

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

Resolution Foundation

**The Resolution Foundation
Report of the Trustees and
Financial Statements for the Year Ended 30 September 2014**

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The Resolution Foundation

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for the Year Ended 30 September 2014**

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The Resolution Foundation

Report of the Trustees for the Year Ended 30 September 2014

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 30 September 2014. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
05588883 (England and Wales)

Registered Charity number
01114839

Registered office
The Resolution Foundation
2 Queen Anne's Gate
London
SW1H 9AA

Principal address
The Resolution Foundation
23 Sackville Street
London
W1S 3AX

Trustees

C A Cowdery (Chairman)

Ms C J Alexandrou

G W Morton

P T Stevens (Treasurer)

Mrs S Regan

P Butler

- appointed 24.11.14

Company Secretary

G Kelly

Auditors

Knox Cropper

8/9 Well Court

London

EC4M 9DN

Solicitors

Bates, Wells and Braithwaite

10 Queen Street Place

London

EC4R 1BE

Bankers

NatWest Bank Plc

St Paul's Branch

Juxon House

98 St Paul's Churchyard

London

EC4M 8BU

United Trust Bank Limited

80 Haymarket

London

EC4M 6YH

The Resolution Foundation

Report of the Trustees for the Year Ended 30 September 2014

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.

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 Chief Executive.

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 have appointed a Chief Executive, Gavin Kelly, who has day to day responsibility for all operational matters.

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. No conflicts of interest were registered during the year. All Trustees give of their time freely and no Trustee remuneration was paid during the year. Travel expenses were paid on one occasion to S Regan whose appointment to the Board ensures the Foundation will continue to benefit from her substantial expertise. The Trustees who acted during the year are those listed on page 1.

Risk management

The Trustees acknowledge their responsibility for establishing a risk management system and are satisfied that appropriate systems and procedures have been established to identify and manage the major risks faced by the Charity.

The Trustees consider that the Charity does not currently face any major risks.

OBJECTIVES AND ACTIVITIES

Public benefit

The Trustees confirm they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission and guidance relating to public benefit and the advancement of education specifically. The Trustees ensure that all work undertaken is in line with the Foundation's charitable objects and aims.

OBJECTIVES AND ACTIVITIES

Mission Statement

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

The objects of the charity (as set out in the Memorandum and Articles of Association) are "to promote research and the education of the public into the effect of economic, social and financial factors on the living standards of people benefiting from an income at or below the national average".

Our public benefit goal is to improve outcomes for people on low and modest incomes - in particular the 10 million adults in low to middle income households (LMIs), living on below median income but broadly independent of state support.

We do this by undertaking original research and economic analysis to understand the challenges facing LMIs today. We develop practical and effective policy proposals to tackle the issues we identify, and we engage with policy makers and other key stakeholders to influence decision making and bring about change.

Our Focus

We define the low to middle income group by focusing on those members of the working age population in income deciles 2-5 who receive less than one fifth of their gross households income from means tested benefits. We 'equivalise' household income prior to establishing the decile distribution, in order to account for the different living standards associated with varying household compositions. As such, couples with no children fall into deciles 2-5 if their gross household income (from all sources) is between £13,000 - £30,000 a year, while couples with two children qualify if their income is in the range £18,000 - £42,500 and those living alone need an income between £9,000 and £20,000.

By these definitions, there are six million low to middle income households in the UK and 10 million low to middle income adults. They are not the poorest in society, but they are struggling to get by. Low to middle income households have become more exposed as a result of the recession and the contraction of the consumer credit and mortgage markets, alongside recent rises in the cost of living.

We believe that low to middle income households have been overlooked in debates about equality and economic opportunity. Our analysis shows how low to middle income households are squeezed in the mixed economy, too poor to thrive in private markets and yet too rich to receive substantial state support.

