus on options for reform in this sector.

- **Fiscal choices**

Building on previous work on the shape of the state, the Foundation will look in more detail at the UK's tax base and its appropriateness for the changing world of work. This will include consideration of how our tax policies should change in relation to self-employment and on the balance between income and wealth taxes.

The Resolution Foundation

Report of the Trustees for the Year Ended 30 September 2016

- Shared growth

The Intergenerational Commission which launched in 2015/16 will form a major element of the Foundation's work in 2016/17. This will include the delivery of a significant number of internally-written and externally-commissioned reports that focus on both analysis and policy development. The Foundation will also continue its development of a focus on city regions and on the devolved governments. This will include detailed looks at selected cities ahead of the May 2017 metro mayoral elections. Responding to the vote for Brexit, the Foundation will additionally produce work which looks at both the causes of the leave vote and the consequences of leaving the EU.

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.

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 appointed a Chief Executive, Gavin Kelly, who has day to day responsibility for all operational matters until 14 September 2015 when he stepped down. The Trustees appointed the Right Hon Lord David Willetts as Executive Chair in June 2015 and Torsten Bell as Director in September 2015.

The key management personnel of the Foundation are those persons having authority and responsibilities for planning, directing and controlling the activities of the entity, directly or indirectly, including any Trustees of the entity. For the Foundation they comprise the Executive Chair, Director, Chief Economist, Director of Communications and Director of Resources. The remuneration of the Executive Chair and the Director is set by the Trustees.

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 Director.

Related parties

Trustees are required to disclose all relevant interests, register them with the Director and withdraw from decisions where a conflict of interest arises. All Trustees give of their time freely and no Trustee remuneration or travel expenses were paid during the year. The Trustees who acted during the year are those listed on page 1. Related party transactions are disclosed in note 18 to these financial statements.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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 Foundation has a risk management strategy in place. The risk register is reviewed annually by the board of Trustees and continually monitored by the senior management team who take responsibility for implementation of the policies and procedures identified to mitigate risks. In addition, risk reviews are undertaken regularly by the Trustees and senior management team to ensure the Foundation's independence and political neutrality are maintained.

The most significant external risk identified during the year was related to the shift in public policy focus to the EU debate. This could lead to a potential reduction in impact and an inability to achieve the Foundation's charitable objectives. This was successfully mitigated by the development and implementation of an internal research and communications strategy designed to maintain the Foundation's relevance in order to retain emphasis on the living standards of low to middle income households.

The most significant organisational risk identified by trustees was the management challenge related to organisational changes and the expansion of the staff team. This was successfully mitigated by the implementation of internal management structures and the continued oversight by trustees of the senior management team.

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), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

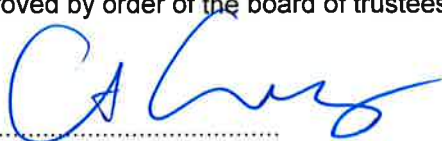
So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit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

The Resolution Foundation

**Report of the Trustees
for the Year Ended 30 September 2016**

Approved by order of the board of trustees on 23 May 2017 and signed on its behalf by:



.....
C A Cowdery - Trustee

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 2016 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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, 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 2016 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; 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

Date: 16/06/2017

Note:

The maintenance and integrity of the Resolution Foundation website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The Resolution Foundation

**Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 30 September 2016**

	Not es	Unrestricted fund £	Restricted funds £	2016 Total funds £	2015 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	857,499	63,799	921,298	1,203,500
Investment income	3	2,516	-	2,516	1,998
Other income	4	<u>48,424</u>	<u>-</u>	<u>48,424</u>	<u>15,676</u>
Total		908,439	63,799	972,238	1,221,174
EXPENDITURE ON					
Charitable activities	5				
Research and Education		<u>1,166,198</u>	<u>68,846</u>	<u>1,235,044</u>	<u>1,306,045</u>
NET INCOME/(EXPENDITURE)		(257,759)	(5,047)	(262,806)	(84,871)
RECONCILIATION OF FUNDS					
Total funds brought forward		436,683	84,881	521,564	606,435
TOTAL FUNDS CARRIED FORWARD		<u>178,924</u>	<u>79,834</u>	<u>258,758</u>	<u>521,564</u>

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.


