

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

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2019
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 2019

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THE RESOLUTION FOUNDATION

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30TH SEPTEMBER 2019

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 2019. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

OBJECTIVES AND ACTIVITIES

Objectives and aims

Mission Statement

The Resolution Foundation is an independent think-tank focused on improving living standards for those on low to middle incomes. Our reputation for rigorous analytical work that results in effective policy solutions places us at the forefront of the UK debate on economic and social policy. We work across a wide range of economic policy making and are a leading UK authority on securing widely-shared economic growth.

Recognised as a home of real expertise on a range of policy issues, we draw on a core team of experts as well as established external relationships with top national and international economists, academics and policy experts and we continue to inform public debate and engage with 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 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. We do this by undertaking original research and economic analysis to understand the challenges facing low to middle income households today. Engaging with policy makers and other key stakeholders, we develop practical and effective policy proposals to tackle the issues we identify 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 £27,000 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 two young children would need an income below £38,000.

By these definitions, there are over eight million low to middle income families in the UK including around 13 million adults and over seven million children. As each includes at least one working adult, they are not the poorest in society, but can struggle to get by and have felt the full impact of housing market challenges, the recession, insecure work and reductions to social security. Despite these needs low to middle income households have been overlooked in debates about equality and economic opportunity.

THE RESOLUTION FOUNDATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30TH SEPTEMBER 2019

Our Approach

Combining rigour and purpose: 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 rigour and purpose underpin everything we do.

Focused: we concentrate our attention and resources on a cohesive range 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.

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.

Our Funding

The Resolution Foundation is primarily funded by the Resolution Trust. We are also grateful for support from additional organisations including Unbound Philanthropy, the Nuffield Foundation, Liverpool City Region Combined Authority and Clarion Housing Group which have enabled us to pursue 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.

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.

STRATEGIC REPORT

Achievement and performance

Charitable activities

The charity's key objectives for 2018/19 were:

Building on objectives set out in 2017-18, 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, intergenerational fairness and macroeconomic policy; 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 Living Standards Outlook 2019 further developed our modelling of how growth is projected to be shared over the coming years, and how this picture could be improved. This included our first medium-term poverty projections, and in Wrong direction: Can Scotland hit its child poverty targets? we looked specifically at the outlook for Scotland's legislated poverty goals. Our flagship Living Standards Audit 2019 set out in greater detail than ever the drivers of living standards changes over the past quarter of a century, also examining inequalities between different age groups and family types.

Job, skills and pay

The Foundation continued to produce leading analysis and commentary on the UK's labour market. Low Pay Britain 2019 focused on minimum wage policy and its effect on the low paid, while our quarterly Earnings Outlook and monthly responses to official labour market statistics surveyed developments in the labour market and prospects for pay growth.

We produced two reports looking back at the labour market through the 2010s, one focusing on the groups benefiting from the jobs boom and another explaining lost pay growth. We published ground-breaking research (using a bank's administrative dataset) analysing the scale of volatility in pay packets. On skills, we published a major report on the slowdown in human capital growth, as well as an assessment of reforms to the apprenticeships system since 2017.

We produced papers on the decline of the retail sector and the implications for workers affected; on the decline of collective bargaining in the UK; and a report concluding our investigation of agency workers. Finally, we undertook our annual calculation of the Living Wage rates for the Living Wage Foundation.

Housing, wealth and debt

In 2018-19, we continued to explore the living standards impacts of housing, paying particular attention to low-to-middle income families and younger generations. Beyond this core work, we also extended our research to examine the intersection between housing and the labour market, for example, investigating the links between social renting and employment. We advanced our analytical work on wealth, publishing reports on the growing reliance of young people on parental wealth to access the housing ladder, and on Scottish housing wealth. We also engaged regularly and to good effect with the housing policy community through shorter, more policy-relevant outputs.

Tax and welfare

We continued to inform tax and welfare debates in 2018-19. In particular, we published analysis of the effects of changes to Universal Credit following the Autumn 2018 Budget. We continued to communicate the case for improved scrutiny of tax reliefs and wealth tax reform.