Our Approach

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

Our Funding

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

ACHIEVEMENT AND PERFORMANCE

The charity's key objectives for 2013/14 were:

- To act as authoritative commentators on the shape of the economic recovery in the UK and the extent to which the recovery is likely to be fairly shared and benefit low to middle income households.
- To continue to develop links with relevant organisations internationally, especially in the United States, and to develop a significant joint project that adds a comparative dimension to the Foundation's work.
- To develop a set of policy proposals in the interests of low to middle income households that can influence the manifestos of all major political parties in the run up to the 2015 election and builds on the Foundation's core strengths on issues relating to wages, childcare, housing, insecure employment and household debt.
- To develop innovative new work that addresses the longer term challenges and identifies strategies for shifting away from a low pay, low productivity economy.

Activities included:

The shape of the recovery and fiscal choices

- We published our regular authoritative review of living standards in the UK, setting out the position of those on low to middle incomes and the extent to which the consequences of the economic downturn and the early stages of recovery were shared across society.
- We worked with NIESR to produce leading-edge analysis of the extent to which the pre-crisis trend of polarisation of the labour market held in the early part of the economic recovery, comparing outcomes in the UK and the US.
- We developed a new 'all worker' index of pay that adjusts official ONS average weekly earnings data for the growing number of self-employed workers in the UK economy. We showed that the exclusion of the self-employed from the official figures is likely to have understated the depth of the fall in pay in recent years. We brought the ONS, Bank of England, HMRC, BIS, UKSA and others together to discuss how we might take the measure forward.
- We hosted a series of events at which politicians from across the major parties discussed their approach towards learning the lessons from the downturn and building a genuinely shared recovery.
- We continued to publish work around fiscal statements, reflecting on the nature of the economic recovery and the role being played by consumption, investment and debt.

Tackling low pay and progression

- We published analysis describing the growth of zero hours contracts during the recovery along with recommendations for how best to balance protection and flexibility, drawing on an expert advisory group and a mix of quantitative and qualitative approaches.
- We presented analysis of the growth in self-employment that appeared to drive the pick-up in employment in 2013 and 2014. Using primary and secondary research, we built understanding of the extent to which the growth of self-employment reflected a new wave of entrepreneurialism or simply a stop-gap for those unable to find paid employment.
- We ran a major review of the National Minimum Wage, headed by Sir George Bain, which made a number of high profile recommendations designed to ensure that the NMW and the Low Pay Commission can make a more fundamental contribution to tackling low pay.
- We provided some clarity around party conference political posturing about the potential trajectory for the minimum wage in the next parliament. We set out a number of scenarios and explained how much of a departure each one would be from current trends.
- We developed a major piece of analytical work that assessed the extent to which employees progress out of low pay over the course of a decade and the factors that are linked to pay progression.

The Resolution Foundation

Report of the Trustees for the Year Ended 30 September 2014

ACHIEVEMENT AND PERFORMANCE

Housing and the cost of living

- We published a number of papers and hosted a major event building on our existing work on the private rented sector. We developed and showcased the financial model we built with Social Finance to determine whether build-to-rent targeted at low to middle income households can produce viable investor returns. Working in partnership with the Chartered Institute of Housing we presented a range of recommendations designed to improve standards in the sector.
- We did more work on housing affordability, considering which types of households spend the largest share of their income on housing costs and reviewing the role that expansion of newly built shared ownership might play in improving affordability for low and middle income households.

Protecting and boosting family incomes

- We published a number of analyses and papers refuting the received wisdom that the government's repeated increase in the income tax personal allowance was a tax cut for low earners. We showed instead that the majority of the gains went to households in the top half of the income distribution.
- We launched a major review of Universal Credit, publishing an initial scoping paper setting out our terms of reference and the issues we wanted to tackle over the course of the project. We established an expert panel to lead the review, comprising leading thinkers on welfare reform from academia, policy communities and the media.
- Working with other childcare groups, we responded to the government's consultation on its proposed tax free childcare scheme. Our statistical analysis was central to securing reform of the initial proposal in order to provide a greater benefit for low and middle income households.
- Working with Mumsnet, we looked at barriers to maternal employment, setting the UK's performance in an international context and using primary research to understand the extent to which stay at home mothers want to work. We continued to build links with academics and other childcare experts by commissioning and publishing a report from the LSE and Institute of Education that considered how to get better value for the £5.5bn already being invested in childcare in the UK, drawing on international best practice.

