

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

**REPORT OF THE TRUSTEES AND**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2018**  
**FOR**

**THE RESOLUTION FOUNDATION**  
**(A COMPANY LIMITED BY GUARANTEE)**

Chariot House Limited  
Chartered Accountants  
44 Grand Parade  
Brighton  
East Sussex  
BN2 9QA

**THE RESOLUTION FOUNDATION**

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**FOR THE YEAR ENDED 30TH SEPTEMBER 2018**

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## **THE RESOLUTION FOUNDATION**

### **REPORT OF THE TRUSTEES** **FOR THE YEAR ENDED 30TH SEPTEMBER 2018**

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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 30th September 2018. 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 17 (5) of the Charities Act 2011 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.

## **THE RESOLUTION FOUNDATION**

### **REPORT OF THE TRUSTEES**

**FOR THE YEAR ENDED 30TH SEPTEMBER 2018**

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## **OBJECTIVES AND ACTIVITIES**

### **Objectives and aims**

#### **Mission Statement**

The Resolution Foundation is an award-winning independent think-tank focused on improving the living standards for those on low to middle incomes. We work across a wide range of economic policy making and are a leading UK authority on securing widely-shared economic growth, having successfully ignited a major public debate about the stagnation in living standards that started in the years prior to the financial crisis.

Recognised as a home of real expertise on a range of policy issues, and drawing on a core team of experts as well as established external relationships with top national and international economists, academics and policy experts, we continue to inform public debate and influence key decision makers in government, the private sector, and civil society. We hold a regular programme of events, hosting diverse speakers from academia, the voluntary sector and business, and regularly engage with politicians from across the political spectrum.

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 to middle 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 challenges).

We 'equivalise' household income prior to establishing 'low to middle income' and 'higher income' groups, in order to account for the different living standards associated with various 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 £18,000 to qualify and a couple with 2 young children would need an income below £37,000.

By these definitions, there are eight million low to middle income families in the UK including over 12 million adults and nearly seven million children. As each includes at least one working adult, they are not the 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.



## **THE RESOLUTION FOUNDATION**

### **REPORT OF THE TRUSTEES**

**FOR THE YEAR ENDED 30TH SEPTEMBER 2018**

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## **OBJECTIVES AND ACTIVITIES**

### **Objectives and aims**

#### **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.

**Influential:** 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 and are outcome oriented not process driven.

**Communication:** We use a range of methods to convey our ideas and our communication style is clear, concise and direct.

The Foundation prides itself on analytical rigour, and we strive to achieve standards of excellence in all our work. This commitment is matched by dedication to our core purpose, working to improve the living standards of those on low to middle incomes. These twin pillars of excellence and purpose underpin everything we do.

#### **Our Funding**

The Foundation is primarily funded by the Resolution Trust. We are also grateful for support from additional organisations including Unbound Philanthropy, Trust for London, Citizens UK, the University of Essex and the Social Mobility and Child Poverty Commission which have enabled us to pursue project specific work during the year. We are committed to transparency and list all organisations from whom we receive a contribution of £3,000 and over. Small additional sums are also received as donations or payment for ad hoc work like speaking engagements.

## **THE RESOLUTION FOUNDATION**

### **REPORT OF THE TRUSTEES** **FOR THE YEAR ENDED 30TH SEPTEMBER 2018**

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#### **STRATEGIC REPORT**

##### **Achievement and performance**

##### *Charitable activities*

**The charity's key objectives for 2017/18 were:**

Building on objectives set out in 2016/17, the Foundation retained its three high-level aims:

- o 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;
- o To cement our relevance to public policy by broadening scope into other areas around low pay, productivity, cities, technology and intergenerational fairness; and
- o To add real-world grit by increasing the volume of policy recommendations and developing conversations with business, cities and devolved administrations.

##### **Activities included:**

##### **Incomes and inequality**

Analysis and commentary on household incomes remained at the heart of the Foundation's work. Our flagship Living Standards Audit set out the current state of play on living standards, with a particular focus on benefit take-up and poverty. In addition, we published our first dedicated Living Standards Outlook exploring what official economic forecasts and recent policy decisions mean for different kinds of households over the next five years; and produced reports looking specifically at London, at economic disparities between different ethnic groups and at the potential impact of trade policy changes. The Foundation also made a raft of recommendations as to how official income and inequality statistics and their communication could be improved.