Fiscal events

The Foundation continued to publish reports and hold events around fiscal events. This work covered both changes in the economic backdrop and in government policy, drawing out the impact on household living standards. Following the Autumn 2018 Budget, Spring Statement 2019 and 2019 Spending Round, our focus was on the extent to which the government had been successful in delivering the promised end to austerity, and explaining the impact of economic and policy changes on family finances.

THE RESOLUTION FOUNDATION

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 30TH SEPTEMBER 2019**

Intergenerational Centre

In 2018-19 we launched 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 published a series of novel analyses covering: medium-term outcomes for younger workers stuck in low pay, poverty across generations and over the life course, the impact of housing costs on labour market mobility, and multiple property ownership across cohorts. In addition, we produced new analysis of intergenerational differences in living standards across the regions and nations of the UK.

Macroeconomic Policy Unit

In September 2019 the Foundation launched its new Macroeconomic Policy Unit (MPU), set up with the aim of improving the living standards of those on low-to-middle incomes by contributing to a broader and better-informed macroeconomic policy debate. In the run up to the launch event, we published a series of papers documenting the impact of recessions on living standards and the role of policy. Collectively, these papers set out the links between many of the Foundation's core areas of interest and macroeconomic developments.

Building on this work, the launch paper focused on the preparedness of the UK's policy framework for the next recession. The launch itself was a high-profile event, held at the Bloomberg headquarters, attracting an audience of macroeconomic policy experts.

Financial review

Financial position

The Financial statements show incoming resources for the year of £1,871,125 with resources expended in the year of £1,756,236.

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.

In August 2019, the Trustees of the Resolution Trust agreed minimum funding for the Foundation of £2,100,000 for 2019/2020, £2,100,000 for 2020/2021, and £2,100,000 for 2021/2022

At 30 September 2019, the Charity had free reserves totalling £557,644. In addition funds held for restricted purposes amounted to £64,653.

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.

STRATEGIC REPORT

Future plans

The charity's key objectives for 2019/20 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, intergenerational fairness and macroeconomic policy; 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 and Living Standards Outlook annual reports. The Living Standards Outlook 2020 will be the third in the series, setting out what current economic forecasts and existing policies imply for families across the income distribution. We will continue to engage with the Office for National Statistics and others to further improve the quality and depth of the UK's income data. Finally, we will add to the understanding of how incomes and inequalities developed over the 2000s and 2010s, including a specific focus on how fast very high incomes have grown when capital gains are accounted for.

Job, skills and pay

Building on research into agency workers in 2018, in 2019-20 we will begin a major programme of work on labour market enforcement. The first year of this programme will include a review of the scale of labour market non-compliance, and a detailed study of how the minimum wage is enforced and the incentives this presents to non-compliant employers. We will also publish two reports exploring changes in working hours and broader time use, including policy recommendations.

Our Low Pay Britain report this year will again discuss the minimum wage, but with a focus on employer responses to recent uplifts. We will also again calculate the Living Wage rates for the Living Wage Foundation, including reviewing the underpinning concepts and methodology.

Housing, wealth and debt

In 2019-20 we will continue to animate the national debate on housing and wealth by examining these issues through intergenerational and low-to-middle income lenses. We will launch a quarterly Housing Outlook to regularly showcase our work on housing market trends and policy; refresh our core work on living standards and housing; and produce new analysis of the role of housing in driving up inequalities in living standards.

We will begin a major programme of work on wealth including our first annual Wealth Audit, and will return to the topic of household debt. Finally, we plan to develop our capacity to analyse housing-related public expenditures and engage in policy debates around social housing.

Tax and welfare

In 2019-20 we plan to publish major reviews of tax, social security and the overall size of the state to set the context for the anticipated election and the parliament to follow. We will also publish new analysis of the impact of welfare reform on young adults, and of the introduction and impact of Universal Credit with a focus on Liverpool City Region in particular.

We will conduct further analysis of the impact of Universal Credit, including its impact on work incentives and working hours. We will assess the government's proposals on tax reform against our recommendations, and look at what the current and future challenges will be for the tax and welfare system as a whole.

