

REGISTERED COMPANY NUMBER: 05588883 (England and Wales)
REGISTERED CHARITY NUMBER: 1114839

The Resolution Foundation
Report of the Trustees and
Financial Statements for the Year Ended 30 September 2017

The Resolution Foundation

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for the Year Ended 30 September 2017**

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The Resolution Foundation

**Reference and Administrative Details
for the Year Ended 30 September 2017**

TRUSTEES	C A Cowdery ((Chairman)) Ms C J Alexandrou G W Morton P T Stevens ((Treasurer)) Mrs S Regan (resigned 23.5.17) P Butler G Kelly
REGISTERED OFFICE	The Resolution Foundation 2 Queen Anne's Gate London SW1H 9AA
REGISTERED COMPANY NUMBER	05588883 (England and Wales)
REGISTERED CHARITY NUMBER	1114839
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 2017

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 2017. 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).

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 12 million adults in low to middle income households, 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 low to middle income households 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 as the poorer half of the non-pensioner population but excluding families in which no one is in work (who often face specific, different challenges).

We 'equalise' household income prior to establishing 'low to middle income' and 'higher income' groups, in order to account for the different living standards associated with varying household compositions. As such, couples with no children are classed as low to middle income if their combined disposable income (before housing costs) is below £26,000 a year and at least one partner is in work; while a single adult would need an income below £17,000 to qualify and a couple with two young children would need an income below £36,000.

By these definitions, there are eight million low to middle income families in the UK, including twelve million adults and nearly seven million children. As each includes at least one working adult, they are not the very poorest in society, but they are struggling to get by and have felt the full impact of housing market challenges, the recession, insecure work and high inflation.

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.

OBJECTIVES AND ACTIVITIES

Our Approach

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

Our Funding

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

ACHIEVEMENT AND PERFORMANCE IN 2016/17

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

Building on objectives set out in 2015/16, and responding to the changed political and economic backdrop resulting from the Brexit process, the Foundation retained its 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.

Activities included:

Wages and income

In 2016/17 we published four Earnings Outlooks, building the publication's reputation for providing a regular and timely examination of the labour market and outlook for pay growth. Our annual Low Pay Britain publication contained a special report on the introduction of the National Living Wage and the potential Brexit impact on this new wage floor policy. In addition, we published separate policy-focused work looking at how the self-employed might be better served by minimum wage policy. As part of our work supporting the Living Wage Foundation, we also published details of the methodology sitting behind the calculation of the Living Wage rate in London and the rest of the UK.

Our eighth annual state of the nation report on UK living standards, Living Standards 2017, looked back at the 'mini-boom' in incomes in 2014 and 2015, and forward to the challenges of the next five years. We refined our 'nowcasting' and forecasting techniques, and provided suggestions on how the government might beat the forecasts. As ever the report provided particular detail on the experiences of low-to-middle income households, and we published an additional paper taking a closer look at variations in living standards across different ethnicities.

OBJECTIVES AND ACTIVITIES

Work and security

In June 2017 we launched our in-depth analysis of the outlook for Britain's labour market after Brexit. The book, *Britain at a crossroads: shaping the nation's post-Brexit labour market*, provided an overview of the Foundation's work on the UK labour market over the past few years, and looked ahead to what impact Brexit may have. We also carried out a number of significant pieces of analysis of the role of migrants in the UK labour market and the possible impact that a fall in migration could have on the UK economy.

We placed increased emphasis on understanding the growing trend of atypical work in the UK over the course of the year, launching a major investigation into agency working and publishing reports on the gig economy and post-16 paths into work.

Welfare and tax reform

The Foundation provided a series of blogs to comment on the progress of Universal Credit reform and proposed a range of options to better support low-and-middle income households - seen as 'just managing' by the government - in the run up to the Autumn Statement 2016. We also published a pre-election briefing on the welfare policies and approach to low-to-middle income households being advanced by the main parties.

Debt and savings

As part of the Intergenerational Commission process, the Foundation published its first major study of wealth trends across Britain. As well as looking at wealth levels over time, the report also focused on inter- and intra-generational wealth distributions and on the drivers of wealth increases. We continued to engage in the debate on household debt and credit, publishing a series of blog posts responding to government and Bank of England data.

Childcare and families

The Foundation maintained its focus on adult social care in policy briefings on the approach to care funding following the Budget and the publication of the 2017 General Election manifestos.