##### **Job, skills and pay**

The Foundation continued to cement its position as one of the leading organisations for UK labour market analysis. This involved continuing to produce our 'stock' labour market outputs: the quarterly Earnings Outlook, Low Pay Britain, calculation of the Living Wage rates for London and the UK and our monthly response to official labour market statistics. We also produced new research on changes in earnings and hours worked, atypical work in Greater Manchester and pay penalties for ethnic minorities. Finally, we enhanced our profile in the debate on skills provision for non-graduates through regular analysis of the official apprenticeship stats.

2017/18 also marked a greater focus on labour market policy. We published papers exploring policy options for overtime pay, interventions to support younger people in the labour market as part of the Intergenerational Commission, responses to the increase in agency work, and ways to reform the skills landscape to reignite human capital growth.

##### **Housing, wealth and debt**

Housing continued to be a key focus for the Foundation in 2017/18, with a greater focus on policy as part of the Intergenerational Commission. We explored a wide range of policy options to de-risk the private rented sector, tax property wealth more effectively to rebalance demand, and increase the supply of new homes. Over the year we also responded to renewed political interest in social housing by exploring the changing age and income profile of social renters, as well as analysing how policy changes (for example, the lifting of local authority borrowing caps for housebuilding) could impact on living standards.

Our work on wealth during 2017/18 included exploring disparities in wealth across the regions, and engagement in the debate on household debt and credit. This included analysis of the exposure of low to middle income households to interest rate rises and a series of articles on indebtedness.

##### **Tax and welfare**

In 2017/18 we maintained our ongoing focus on the impact of Universal Credit (UC), building on our flagship review published during 2014/15. Activities included a major report re-assessing the benefit's impact on incomes and work incentives in comparison to the legacy system, and a report assessing the process for the migration of existing benefit claimants onto UC - both including detailed policy recommendations. In addition, as part of the Intergenerational Commission we published analysis of the adequacy of future pensioner incomes, and work on lifetime gains from the welfare state for different cohorts.



## **THE RESOLUTION FOUNDATION**

### **REPORT OF THE TRUSTEES**

**FOR THE YEAR ENDED 30TH SEPTEMBER 2018**

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#### **STRATEGIC REPORT**

##### **Achievement and performance**

###### *Charitable activities*

Our work on tax included two major reports for the Intergenerational Commission, both containing detailed modelling and a range of policy options: one on residential property taxation and one on the inheritance tax system.

##### **Public finances and the economy**

The Foundation maintained its programme of reports and events before and after major fiscal events. This work covered both changes in the economic backdrop and in government policy, drawing out the impact on the public finances and on household living standards. We also explored options for funding both social care and the government's broader NHS spending pledge, assessing the pros and cons of a number of potential models and tax rises that might be used to put health and care funding on a sustainable footing as the population ages.

##### **Intergenerational Commission**

The Intergenerational Commission formed a major element of the Foundation's work during 2017/18. We published the final five analytical working papers for the Commission, including new analysis of the distribution of future flows of inheritances to younger cohorts, and international comparisons of intergenerational trends. We published six policy options papers covering longer working lives, young adults' progression in the labour market, adult skills, inheritance taxes, property taxes and housing.

In May 2018 we concluded the Intergenerational Commission with the a final report which brought together all the analysis produced as part of this two-year project and included a full suite of policy recommendations, published alongside a major public event. Following publication of the final report we began an ongoing programme of dissemination, including an international conference and public events on fiscal sustainability from a generational perspective and adult social care.

##### **Financial review**

###### *Financial position*

The Financial statements show incoming resources for the year of £1,631,628 with resources expended in the year of £1,509,954.

The incoming resources to the charity comprise donations from Resolution Trust which was established by Sir Clive Cowdery in 2007 and provides ongoing funding for the Resolution Foundation. Other incoming resources include donations and payments from charitable trusts and other organisations for project specific work, bank interest received in the year, an administration fee for work carried out on behalf of the Resolution Trust and other miscellaneous payments for ad hoc work like speaking engagements.

In October 2016, the Trustees of the Resolution Trust agreed minimum funding for the Foundation of £1,350,000 for 2016/2017, £1,270,000 for 2017/2018, and £1,270,000 for 2018/2019.