STRATEGIC REPORT

Fiscal events

The Foundation will continue to publish reports ahead of, and in response to, all major fiscal events. We will publish a series of reports in the run up to the 2020 Spring Budget. These will include an assessment of the government's fiscal headroom and its tax and spending options over the parliament, in the context of the ambition to end austerity and level up regional economic performance. Given the government's stated intention to increase public-sector investment, we will also undertake additional analysis on how such policy can be used effectively to boost the overall economy and therefore support living standards.

Intergenerational Centre

In 2019-20, we will again produce an Intergenerational Audit, supported by the Nuffield Foundation. This will be accompanied by four in-depth analytical reports covering topics such as credit availability for home purchase and older-age employment trends across the generations. In addition, we will publish new analysis exploring the rise in young adults who have never worked, and voting patterns by age. We will produce a major report exploring drivers of and responses to inheritances and gift-giving from older generations to younger ones, drawing on new primary research. And we will launch a new events series bringing in high-profile speakers on a range of topics relevant to intergenerational relations.

Macroeconomic Policy Unit

Following the successful launch of the Foundation's Macroeconomic Policy Unit, in 2019-20 we will produce a series of rigorous and innovative papers on key parts of the macroeconomic policy framework. Building on the direction of travel proposed on in the launch paper, this work will focus initially on the fiscal framework. In particular, we will make the case for major changes to the UK's fiscal rules.

Looking ahead, we plan to set out innovative proposals to make fiscal and monetary policy more effective in supporting the economy - and therefore the living standards of those on low and middle incomes - in the event of a future recession. Beyond these major set-piece reports, we also plan to ramp up our involvement in wider debates on macroeconomic policy issues, including via a new quarterly publication, the Macro Policy Outlook.

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 Torsten Bell (Chief Executive) in September 2015 who has day to day responsibility for all operational matters. The Right Hon. Lord David Willets (President of the Advisory Council and Intergenerational Centre) was appointed in June 2015 and Gavin Kelly (Chief Executive 2010-2015) re-joined the executive team as Chair in April 2019.

Induction and training of new trustees

Trustees are given an in-depth introduction to the organisation and the role of Trustees through a formal induction process and meetings with the Chair of Trustees and the Chief Executive.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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 Chair, the President of the Advisory Council and Intergenerational Centre, the Chief Executive, the Deputy Chief Executive, the Director of Communications and the Director of Resources. The remuneration of the Chair, the President of the Advisory Council and Intergenerational Centre, and the Chief Executive 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 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 Chief Executive 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 operational rigour, attachment to purpose and independence are maintained.

The most significant external risk identified during the year was related to the ongoing political, economic and public policy focus on the UK's exit from the EU. This could lead to a potential reduction in impact and ability to achieve the Foundation's charitable objectives. This was successfully mitigated by the development and implementation of a research and communications strategy to maintain the Foundation's relevance, and retain emphasis on the living standards of low to middle income households.

The most significant organisational risk identified by trustees was the challenge posed by ongoing expansion which necessitated internal management changes and the expansion of the office environment from one to two floors. This was successfully mitigated by the implementation of additional internal processes and the continued oversight by Trustees of the senior management team.

The most significant external risk currently faced by the Foundation post year end is the risk of the Coronavirus Outbreak impacting the health of the staff team and the Foundation's ability to fulfil its charitable objectives. The pandemic will require major changes to the organisation's priorities and ways of working. The external focus on coronavirus may lead to a loss of focus on some aspects of the Foundation's workplan, and potentially impact future funding. Core funding from the Resolution Trust remains secure however, allowing our workplan to be adapted to include consideration of the needs of low to middle income households during the crisis. Government guidance is monitored and followed, and management and ICT remote working plans are in place including prioritisation of employee health and wellbeing. The cancellation of our public events and stakeholder meeting schedule can be mitigated by technological innovations to ensure we continue to fulfil our educational charitable purpose.