The notes form part of these financial statements

Statement of Financial Position
At 30 September 2016

	Notes	2016 £	2015 £
FIXED ASSETS			
Tangible assets	11	-	2,572
CURRENT ASSETS			
Debtors	12	218,900	278,117
Cash at bank		<u>192,123</u>	<u>325,702</u>
		411,023	603,819
CREDITORS			
Amounts falling due within one year	13	(152,265)	(84,827)
NET CURRENT ASSETS		<u>258,758</u>	<u>518,992</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>258,758</u>	<u>521,564</u>
NET ASSETS		<u>258,758</u>	<u>521,564</u>
FUNDS	16		
Unrestricted funds		178,924	436,683
Restricted funds		<u>79,834</u>	<u>84,881</u>
TOTAL FUNDS		<u>258,758</u>	<u>521,564</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.

The financial statements were approved by the Board of Trustees on 23 May 2017 and were signed on its behalf by:


.....
C A Cowdery -Trustee

The Resolution Foundation

Statement of Cash Flows
for the Year Ended 30 September 2016

	Notes	2016 £	2015 £
Cash flows from operating activities:			
Cash generated from operations	1	(135,639)	(35,292)
Interest paid		(456)	-
Finance costs		-	(450)
Net cash provided by (used in) operating activities		(136,095)	(35,742)
Cash flows from investing activities:			
Interest received		2,516	1,998
Net cash provided by (used in) investing activities		2,516	1,998
Change in cash and cash equivalents in the reporting period		(133,579)	(33,744)
Cash and cash equivalents at the beginning of the reporting period		325,702	359,446
Cash and cash equivalents at the end of the reporting period		192,123	325,702

The notes form part of these financial statements

Notes to the Statement of Cash Flows
for the Year Ended 30 September 2016

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £	2015 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(262,806)	(84,871)
Adjustments for:		
Depreciation charges	2,572	2,575
Interest received	(2,516)	(1,998)
Interest paid	456	-
Finance costs	-	450
Decrease/(increase) in debtors	59,217	(10,359)
Increase in creditors	<u>67,438</u>	<u>58,911</u>
Net cash provided by (used in) operating activities	<u>(135,639)</u>	<u>(35,292)</u>

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The Trustees consider that there are no material uncertainties about the Foundation's ability to continue as a going concern.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. 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.

Support costs comprise of costs associated with the management and administration of the charity and governance costs which are incurred in connection with the general running of the charity as opposed to the management and administration of its activities. They include costs relating to constitutional and statutory requirements.

Tangible fixed assets

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.

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.

1. ACCOUNTING POLICIES - continued

Financial instruments

The Charity only has financial assets and liabilities of a kind that qualify as basic financial instruments, including its debtors and creditors. These are initially recognised at transaction value and subsequently valued at their settlement value.

2. DONATIONS AND LEGACIES

	2016 £	2015 £
Donations in Kind	-	52,500
Grants receivable	913,799	1,151,000
Other Donations	7,499	-
	<u>921,298</u>	<u>1,203,500</u>

Resolution Trust are committed to fund the Foundation for at least a further 3 years having awarded grants totalling £3,890,000 with effect from 1 October 2016.

The Foundation moved to new premises in July 2015 for which they are liable for rent at market value. As such no donated rent was recognised in the current year.

Grants received, included in the above, are as follows:

	2016 £	2015 £
Resolution Trust	850,000	1,150,000
Other grants	63,799	1,000
	<u>913,799</u>	<u>1,151,000</u>

3. INVESTMENT INCOME

	2016 £	2015 £
Bank Interest	<u>2,516</u>	<u>1,998</u>

4. OTHER INCOME

Other income

	2016 £	2015 £
Administration charges	16,727	14,890
Reimbursement	3,326	-
Miscellaneous income	<u>28,371</u>	<u>786</u>
	<u>48,424</u>	<u>15,676</u>

Miscellaneous income consists of secondment costs and income generated for the development of RF's Childcare Microsimulation model.