At 30 September 2018, the Charity had free reserves totalling £436,980. In addition funds held for restricted purposes amounted to £70,428.

###### *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.

## **THE RESOLUTION FOUNDATION**

### **REPORT OF THE TRUSTEES** **FOR THE YEAR ENDED 30TH SEPTEMBER 2018**

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#### **STRATEGIC REPORT**

##### **Future plans**

##### **DEVELOPMENTS IN 2018/19**

##### **The charity's key objectives for 2018/19 are:**

The Foundation will continue to pursue three high-level aims:

- o 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;
- o To cement our relevance to public policy by broadening scope into other areas around low pay, productivity, cities, technology and inter-generational fairness; and
- o To add 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**

We will continue to publish our flagship Living Standards Audit, looking at the historic and recent drivers of income changes, and our Living Standards Outlook, projecting future trends with ever-greater sophistication. Building on our Living Standards Audit 2018, we will expand our analysis of recent and projected child poverty changes. The Foundation will continue to engage with the Office for National Statistics and the government to work towards more accurate, detailed and timely living standards data; and will explore quantitatively the links between household finances and subjective well-being.

##### **Job, skills and pay**

In 2018/19 the Foundation plans to set out its thinking on two of the major issues facing the UK labour market - record jobs growth and historically abysmal pay growth. In addition to this we will release innovative new research on earnings volatility using customer data from Lloyds Bank, and on younger workers stuck in low pay. We will also launch a new flagship report - the Skills Audit - evaluating trends in workforce qualifications attainment and skills gaps and shortages. Finally, we will conclude our two-year project on agency workers including recommendations for policy.

Reflecting on apparent structural shifts in the way the UK economy works in the post-crisis era, the Foundation will undertake a programme of work that focuses on how economic change is playing out in the labour market. We will begin with a study of changes in the retail sector. Further ahead, the Foundation will explore the nature of transitions, developing policy recommendations that meet the reality of labour market churn in the 21st century.

We will continue to produce our regular labour market outputs (Low Pay Britain, the quarterly Earnings Outlook, and our calculation of the Living Wage rates) and our regular responses to official labour market and apprenticeship statistics.

##### **Housing, wealth and debt**

Our housing work this year will continue to explore the housing challenges of low and middle income families and young people. We will explore the second order, as well as direct, effects of housing on living standards by investigating the links between housing affordability and labour market mobility and unpacking the employment outcomes of social renters.

We also plan to develop our analysis of wealth. We will conduct a deep-dive into property wealth in Scotland, for example, alongside further exploration of wealth data across the UK. We will also continue to track household debt trends.



**STRATEGIC REPORT**

**Future plans**

**DEVELOPMENTS IN 2018/19**

**Tax and welfare**

The Foundation will assess the impact of government tax and benefit policy on living standards, including commentary on the continuing evolution of Universal Credit following the Autumn Budget. Beyond this, we will monitor the ongoing impact of this flagship welfare reform as ever more families are brought into the scheme, including via qualitative research with claimants in local areas. We will continue to promote and advance tax policy recommendations developed as part of the Intergenerational Commission with a particular focus on the taxation of wealth, and will maintain our regular commentary on tax relief statistics.

**Fiscal events**

The Foundation will continue to publish reports ahead of, and in response to, all major fiscal statements. Alongside Autumn Budget 2018 and Spring Statement 2019, this will include work in advance of the government's next Spending Review. We will assess the government's progress against its aim of 'ending austerity', highlighting what this means and what more needs to be done to ensure all parts of society feel the benefit. We will also set our work in historical context, updating previous work on the changing size and shape of the UK state and asking what the role of the state should be over the coming decade.

**Intergenerational Centre**

In 2018/19 the Foundation will launch a major programme of work supported by the Nuffield Foundation, producing annual Intergenerational Audits for the UK alongside a dedicated microsite with a raft of interactive data, videos, and a research database. In the run-up to the first audit we will publish a series of novel analyses covering topics including medium-term outcomes for younger workers stuck in low pay, and child poverty across generations.

In addition, we will publish ground-breaking analysis of the relationship between parental property wealth and young people's home ownership.

**Macroeconomic Policy Unit**

In 2018/19 the Foundation will launch a new Macroeconomic Policy Unit (MPU), set up with the aim of improving low to middle income households' living standards by ensuring a broader and better-informed macroeconomic policy debate. This is a natural progression given that many of the Foundation's core issues - such as income growth and housing costs - have their origins in macroeconomic developments.