THE RESOLUTION FOUNDATION

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30TH SEPTEMBER 2019

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 Chairman

G J Kelly (resigned 3/5/2019)

G W Morton (resigned 1/5/2019)

P T Stevens Treasurer

V Alakeson

A Turner

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

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30TH SEPTEMBER 2019**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30TH SEPTEMBER 2019**

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 24 March 2020 and signed on the board's behalf by:

C A Cowdery – Chair of Trustees

**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 30th September 2019 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 2019 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.

Opinions 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.

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.

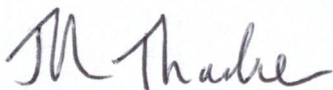
Our responsibilities for the audit of the financial statements

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. 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: 26 April 2020

THE RESOLUTION FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 30TH SEPTEMBER 2019

	Notes	Unrestricted fund £	Restricted funds £	2019 Total funds £	2018 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	1,645,500	162,148	1,807,648	1,558,950
Investment income	3	2,274	-	2,274	902
Other income	4	<u>61,203</u>	<u>-</u>	<u>61,203</u>	<u>71,776</u>
Total		1,708,977	162,148	1,871,125	1,631,628
EXPENDITURE ON					
Charitable activities	5				
Research and Education		<u>1,653,981</u>	<u>102,255</u>	<u>1,756,236</u>	<u>1,509,954</u>
NET INCOME		54,996	59,893	114,889	121,674
Transfers between funds	15	<u>62,293</u>	<u>(62,293)</u>	<u>-</u>	<u>-</u>
Net movement in funds		117,289	(2,400)	114,889	121,674
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>440,355</u>	<u>67,053</u>	<u>507,408</u>	<u>385,734</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>557,644</u></u>	<u><u>64,653</u></u>	<u><u>622,297</u></u>	<u><u>507,408</u></u>

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

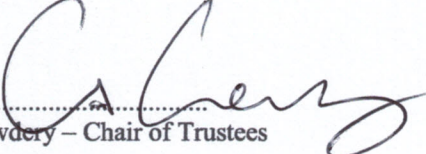
The notes form part of these financial statements

BALANCE SHEET
30TH SEPTEMBER 2019

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 30TH SEPTEMBER 2019

	2019 Total funds	2018 Total funds	Unrestricted fund Notes £	Restricted funds £	2019 Total funds £	2018 Total funds £
CURRENT ASSETS						
Debtors			12	328,616	328,616	177,957
Cash at bank	848,708	841,501		307,028	64,654	384,623
				635,644	64,654	562,580
CREDITORS						
Amounts falling due within one year			138,807	(78,001)	(78,001)	(55,172)
NET CURRENT ASSETS				<u>557,643</u>	<u>64,654</u>	<u>507,408</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				<u>557,643</u>	<u>64,654</u>	<u>507,408</u>
NET ASSETS				<u>557,643</u>	<u>64,654</u>	<u>507,408</u>
FUNDS						
Unrestricted funds			15		557,643	440,355
Restricted funds					64,654	67,053
TOTAL FUNDS					<u>622,297</u>	<u>507,408</u>

The financial statements were approved by the Board of Trustees on 24 March 2020 and were signed on its behalf by:


C A Cowdery – Chair of Trustees

THE RESOLUTION FOUNDATION

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH SEPTEMBER 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	<u>(15,215)</u>	<u>105,885</u>
Net cash (used in)/provided by operating activities		<u>(15,215)</u>	<u>105,885</u>
Cash flows from investing activities			
Interest received		<u>2,274</u>	<u>902</u>
Net cash provided by investing activities		<u>2,274</u>	<u>902</u>
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		(12,941)	106,787
Cash and cash equivalents at the beginning of the reporting period		<u>384,623</u>	<u>277,836</u>
Cash and cash equivalents at the end of the reporting period		<u>371,682</u>	<u>384,623</u>

The notes form part of these financial statements

THE RESOLUTION FOUNDATION

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH SEPTEMBER 2019

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019	2018
	£	£
Net income for the reporting period (as per the Statement of Financial Activities)	114,889	121,674
Adjustments for:		
Interest received	(2,274)	(902)
(Increase)/decrease in debtors	(150,659)	6,085
Increase/(decrease) in creditors	<u>22,829</u>	<u>(20,972)</u>
Net cash (used in)/provided by operations	<u>(15,215)</u>	<u>105,885</u>

The notes form part of these financial statements

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 charity's ability to continue as a going concern.