5. CHARITABLE ACTIVITIES COSTS

	Direct costs £	Support costs (See note 6) £	Totals £
Research and Education	<u>1,181,686</u>	<u>53,358</u>	<u>1,235,044</u>

6. SUPPORT COSTS

	Management £	Governance costs £	Totals £
Research and Education	<u>47,885</u>	<u>5,473</u>	<u>53,358</u>

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

	2016 Research and Education £	2015 Total activities £
Operating leases	3,960	3,912
IT support and supplies	18,295	14,580
Insurance	1,026	1,215
Miscellaneous supplies	-	896
Telephone	153	2,190
Postage and stationery	2,519	2,286
Membership	3,537	537
Photocopier charges	1,891	1,228
Payroll and finance support	2,191	1,496
Travel	11,285	6,329
Depreciation of tangible and heritage assets	2,572	2,575
Interest payable and similar charges	456	450
Auditors' remuneration	5,460	5,400
Sundries	<u>13</u>	<u>13</u>
	<u>53,358</u>	<u>43,107</u>

The Resolution Foundation

Notes to the Financial Statements - continued for the Year Ended 30 September 2016

6. SUPPORT COSTS - continued

7. NET INCOME/(EXPENDITURE)

Net income/ (expenditure) is stated after charging/(crediting):

	2016	2015
	£	£
Auditors' remuneration	5,460	5,400
Depreciation - owned assets	2,572	2,575
Other operating leases	<u>3,960</u>	<u>3,912</u>

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 30 September 2016 nor for the year ended 30 September 2015.

Trustees' expenses

There were no trustees' expenses paid for the year ended 30 September 2016 nor for the year ended 30 September 2015.

9. STAFF COSTS

	2016	2015
	£	£
Wages and salaries	787,334	634,538
Social security costs	89,677	71,345
Other pension costs	<u>53,200</u>	<u>39,594</u>
	<u>930,211</u>	<u>745,477</u>

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

	2016	2015
Average number of employees	<u>14</u>	<u>10</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2016	2015
£60,001 - £70,000	1	1
£80,001 - £90,000	-	1
£90,001 - £100,000	2	-
£110,000 - £120,000	1	1
£130,000 - £140,000	<u>-</u>	<u>1</u>
	<u>4</u>	<u>4</u>

Included within wages and salaries are recruitment, training and other costs of £21,904 (2015: £28,245).

Key management personnel

The total employee benefits paid to key management personnel during the year amounted to £447,000.

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	803,500	400,000	1,203,500
Investment income	1,998	-	1,998
Other income	<u>15,676</u>	<u>-</u>	<u>15,676</u>
Total	821,174	400,000	1,221,174
EXPENDITURE ON			
Charitable activities			
Research and Education	<u>938,974</u>	<u>367,071</u>	<u>1,306,045</u>
Total	938,974	367,071	1,306,045
NET INCOME/(EXPENDITURE)	(117,800)	32,929	(84,871)
RECONCILIATION OF FUNDS			
Total funds brought forward	<u>554,483</u>	<u>51,952</u>	<u>606,435</u>
TOTAL FUNDS CARRIED FORWARD	<u>436,683</u>	<u>84,881</u>	<u>521,564</u>

11. TANGIBLE FIXED ASSETS

	Computer equipment £
COST	
At 1 October 2015 and 30 September 2016	<u>16,047</u>
DEPRECIATION	
At 1 October 2015	13,475
Charge for year	<u>2,572</u>
At 30 September 2016	<u>16,047</u>
NET BOOK VALUE	
At 30 September 2016	<u>-</u>
At 30 September 2015	<u>2,572</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Other debtors	157,070	266,297
Prepayments and accrued income	<u>61,830</u>	<u>11,820</u>
	<u>218,900</u>	<u>278,117</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Other creditors	36,121	42,780
Deferred income	60,000	-
Accrued expenses	<u>56,144</u>	<u>42,047</u>
	<u>152,265</u>	<u>84,827</u>

Deferred income consists of a grant from Unbound Philanthropy for support to build a body of evidence on temporary agency workers in the UK in order to identify an appropriate policy response. The grant is for a period of 24 months, beginning 1 October 2016 and ending 30 September 2018.