The MPU will produce analytically rigorous, policy-focused outputs, drawing on in-house research and on the expertise of a new group of Foundation 'associates'. The first paper will be published alongside a high-profile launch event, and will focus on the preparedness of the UK's macroeconomic policy framework for the next recession.



## **THE RESOLUTION FOUNDATION**

### **REPORT OF THE TRUSTEES** **FOR THE YEAR ENDED 30TH SEPTEMBER 2018**

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#### **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 in September 2015 who has day to day responsibility for all operational matters.

##### **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.

##### **Key management remuneration**

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, Deputy Director, Director of Communications and Director of Resources. The remuneration of the Executive Chair and the Director is set by the Trustees. All other staff salaries are set by the senior management team. Salaries are benchmarked using comparisons with charities in similar labour markets both by geography and issue areas in London and taking into account factors including inflation and the Foundation's financial position. The Foundation is an accredited Living Wage employer. All our staff and contractors are paid at least the Living Wage which is an hourly rate set and updated annually, based on the cost of living.

##### **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 in this report. Related party transactions are disclosed in the notes to these financial statements.

##### **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.

**THE RESOLUTION FOUNDATION**

**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 30TH SEPTEMBER 2018**

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**REFERENCE AND ADMINISTRATIVE DETAILS**

**Registered Company number**

05588883 (England and Wales)

**Registered Charity number**

1114839

**Registered office**

2 Queen Anne's Gate

London

SW1H 9AA

**Trustees**

C J Alexandrou

P N Butler

C A Cowdery

G J Kelly

G W Morton

P T Stevens

Chairman

Treasurer

**Company Secretary**

T Bell

**Senior Statutory Auditor**

P J Thacker FCA DChA

**Auditors**

Chariot House Limited

Chartered Accountants

44 Grand Parade

Brighton

East Sussex

BN2 9QA

**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 Ltd

80 Haymarket

London

EC4M 6YH



## THE RESOLUTION FOUNDATION

### REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 30TH SEPTEMBER 2018

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#### **EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

#### **STATEMENT OF TRUSTEES RESPONSIBILITIES**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the 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.


In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

#### **AUDITORS**

The auditors, Chariot House Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 14.06.2019 and signed on the board's behalf by:

  
.....  
C A Cowdery - Trustee

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

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### **Opinion**

We have audited the financial statements of The Resolution Foundation (the 'charitable company') for the year ended 30th September 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30th September 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

### **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.



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

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### **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.

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees Responsibilities, 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

### **Use of our report**

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.



P J Thacker FCA DChA (Senior Statutory Auditor)  
for and on behalf of Chariot House Limited  
Chartered Accountants and Statutory Auditor  
44 Grand Parade  
Brighton  
East Sussex  
BN2 9QA

Date: 17 June 2019



**THE RESOLUTION FOUNDATION**

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 30TH SEPTEMBER 2018**

		Unrestricted fund £	Restricted funds £	Total 2018 funds £	Total 2017 funds £
	Notes				
<b>INCOME AND ENDOWMENTS FROM</b>					
Donations and legacies	2	1,550,950	8,000	1,558,950	1,496,277
Investment income	3	902	-	902	1,518
Other income	4	<u>71,776</u>	<u>-</u>	<u>71,776</u>	<u>65,135</u>
<b>Total</b>		1,623,628	8,000	1,631,628	1,562,930
<b>EXPENDITURE ON</b>					
Charitable activities	5				
Research and Education		<u>1,461,299</u>	<u>48,655</u>	<u>1,509,954</u>	<u>1,435,954</u>
<b>NET INCOME/(EXPENDITURE)</b>		162,329	(40,655)	121,674	126,976
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		<u>278,026</u>	<u>107,708</u>	<u>385,734</u>	<u>258,758</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u><u>440,355</u></u>	<u><u>67,053</u></u>	<u><u>507,408</u></u>	<u><u>385,734</u></u>

**CONTINUING OPERATIONS**

All income and expenditure has arisen from continuing activities.