Income

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

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

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

Tangible fixed assets

Tangible fixed assets with a cost of more than £5,000 are capitalised at cost. Depreciation is provided to write off the cost of office computers and equipment on a straight line basis over their estimated lives of 5 years.

Taxation

The Charity is 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.

THE RESOLUTION FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH SEPTEMBER 2019

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.

2. DONATIONS AND LEGACIES

	2019	2018
	£	£
Grants	<u>1,807,648</u>	<u>1,558,950</u>

Resolution Trust are committed to fund the Foundation for at least a further 3 years having awarded grants totalling £6,300,000 with effect from 1 October 2019.

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

	2019	2018
	£	£
Resolution Trust	1,635,000	1,550,000
Other Grants	500	950
Unbound Philanthropy	70,000	-
Clarion Housing Group	8,420	-
Liverpool City Region Combined Authority	14,888	-
Nuffield Foundation	48,840	-
Trust for London	20,000	8,000
Lloyds Bank PLC	<u>10,000</u>	-
	<u>1,807,648</u>	<u>1,558,950</u>

3. INVESTMENT INCOME

	2019	2018
	£	£
Bank Interest	<u>2,274</u>	<u>902</u>

4. OTHER INCOME

	2019	2018
	£	£
Administration charges	4,944	47,104
Miscellaneous income	<u>56,259</u>	<u>24,672</u>
	<u>61,203</u>	<u>71,776</u>

THE RESOLUTION FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH SEPTEMBER 2019****4. OTHER INCOME - continued**

Miscellaneous income in 2018 consists of secondment costs and income generated for the development of RF's Childcare Microsimulation model, and in 2019 consists of small projects including:

	2019 £	2018 £
Citizens UK	7,500	-
The Health Foundation	8,650	-
Greater Manchester Combined Authority	7,850	-
Low Pay Commission	5,580	-
Scotland Poverty and Inequality Commission	<u>23,550</u>	<u>-</u>
	<u>53,130</u>	<u>-</u>

5. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 6) £	Totals £
Research and Education	<u>1,700,346</u>	<u>55,890</u>	<u>1,756,236</u>

6. SUPPORT COSTS

	Management £	Governance costs £	Totals £
Research and Education	<u>49,677</u>	<u>6,213</u>	<u>55,890</u>

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

	2019 Research and Education £	2018 Research and Education £
Other operating leases	6,346	4,434
IT support and supplies	25,329	14,398
Insurance	3,253	2,479
Postage and stationery	1,928	1,881
Memberships and subscriptions	2,718	2,701
Photocopier charges	2,586	2,669
Payroll and finance support	4,761	2,694
Travel	2,756	1,995
Auditors' remuneration	5,820	5,760
Sundries	<u>393</u>	<u>422</u>
	<u>55,890</u>	<u>39,433</u>

THE RESOLUTION FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH SEPTEMBER 2019

7. NET INCOME/(EXPENDITURE)

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

	2019	2018
	£	£
Auditors' remuneration	5,820	5,760
Other operating leases	<u>6,346</u>	<u>4,434</u>

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 30th September 2019 nor for the year ended 30th September 2018.

Trustees' expenses

There were no trustees' expenses paid for the year ended 30th September 2019 nor for the year ended 30th September 2018.

9. STAFF COSTS

	2019	2018
	£	£
Wages and salaries	1,122,625	932,052
Social security costs	130,646	110,924
Other pension costs	<u>78,404</u>	<u>65,311</u>
	<u>1,331,675</u>	<u>1,108,287</u>

Key management personnel

The total employee benefits paid to key management personnel during the year amounted to £623,492 (2018: £511,502).

Average Number of employees

The average number of employees on a full time equivalent basis was 20 (2018: 17).