14. OPERATING LEASE COMMITMENTS

At 30 September 2016, the Foundation had commitments under non-cancellable operating leases as follows:

	Land and buildings		Other operating leases	
	2016 £	2015 £	2016 £	2015 £
Expiring:				
Within one year	93,780	93,780	3,864	3,336
Between one and five years	<u>257,895</u>	<u>351,675</u>	<u>4,824</u>	<u>8,688</u>
	<u>351,675</u>	<u>445,455</u>	<u>8,688</u>	<u>12,024</u>

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund £	Restricted funds £	Total funds £	2016 Total funds £	2015 Total funds £
Fixed assets	-	-	-	-	2,572
Current assets	331,189	79,834	411,023	411,023	603,819
Current liabilities	<u>(152,265)</u>	-	<u>(152,265)</u>	<u>(152,265)</u>	<u>(84,827)</u>
	<u>178,924</u>	<u>79,834</u>	<u>258,758</u>	<u>258,758</u>	<u>521,564</u>

16. MOVEMENT IN FUNDS

	At 1.10.15 £	Net movement in funds £	At 30.9.16 £
Unrestricted funds			
General fund	436,683	(257,759)	178,924
Restricted funds			
INET/Oxford	84,881	(5,047)	79,834
TOTAL FUNDS	<u>521,564</u>	<u>(262,806)</u>	<u>258,758</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	908,439	(1,166,198)	(257,759)
Restricted funds			
Social Mobility for Non-Graduates	23,145	(23,145)	-
Falling Wages	8,049	(8,049)	-
Living Wage Review	32,605	(32,605)	-
INET/Oxford	-	(5,047)	(5,047)
	<u>63,799</u>	<u>(68,846)</u>	<u>(5,047)</u>
TOTAL FUNDS	<u>972,238</u>	<u>(1,235,044)</u>	<u>(262,806)</u>

16. MOVEMENT IN FUNDS - continued

Institute of New Economic Thinking (INET) research programme

This is a 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.

Social Mobility for Non-Graduates

This project, funded by the Social Mobility and Child Poverty Commission, focused on understanding and explaining different social mobility and life outcomes of non-graduates based on their social origins, educational choices and other characteristics.

Falling Wages

This project, funded by the Nuffield Foundation and undertaken jointly with the University of Bath, focuses on improving understanding of the individual dynamics of Britain's fall in real wages from 2008-2014, highlighting the prospects of a broad based sustained wage recovery.

Living Wage Review

This project, funded by the Joseph Rowntree Foundation and undertaken for the Living Wage Commission, consisted of conducting a review of the methodologies used to calculate the London and outside-London Living Wages. It drew on expert evidence and analysis to deliver a report with recommendations for an aligned methodology and process of calculation for future Living Wage rates.

17. 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 £53,200 (2015: £39,594). At the yearend £nil was due to the Trust (2015: £nil).

18. RELATED PARTY DISCLOSURES

One of the trustees of the Foundation is the sole director of Resolution Service Management Ltd. The Foundation signed a five year lease with Resolution Service Management Ltd for new premises in November 2015. The decision was taken by the independent trustees after considering market value and the benefits to the Foundation given the facilities and location.

19. 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.

20. FIRST YEAR ADOPTION

Transitional relief

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS102 and the charities SORP (FRS102) a restatement of comparative items was needed. No adjustments were required at the date of transition 1 October 2014 or at 30 September 2015.