Housing

Our housing programme continued to gather pace, with a continued focus on affordability and tenure trends. Alongside engaging with the housing white paper in February and the general election in June, we also placed housing at the heart of the Intergenerational Commission. In *Home Affront* we took a detailed look at the lived experience of housing across the generations. Recognising the growing importance of the private rented sector in the lives of low to middle income families, the Foundation also explored options for reform in this sector including how to support the emerging build to rent sector.

Fiscal choices

Building on previous work on the shape of the state, the Foundation looked in more detail at the UK's tax base and its appropriateness for the changing world of work. This included consideration of how our tax policies should change in relation to self-employment and on the balance between income and wealth taxes. We published major reports ahead of and immediately after (including, for the first time, overnight reactions) the Autumn Statement and Spring Budget, alongside maintaining our programme of public events on these issues. We produced a pre-election briefing on the fiscal positions of the main parties, along with a note on what it would take to 'end austerity'.

Shared growth

A major element of the Foundation's work during 2016/17 was analysis for the Intergenerational Commission. This included the delivery of six internally-written and two externally-commissioned analytical reports, covering themes including demographics, intra-generational income inequalities, public attitudes to intergenerational differences and generational consumption patterns.

The Foundation completed its initial series of reports on the major city regions of the UK, with reports on Greater Manchester, the West Midlands, Sheffield and the West of England. The Foundation also published the first UK analysis of the impact of high-technology jobs on lower-paid employment in regional economies. We also explored the drivers of Donald Trump's victory in the US election, building on our 2015/16 work on Brexit and drawing out key similarities and differences.

The Resolution Foundation

Report of the Trustees for the Year Ended 30 September 2017

OBJECTIVES AND ACTIVITIES

Key performance indicators

	2016/2017	2015/16
Unique Website Visitors	184,380	150,514
Public events and roundtables	38	46
RF publications/reports	44	37
National print coverage	1170	1,646

FINANCIAL REVIEW

Financial Review and Reserves Policy

The Financial statements show incoming resources for the year of £1,562,924 with resources expended in the year of £1,435,948.

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 October 2016, the trustees of Resolution Trust agreed funding for the Resolution Foundation of £1,350,000 per annum for October 2016 / September 2017, £1,270,000 per annum for October 2017 / September 2018 and £1,270,000 per annum for October 2018 / September 2019.

At 30 September 2017, the Charity had free reserves totalling £278,026. In addition funds held for restricted purposes amounted to £107,708.

Reserves policy

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 2017/18**

The charity's key objectives for 2017/18 are:

In line with the objectives set out in 2016/17, the Foundation will continue to pursue 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:

Incomes and inequality

To aid accessibility, we will split our flagship Living Standards UK publication into two separate reports for 2017/18. One will focus on the current state of play on UK living standards, and one will major on prospects for the years ahead. As part of this process we will also work with the ONS and others to improve the quality of UK statistics on incomes and inequality. We will also build on our 2016/17 work on the different living standards experiences of different ethnicities.

As we head closer to Brexit, we will look specifically at the impact of different trading policies on the cost of living alongside continuing our work on the drivers and implications of the referendum result. The Foundation will also revisit its work on city regions and on the devolved governments, with a comprehensive assessment of living standards in London in the run-up to the local elections in May 2018.

Job, skills and pay

The Foundation will continue to build on its reputation as the trusted voice on analysis of the UK labour market. This includes new work on regional mobility, changes in hours worked, and the prospects for wage growth. The Foundation will continue to produce its regular Earnings Outlook and will host a major conference on the outlook for the UK labour market. We will conclude our major investigation into agency workers and will continue to dig deeper on different forms of atypical working.

Following the publication of Low Pay Britain 2017 early in 2017/18, we will bring forward the 2018 version into the same period to reflect the more timely availability of the relevant data. We will deepen our understanding of low pay and progression in Britain by undertaking major qualitative work to feed into these reports. As part of an increased emphasis on progression, we will also update past work looking at who escapes from low pay and what more we can do to support such mobility. We will continue to support the Living Wage Foundation by calculating the London and UK rates.

Housing, wealth and debt

Our work will focus this year on exploring policy actions needed to address the challenges that low and middle income families, and young people, experience when it comes to housing. As part of the Intergenerational Commission we will research options for improving the private rented sector, for taxing property wealth more effectively and for increasing the supply of new homes. We will also investigate the links between housing affordability and job moves given evidence that young people are less likely to move than they have in the past.