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

	2019	2018
Total	<u>22</u>	<u>18</u>

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

	2019	2018
£60,001 - £70,000	1	1
£70,001 - £80,000	2	1
£90,001 - £100,000	2	1
£110,001 - £120,000	-	1
£120,001 - £130,000	1	1
£130,001 - £140,000	<u>1</u>	<u>-</u>
	<u>7</u>	<u>5</u>

THE RESOLUTION FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH SEPTEMBER 2019

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	1,550,950	8,000	1,558,950
Investment income	902	-	902
Other income	<u>71,776</u>	<u>-</u>	<u>71,776</u>
Total	1,623,628	8,000	1,631,628
 EXPENDITURE ON			
Charitable activities			
Research and Education	1,461,299	48,655	1,509,954
NET INCOME/(EXPENDITURE)	162,329	(40,655)	121,674
 RECONCILIATION OF FUNDS			
Total funds brought forward	278,026	107,708	385,734
TOTAL FUNDS CARRIED FORWARD	<u>440,355</u>	<u>67,053</u>	<u>507,408</u>

11. TANGIBLE FIXED ASSETS

	Computer equipment £
COST	
At 1st October 2018	16,047
Disposals	<u>(16,047)</u>
At 30th September 2019	<u>-</u>
 DEPRECIATION	
At 1st October 2018	16,047
Eliminated on disposal	<u>(16,047)</u>
At 30th September 2019	<u>-</u>
NET BOOK VALUE	
At 30th September 2019	<u><u>-</u></u>
At 30th September 2018	<u><u>-</u></u>

THE RESOLUTION FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH SEPTEMBER 2019****12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019	2018
	£	£
Trade debtors	36,474	13,420
Other debtors	150,000	157,847
Prepayments and accrued income	<u>142,142</u>	<u>6,690</u>
	<u>328,616</u>	<u>177,957</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade creditors	12,142	7,764
Social security and other taxes	46,761	35,028
Accrued expenses	<u>19,098</u>	<u>12,380</u>
	<u>78,001</u>	<u>55,172</u>

14. LEASING AGREEMENTS

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

	2019	2018
	£	£
Within one year	123,199	162,339
Between one and five years	<u>17,892</u>	<u>128,023</u>
	<u>141,091</u>	<u>290,362</u>

Leasing commitments comprise leases for two office based photocopiers and the rent and service charge for office space at Queens Anne's Gate

15. MOVEMENT IN FUNDS

	At 1/10/18 £	Net movement in funds £	Transfers between funds £	At 30/9/19 £
Unrestricted funds				
General fund	440,355	54,995	62,293	557,643
Restricted funds				
INET/Oxford - Employment, Equity and Growth Programme	62,293	-	(62,293)	-
Unbound Philanthropy - Agency Workers	4,760	(4,760)	-	-
Trust for London - Working Hours and Time Use	-	10,022	-	10,022
Unbound Philanthropy - Precarious Workers	-	53,102	-	53,102
Clarion Housing Group - Work and Poverty Transitions for Social Renters	-	1,530	-	1,530
	<u>67,053</u>	<u>59,894</u>	<u>(62,293)</u>	<u>64,654</u>
TOTAL FUNDS	<u>507,408</u>	<u>114,889</u>	<u>-</u>	<u>622,297</u>

THE RESOLUTION FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH SEPTEMBER 2019****15. MOVEMENT IN FUNDS - continued**

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,708,977	(1,653,982)	54,995
Restricted funds			
Unbound Philanthropy - Agency Workers	-	(4,760)	(4,760)
Trust for London - Working Hours and Time Use	20,000	(9,978)	10,022
Unbound Philanthropy - Precarious Workers	70,000	(16,898)	53,102
Clarion Housing Group - Work and Poverty Transitions for Social Renters	8,420	(6,890)	1,530
Liverpool City Region Combined Authority - Universal Credit	14,888	(14,888)	-
Nuffield Foundation - Intergenerational Audit	<u>48,840</u>	<u>(48,840)</u>	<u>-</u>
	<u>162,148</u>	<u>(102,254)</u>	<u>59,894</u>
TOTAL FUNDS	<u><u>1,871,125</u></u>	<u><u>(1,756,236)</u></u>	<u><u>114,889</u></u>