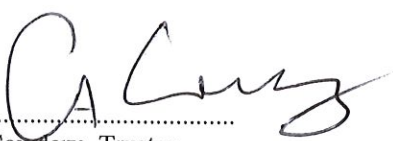
The notes form part of these financial statements

**THE RESOLUTION FOUNDATION (REGISTERED NUMBER: 05588883)**

**BALANCE SHEET**  
**AT 30TH SEPTEMBER 2018**

	Notes	Unrestricted fund £	Restricted funds £	Total 2018 funds £	Total 2017 funds £
<b>CURRENT ASSETS</b>					
Debtors	12	177,957	-	177,957	184,042
Cash at bank		<u>317,570</u>	<u>67,053</u>	<u>384,623</u>	<u>277,836</u>
		495,527	67,053	562,580	461,878
<b>CREDITORS</b>					
Amounts falling due within one year	13	(55,172)	-	(55,172)	(76,144)
		<u>440,355</u>	<u>67,053</u>	<u>507,408</u>	<u>385,734</u>
<b>NET CURRENT ASSETS</b>					
		<u>440,355</u>	<u>67,053</u>	<u>507,408</u>	<u>385,734</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
		<u>440,355</u>	<u>67,053</u>	<u>507,408</u>	<u>385,734</u>
<b>NET ASSETS</b>					
		<u>440,355</u>	<u>67,053</u>	<u>507,408</u>	<u>385,734</u>
<b>FUNDS</b>					
Unrestricted funds	15			440,355	278,026
Restricted funds				<u>67,053</u>	<u>107,708</u>
<b>TOTAL FUNDS</b>				<u>507,408</u>	<u>385,734</u>

The financial statements were approved by the Board of Trustees on 14-06-2019 and were signed on its behalf by:

  
.....  
C A Cowdery -Trustee

The notes form part of these financial statements

**THE RESOLUTION FOUNDATION**

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30TH SEPTEMBER 2018**

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	Notes	2018 £	2017 £
<b>Cash flows from operating activities:</b>			
Cash generated from operations	1	<u>105,885</u>	<u>84,195</u>
<b>Net cash provided by (used in) operating activities</b>		<u>105,885</u>	<u>84,195</u>
 <b>Cash flows from investing activities:</b>			
Interest received		<u>902</u>	<u>1,518</u>
<b>Net cash provided by (used in) investing activities</b>		<u>902</u>	<u>1,518</u>
		<u>          </u>	<u>          </u>
 <b>Change in cash and cash equivalents in the reporting period</b>		<u>106,787</u>	<u>85,713</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>277,836</u>	<u>192,123</u>
 <b>Cash and cash equivalents at the end of the reporting period</b>		<u>384,623</u>	<u>277,836</u>

The notes form part of these financial statements

**THE RESOLUTION FOUNDATION**

**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30TH SEPTEMBER 2018**

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

	2018	2017
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	121,674	126,976
Adjustments for:		
Interest received	(902)	(1,518)
Decrease in debtors	6,085	34,858
Decrease in creditors	<u>(20,972)</u>	<u>(76,121)</u>
Net cash provided by (used in) operating activities	<u>105,885</u>	<u>84,195</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.

**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 considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK Corporation Tax purposes. Accordingly the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**Fund accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

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.



**THE RESOLUTION FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 30TH SEPTEMBER 2018**

**2. DONATIONS AND LEGACIES**

	2018 £	2017 £
Grants	<u>1,558,950</u>	<u>1,496,277</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.

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

	2018 £	2017 £
Resolution Trust	1,550,000	1,350,000
Other Grants	<u>8,950</u>	<u>146,277</u>
	<u>1,558,950</u>	<u>1,496,277</u>

**3. INVESTMENT INCOME**

	2018 £	2017 £
Bank Interest	<u>902</u>	<u>1,518</u>

**4. OTHER INCOME**

	2018 £	2017 £
Administration charges	47,104	44,870
Miscellaneous income	<u>24,672</u>	<u>20,265</u>
	<u>71,776</u>	<u>65,135</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>1,470,521</u>	<u>39,433</u>	<u>1,509,954</u>

**6. SUPPORT COSTS**

	Management £	Governance costs £	Totals £
Research and Education	<u>33,251</u>	<u>6,182</u>	<u>39,433</u>