Building on the work undertaken as part of the Intergenerational Commission in 2016/17, we will publish our first wealth 'audit' of the UK, with a view to making this a regular publication. We will also return to the issue of household debt by considering the implications of rate rises on living standards and on the UK economy more generally, and we will continue to monitor Bank of England and ONS data in this area.

Tax and welfare

The Foundation will continue to assess the impact of government tax and benefit policy on living standards, especially in the run up to key fiscal events. We will update our assessment of the impact of Universal Credit on working families, refine that analysis as better data becomes available and continue to monitor the impact of the reform as more families are brought into the scheme. As part of the Intergenerational Commission, we will assess the extent to which different generations are net welfare state contributors and the long-run sustainability of the current welfare system. We will also develop new modelling capacity and investigate the adequacy of future pensioner incomes.

The Resolution Foundation

Report of the Trustees for the Year Ended 30 September 2017

Public finances and the economy

The Foundation will maintain its programme of reports and events before and after major fiscal events, exploring the implications of both changes in government policy and revisions to the Office for Budget Responsibility's economic projections.

We also intend to launch a new programme of work focusing on the UK's macroeconomic policy debate. We will establish a new Macroeconomic Policy Unit to undertake original research and encourage wider debate about macroeconomic policy making and its link to living standards in the UK.

Intergenerational Commission

The Intergenerational Commission will continue to form a major element of the Foundation's work during 2017/18. Further analysis will be published in new areas including inheritances, cohort interactions with the welfare state and international comparisons of intergenerational trends.

Outputs will additionally reflect the Commission's policy development work. Policy options papers in areas including the labour market, taxation and housing will be published in the run-up to the Commission's final report which will contain a complete set of recommendations for a renewal of the intergenerational contract. Following publication of the final report we will engage in a major programme of dissemination, and will continue to update our analysis.

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 the Right Hon Lord David Willetts as Executive Chair in June 2015 and Torsten Bell as Director from 14 September 2015 who has day to day responsibility for all operational matters.

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.

The Resolution Foundation

Report of the Trustees for the Year Ended 30 September 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

Risk management

The Trustees acknowledge their responsibility for establishing a risk management system and are satisfied the 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, political 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 remained 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 reliance on an outdated IT system. This was successfully mitigated by upgrading the system during the year ensuring it is fit for purpose for the foreseeable future.

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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

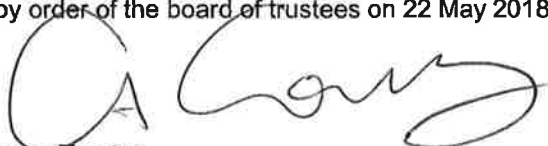
So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit 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 2017**

Approved by order of the board of trustees on 22 May 2018 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'C A Cowdery', written in a cursive style.

C A Cowdery - Trustee

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

Opinion

We have audited the financial statements of The Resolution Foundation (the 'charitable company') for the year ended 30 September 2017 on pages twelve to twenty three. 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.

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 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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 take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Trustees Responsibility Statement set out on page eight, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.



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

22 May 2018

The Resolution Foundation

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 30 September 2017

	Notes	Unrestricted fund £	Restricted funds £	2017 Total funds £	2016 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	1,404,090	92,187	1,496,277	921,298
Investment income	3	1,512	-	1,512	2,516
Other income	4	65,135	-	65,135	48,424
Total		1,470,737	92,187	1,562,924	972,238
EXPENDITURE ON					
Charitable activities	5				
Research and Education		1,371,635	64,313	1,435,948	1,235,044
NET INCOME/(EXPENDITURE)		99,102	27,874	126,976	(262,806)
RECONCILIATION OF FUNDS					
Total funds brought forward		178,924	79,834	258,758	521,564
TOTAL FUNDS CARRIED FORWARD		278,026	107,708	385,734	258,758

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

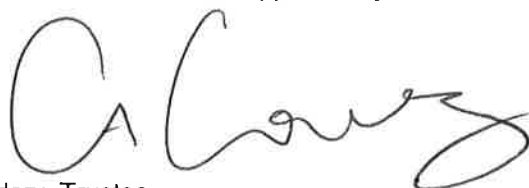
The Resolution Foundation (Registered number: 05588883)