Comparatives for movement in funds

	At 1/10/17 £	Net movement in funds £	At 30/9/18 £
Unrestricted funds			
General fund	278,026	162,329	440,355
Restricted funds			
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 – Living Standards in London	<u>8,100</u>	<u>(8,100)</u>	<u>-</u>
	<u>107,708</u>	<u>(40,655)</u>	<u>67,053</u>
TOTAL FUNDS	<u><u>385,734</u></u>	<u><u>121,674</u></u>	<u><u>507,408</u></u>

15. MOVEMENT IN FUNDS - continued

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

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

Clarion Housing Group - In-work Poverty and Social Renters

The grant is provided to carry out research into work and poverty transitions, with a particular focus on social renters. The grant allows us to add to our understanding in two novel ways: first by exploring the intersection between in-work poverty and tenure, and second by analysing the dynamics in-work poverty using longitudinal data. In addition, we will enrich our understanding still further via a survey of social renters and three focus groups.

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 low to middle income group over the past few decades and what policy and institutional changes might lead to a better, fairer model of growth.

The balance of a donation from the Resolution Trust, restricted to cover the management and support costs associated with the Employment, Equity, and Growth Programme, a collaboration between Resolution Trust, Resolution Foundation and the Institute for New Economic Thinking at the Oxford Martin School, University of Oxford, was de-restricted by the Trustees of the Resolution Trust during the year as the collaboration is now complete

Trust for London - Living Standards in London

Trust for London provided a grant to support an analysis of living standards in London. This demonstrated that London's post-2008 crisis recovery has been remarkably similar to that of the rest of the country, in good and bad terms, but that London stands out in the scale of looming problems for its living standards: demographic change, high living costs and inequality.

Trust for London - Working Hours and Time Use

This grant funds a research project which focuses on working hours and time use in London and the UK. Across two publications, the research aims to build a comprehensive picture of time use at work and leisure in the UK; establish how and why this picture has changed over time; explore levels of satisfaction with working patterns; and consider how policy makers should best engage with the question of time use in the future.

15. MOVEMENT IN FUNDS - continued

Unbound Philanthropy - Agency Workers

Unbound Philanthropy provided a grant to build a body of evidence on temporary agency workers in the UK in order to identify an appropriate policy response. Through the course of the project we developed a new measure for agency workers; explored the pay penalty; and used our analysis to substantial effect to animate ongoing debates about good work.

Unbound Philanthropy – Precarious Workers

This research programme explores labour market enforcement in the UK - especially for those at the bottom end of the labour market - and aims to put labour market enforcement more firmly on the policy agenda. The programme launched with a review of secondary data to establish the nature and scale of labour market violations, and then proceeded to explore two specific areas (minimum wage non-compliance and auto-enrolment) in some depth.

Liverpool City Region Combined Authority - Universal Credit

This grant supported a comprehensive assessment of Universal Credit's implications both across the UK and at the Liverpool City Region level. It drew on administrative data, microsimulation modelling, case-study modelling, and in-depth qualitative interviews with Universal Credit recipients to assess the benefit's roll-out to date and its long-run impact on welfare generosity and work incentives.

Nuffield Foundation - Intergenerational Audit

This grant focuses on advancing and updating analysis of the living standards of different generations in a range of areas, including novel research on multiple property ownership, the impact of housing costs on labour market mobility, and on the long-term scarring effects of starting out in low-paid and insecure work. The project assesses policy developments from an intergenerational perspective and aims to make analytical and policy assessment tools and findings related to generational outcomes available to the wider research and policy community.

16. EMPLOYEE BENEFIT OBLIGATIONS

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 £78,404 (2018: £65,311). At the year end £nil was due to the Trust (2018: £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. In December 2019, the Foundation signed a five year lease with Resolution Service Management Ltd which cancelled the November 2015 lease in favour of co-terminus leases for their existing premises and an additional floor within the same building. The decision was taken by the independent trustees after considering market value and the benefits to the Foundation given the facilities and location.

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.