**THE RESOLUTION FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 30TH SEPTEMBER 2018**

**6. SUPPORT COSTS - continued**

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

	2018 Research and Education £	2017 Total activities £
Other operating leases	4,434	6,494
IT support and supplies	14,398	39,447
Insurance	2,479	1,068
Postage and stationery	1,881	1,488
Memberships and subscriptions	2,701	2,599
Photocopier charges	2,669	2,681
Payroll and finance support	2,694	4,452
Travel	1,995	7,420
Auditors' remuneration	5,760	5,880
Sundries	422	462
	<u>39,433</u>	<u>71,991</u>

**7. NET INCOME/(EXPENDITURE)**

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

	2018 £	2017 £
Auditors' remuneration	5,760	5,880
Other operating leases	<u>4,434</u>	<u>6,494</u>

**8. TRUSTEES' REMUNERATION AND BENEFITS**

There were no trustees' remuneration or other benefits for the year ended 30th September 2018 nor for the year ended 30th September 2017.

**Trustees' expenses**

There were no trustees' expenses paid for the year ended 30th September 2018 nor for the year ended 30th September 2017.

**THE RESOLUTION FOUNDATION****NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 30TH SEPTEMBER 2018****9. STAFF COSTS**

	2018 £	2017 £
Wages and salaries	932,052	862,284
Social security costs	110,924	100,633
Other pension costs	65,311	58,983
	<u>1,108,287</u>	<u>1,021,900</u>

**Key management personnel**

The total employee benefits paid to key management personnel during the year amounted to £511,502 (2017: £485,324).

**Average Number of employees**

The average number of employees on a full time equivalent basis was 17.

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

	2018	2017
Total	<u>18</u>	<u>16</u>

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

	2018	2017
£60,001 - £70,000	1	1
£70,001 - £80,000	1	-
£90,001 - £100,000	1	1
£110,001 - £120,000	1	1
£120,001 - £130,000	1	1
	<u>5</u>	<u>4</u>

**10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted fund £	Restricted funds £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>			
Donations and legacies	1,404,090	92,187	1,496,277
Investment income	1,518	-	1,518
Other income	65,135	-	65,135
<b>Total</b>	1,470,743	92,187	1,562,930
<b>EXPENDITURE ON</b>			
<b>Charitable activities</b>			
Research and Education	1,371,641	64,313	1,435,954
<b>Total</b>	1,371,641	64,313	1,435,954

**THE RESOLUTION FOUNDATION****NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 30TH SEPTEMBER 2018****10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued**

	Unrestricted fund £	Restricted funds £	Total funds £
NET INCOME/(EXPENDITURE)	99,102	27,874	126,976
RECONCILIATION OF FUNDS			
Total funds brought forward	178,924	79,834	258,758
TOTAL FUNDS CARRIED FORWARD	<u>278,026</u>	<u>107,708</u>	<u>385,734</u>

**11. TANGIBLE FIXED ASSETS**

	Computer equipment £
<b>COST</b>	
At 1st October 2017 and 30th September 2018	<u>16,047</u>
<b>DEPRECIATION</b>	
At 1st October 2017 and 30th September 2018	<u>16,047</u>
<b>NET BOOK VALUE</b>	
At 30th September 2018	<u>-</u>
At 30th September 2017	<u>-</u>

**12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018 £	2017 £
Trade debtors	13,420	26,026
Other debtors	157,847	154,692
Prepayments and accrued income	<u>6,690</u>	<u>3,324</u>
	<u>177,957</u>	<u>184,042</u>

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018 £	2017 £
Trade creditors	7,764	54,907
Social security and other taxes	35,028	-
Other creditors	-	3,715
Accrued expenses	<u>12,380</u>	<u>17,522</u>
	<u>55,172</u>	<u>76,144</u>

**THE RESOLUTION FOUNDATION****NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 30TH SEPTEMBER 2018****14. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2018 £	2017 £
Within one year	162,339	97,288
Between one and five years	<u>128,023</u>	<u>173,764</u>
	<u>290,362</u>	<u>271,052</u>