Statement of Financial Position
At 30 September 2017

	Notes	2017 £	2016 £
CURRENT ASSETS			
Debtors	12	184,042	218,900
Cash at bank		277,836	192,123
		<u>461,878</u>	<u>411,023</u>
CREDITORS			
Amounts falling due within one year	13	(76,144)	(152,265)
		<u>385,734</u>	<u>258,758</u>
NET CURRENT ASSETS			
		<u>385,734</u>	<u>258,758</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>385,734</u>	<u>258,758</u>
NET ASSETS			
		<u>385,734</u>	<u>258,758</u>
FUNDS	16		
Unrestricted funds		278,026	178,924
Restricted funds		107,708	79,834
TOTAL FUNDS		<u>385,734</u>	<u>258,758</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 22 May 2018 and were signed on its behalf by:



C A Cowdery -Trustee

The notes form part of these financial statements

The Resolution Foundation

**Statement of Cash Flows
for the Year Ended 30 September 2017**

	Notes	2017 £	2016 £
Cash flows from operating activities:			
Cash generated from operations	1	84,649	(135,639)
Interest paid		(448)	(456)
Net cash provided by (used in) operating activities		<u>84,201</u>	<u>(136,095)</u>
Cash flows from investing activities:			
Interest received		1,512	2,516
Net cash provided by (used in) investing activities		<u>1,512</u>	<u>2,516</u>
Change in cash and cash equivalents in the reporting period		<u>85,713</u>	<u>(133,579)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>192,123</u>	<u>325,702</u>
Cash and cash equivalents at the end of the reporting period		<u>277,836</u>	<u>192,123</u>

The notes form part of these financial statements

Notes to the Statement of Cash Flows
for the Year Ended 30 September 2017

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

	2017 £	2016 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	126,976	(262,806)
Adjustments for:		
Depreciation charges	-	2,572
Interest received	(1,512)	(2,516)
Interest paid	448	456
Decrease in debtors	34,858	59,217
(Decrease)/increase in creditors	(76,121)	67,438
Net cash provided by (used in) operating activities	84,649	(135,639)

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.

The financial statements are presented in pound sterling.

Judgements and key sources of estimation uncertainty

Judgements and key sources of estimation uncertainty are detailed in the above accounting policy where applicable.

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 an individual 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.

1. ACCOUNTING POLICIES - continued

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.

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

	2017 £	2016 £
Grants receivable	1,494,661	913,799
Other Donations	1,616	7,499
	<u>1,496,277</u>	<u>921,298</u>

Resolution Trust are committed to fund the Foundation for at least a further 2 years having awarded grants totalling £3,890,000 with effect from 1 October 2016.

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

	2017 £	2016 £
Resolution Trust	1,350,000	850,000
Other grants	144,661	63,799
	<u>1,494,661</u>	<u>913,799</u>

3. INVESTMENT INCOME

	2017 £	2016 £
Bank Interest	1,512	2,516

The Resolution Foundation

Notes to the Financial Statements - continued
for the Year Ended 30 September 2017

4. OTHER INCOME

Other income

	2017 £	2016 £
Administration charges	44,870	16,727
Reimbursement	-	3,326
Miscellaneous income	20,265	28,371
	<u>65,135</u>	<u>48,424</u>

Miscellaneous income includes event sponsorship and income generated for the development of RF's Childcare Micro Simulation Model.

5. CHARITABLE ACTIVITIES COSTS

	Direct costs £	Support costs (See note 6) £	Totals £
Research and Education	<u>1,363,959</u>	<u>71,989</u>	<u>1,435,948</u>

6. SUPPORT COSTS

	Management £	Governance costs £	Totals £
Research and Education	<u>66,096</u>	<u>5,893</u>	<u>71,989</u>

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

	2017 Research and Education £	2016 Total activities £
Operating leases	6,496	3,960
IT support and supplies	39,447	18,295
Insurance	1,068	1,026
Telephone	-	153
Postage and stationery	1,486	2,519
Membership	2,599	3,537
Photocopier charges	2,680	1,891
Payroll and finance support	4,452	2,191
Travel	7,420	11,285
Depreciation of tangible and heritage assets	-	2,572
Interest payable and similar charges	448	456
Auditors' remuneration	5,880	5,460
Sundries	13	13
	<u>71,989</u>	<u>53,358</u>

Notes to the Financial Statements - continued
for the Year Ended 30 September 2017

7. NET INCOME/(EXPENDITURE)

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

	2017	2016
	£	£
Auditors' remuneration	5,880	5,460
Depreciation - owned assets	-	2,572
Other operating leases	6,496	3,960
	<u>6,496</u>	<u>3,960</u>

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 30 September 2017 nor for the year ended 30 September 2016.