**15. MOVEMENT IN FUNDS**

	At 1/10/17 £	Net movement in funds £	At 30/9/18 £
<b>Unrestricted funds</b>			
General fund	278,026	162,329	440,355
<b>Restricted funds</b>			
INET/Oxford - Employment, Equity and Growth Programme	65,668	(3,375)	62,293
Unbound Philanthropy - Agency Workers	33,940	(29,180)	4,760
Trust for London - London Living Standards	<u>8,100</u>	<u>(8,100)</u>	-
	107,708	(40,655)	67,053
<b>TOTAL FUNDS</b>	<u>385,734</u>	<u>121,674</u>	<u>507,408</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	1,623,628	(1,461,299)	162,329
<b>Restricted funds</b>			
Unbound Philanthropy - Agency Workers	-	(29,180)	(29,180)
Trust for London - London Living Standards	8,000	(16,100)	(8,100)
INET/Oxford - Employment, Equity and Growth Programme	<u>-</u>	<u>(3,375)</u>	<u>(3,375)</u>
	8,000	(48,655)	(40,655)
<b>TOTAL FUNDS</b>	<u>1,631,628</u>	<u>(1,509,954)</u>	<u>121,674</u>



**THE RESOLUTION FOUNDATION****NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 30TH SEPTEMBER 2018****15. MOVEMENT IN FUNDS - continued****Comparatives for movement in funds**

	At 1/10/16 £	Net movement in funds £	At 30/9/17 £
<b>Unrestricted Funds</b>			
General fund	178,924	99,102	278,026
<b>Restricted Funds</b>			
INET/Oxford - Employment, Equity and Growth Programme	79,834	(14,166)	65,668
Unbound Philanthropy - Agency Workers	-	33,940	33,940
Trust for London - London Living Standards	-	8,100	8,100
	<u>79,834</u>	<u>27,874</u>	<u>107,708</u>
<b>TOTAL FUNDS</b>	<u>258,758</u>	<u>126,976</u>	<u>385,734</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	1,470,743	(1,371,641)	99,102
<b>Restricted funds</b>			
Unbound Philanthropy - Agency Workers	60,000	(26,060)	33,940
Trust for London - London Living Standards	10,000	(1,900)	8,100
Nuffield Foundation - Falling Wages	22,187	(22,187)	-
INET/Oxford - Employment, Equity and Growth Programme	-	(14,166)	(14,166)
	<u>92,187</u>	<u>(64,313)</u>	<u>27,874</u>
<b>TOTAL FUNDS</b>	<u>1,562,930</u>	<u>(1,435,954)</u>	<u>126,976</u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 1/10/16 £	Net movement in funds £	At 30/9/18 £
<b>Unrestricted funds</b>			
General fund	178,924	261,431	440,355
<b>Restricted funds</b>			
INET/Oxford - Employment, Equity and Growth Programme	79,834	(17,541)	62,293
Unbound Philanthropy - Agency Workers	-	4,760	4,760
	<u>79,834</u>	<u>(12,781)</u>	<u>67,053</u>
<b>TOTAL FUNDS</b>	<u>258,758</u>	<u>248,650</u>	<u>507,408</u>

## **THE RESOLUTION FOUNDATION**

### **NOTES TO THE FINANCIAL STATEMENTS - CONTINUED** **FOR THE YEAR ENDED 30TH SEPTEMBER 2018**

#### **15. MOVEMENT IN FUNDS - continued**

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	3,094,371	(2,832,940)	261,431
<b>Restricted funds</b>			
Unbound Philanthropy - Agency Workers	60,000	(55,240)	4,760
Trust for London - London Living Standards	18,000	(18,000)	-
Nuffield Foundation - Falling Wages	22,187	(22,187)	-
INET/Oxford - Employment, Equity and Growth Programme	-	(17,541)	(17,541)
	<u>100,187</u>	<u>(112,968)</u>	<u>(12,781)</u>
<b>TOTAL FUNDS</b>	<u>3,194,558</u>	<u>(2,945,908)</u>	<u>248,650</u>

#### **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.

#### **Living Standards in London**

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

#### **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.

#### **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.

#### **16. PENSION COMMITMENTS**

The charitable company operates a defined contribution pension scheme through The Pensions Trust with contributions being made by both employer and employees at variable rates. The assets of the scheme are held separately from those of The Resolution Foundation. Pension costs charged represent contributions payable by the Foundation to the Trust. Total pension costs in the current year amounted to £65,311 (2017: £58,983). At the year end £nil was due to the Trust (2017: £nil).

#### **17. 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.

**THE RESOLUTION FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 30TH SEPTEMBER 2018**

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**18. 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 in the Trustees' report. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member.