Trustees' expenses

There were no trustees' expenses paid for the year ended 30 September 2017 nor for the year ended 30 September 2016.

9. STAFF COSTS

	2017	2016
	£	£
Wages and salaries	872,098	787,334
Social security costs	100,633	89,677
Other pension costs	58,983	53,200
	<u>1,031,714</u>	<u>930,211</u>

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

	2017	2016
Average number of employees	<u>16</u>	<u>14</u>

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

	2017	2016
£60,001 - £70,000	1	1
£90,001 - £100,000	1	2
£110,000 - £120,000	1	1
£120,000 - £130,000	1	-
	<u>4</u>	<u>4</u>

Included within wages and salaries are recruitment, training and other costs of £9,815 (2016: £21,904).

Key management personnel

The total employee benefits paid to key management personnel during the year amounted to £435,070.

The Resolution Foundation

Notes to the Financial Statements - continued
for the Year Ended 30 September 2017

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	857,499	63,799	921,298
Investment income	2,516	-	2,516
Other income	48,424	-	48,424
Total	908,439	63,799	972,238
EXPENDITURE ON			
Charitable activities			
Research and Education	1,166,198	68,846	1,235,044
Total	1,166,198	68,846	1,235,044
NET INCOME/(EXPENDITURE)	(257,759)	(5,047)	(262,806)
RECONCILIATION OF FUNDS			
Total funds brought forward	436,683	84,881	521,564
TOTAL FUNDS CARRIED FORWARD	178,924	79,834	258,758

11. TANGIBLE FIXED ASSETS

	Computer equipment £
COST	
At 1 October 2016 and 30 September 2017	<u>16,047</u>
DEPRECIATION	
At 1 October 2016 and 30 September 2017	<u>16,047</u>
NET BOOK VALUE	
At 30 September 2017	<u>-</u>
At 30 September 2016	<u>-</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Other debtors	154,692	157,070
Prepayments and accrued income	29,350	61,830
	<u>184,042</u>	<u>218,900</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Other creditors	58,622	36,121
Deferred income	-	60,000
Accrued expenses	17,522	56,144
	<u>76,144</u>	<u>152,265</u>

14. LEASING AGREEMENTS

At 30 September 2017, the Foundation had commitments under non-cancellable operating leases as follows:

	Land and building		Other operating leases	
	2017	2016	2017	2016
	£	£	£	£
Expiring:				
Within one year	93,780	93,780	3,508	3,864
Between one and five years	164,115	257,895	9,649	4,824
	<u>257,895</u>	<u>351,675</u>	<u>13,157</u>	<u>8,688</u>

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund	Restricted funds	2017 Total funds	2016 Total funds
	£	£	£	£
Current assets	354,170	107,708	461,878	411,023
Current liabilities	(76,144)	-	(76,144)	(152,265)
	<u>278,026</u>	<u>107,708</u>	<u>385,734</u>	<u>258,758</u>

The Resolution Foundation

Notes to the Financial Statements - continued
for the Year Ended 30 September 2017

16. MOVEMENT IN FUNDS

	At 1.10.16 £	Net movement in funds £	At 30.9.17 £
Unrestricted funds			
General fund	178,924	99,102	278,026
Restricted funds			
INET/Oxford - Employment, Equity and Growth Programme	79,834	(14,166)	65,668
Trust for London - London Living Standards	-	8,100	8,100
Unbound Philanthropy - Agency Workers	-	33,940	33,940
	<u>79,834</u>	<u>27,874</u>	<u>107,708</u>
TOTAL FUNDS	<u>258,758</u>	<u>126,976</u>	<u>385,734</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,470,737	(1,371,635)	99,102
Restricted funds			
Nuffield Foundation - Falling Wages	22,187	(22,187)	-
Trust for London - London Living Standards	10,000	(1,900)	8,100
Unbound Philanthropy - Agency Workers	60,000	(26,060)	33,940
INET/Oxford - Employment, Equity and Growth Programme	-	(14,166)	(14,166)
	<u>92,187</u>	<u>(64,313)</u>	<u>27,874</u>
TOTAL FUNDS	<u>1,562,924</u>	<u>(1,435,948)</u>	<u>126,976</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.

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 Standards in London

Trust for London first instalment of £18k grant towards analysis of living standards in London.

Unbound Philanthropy

Unbound Philanthropy grant 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.

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 £58,983 (2016: £53,200). At the year end £nil was due to the Trust (2016: £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.