Dealing with debt

- We published a series of analytical papers showing the extent of exposure to future interest rate rises among Britain's borrowers, considering the potential fall-out associated with different scenarios for rate rises and income growth.
- We built new connections with debt and monetary experts over the course of the year, significantly improving our relationship with the Bank of England and helping to influence their research agenda. We commented regularly on the prospect of interest rate rises.
- We published a final report on the topic which included ten recommendations on how to address the stock of debt that households accumulated before the recession during the window of opportunity afforded by the current ultra-low interest rate environment.
- We continued to build our links in the US by hosting the UK launch of House of Debt - one of the most influential economic books on the past year.

Impact of 2013/14 work:

- The work that the Foundation produced in 2013/14 continued to make a substantial contribution to ensuring the issue of living standards remains firmly at the centre of public policy discussion across the political spectrum.
- The Foundation continues to produce detailed economic and policy analysis on specific areas such as low pay, employment, childcare, housing and household debt, all crucial issues for low to middle income households.
- The Foundation ensures that policy debate and wider public discussion focuses on the interests of the low to middle income group, which in turn helps ensure that policymakers respond to the need of the group when developing responses to today's economic and social policy problems.

FINANCIAL REVIEW

Financial Review and Reserves Policy

The Financial statements show incoming resources for the year of £1,135,828 with resources expended in the year of £958,867.

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

The Resolution Foundation

**Report of the Trustees
for the Year Ended 30 September 2014**

FINANCIAL REVIEW

Additionally, the Foundation receives a substantial donation in kind as it does not pay rent for office space. This donated service has been recognised as an incoming resource and a corresponding expenditure item in the Statement of Financial Activities.

In September 2012, the Trustees of the Resolution Trust met and agreed funding for the Foundation of £860,000 for 2012/2013, £1,000,000 for 2013/2014, £1,000,000 for 2014/2015 and £1,000,000 for 2015/2016. 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.

At 30 September 2014, the Charity had free reserves totalling £554,483, of which £5,147 were represented by fixed assets. In addition funds held for restricted purposes amounted to £51,952.

FUTURE DEVELOPMENTS

2014/2015 Objectives

The charity's key objectives for 2014/2015 are:

- To inform the 2015 general election by acting as an authoritative voice on the condition of living standards in the UK and the extent to which the developing economic recovery is likely to be fairly shared.
- To take advantage of the start of a new parliamentary cycle to continue to broaden its scope by exploring new areas of research and developing and deepening links with relevant organisations internationally.
- To develop innovative new work that addresses the longer-term challenges and identifies strategies for shifting away from a low pay, low productivity economy.

Activities will include:

Wages and income

- We will update our annual review of the prevalence of low pay in Britain and undertake major new analysis for the SMCP to look at those personal and professional characteristics that are positively and negatively associated with escaping low pay over the course of a decade.
- We will continue to build on our minimum wage review by considering the lessons the UK might learn from city-specific approaches to raising the wage floor in the US. We will bring Arindrajit Dube to London to reflect on his ground-breaking and influential research on the economic impact of higher minimum wages.
- Building on our work on an 'all worker' index of pay, we'll develop an alternative to the ONS's household income measure that better captures the reality of changes in living standards.
- We will develop a bottom-up set of income scenarios for the next parliament, based on differing assumptions about jobs growth, pay growth and the welfare budget.

Work and security

- In light of continued sluggish pay growth, we will take the lead on digging beneath the headline data. We will conduct a decomposition analysis to determine the extent to which average pay has been dragged down by the changing mix of jobs and workers in the UK labour market, and assess prospects for the coming years.
- We will launch and develop a major new project to consider whether the shape of the UK labour market has changed in recent years and what the prospects are for the future. Over the course of the year, we expect to produce outputs on the new level of full employment and the policy reforms required to secure it, polarisation, the growth of irregular work, employment dynamics within households, productivity and wage inequality. We will work closely on all of this with our new associate, Professor Paul Gregg.

Welfare and tax reform

- We will review the tax pledges of each of the main political parties and will consider the distributional benefits associated instead with a package involving reform of National Insurance and work allowances under Universal Credit.
- We will conclude our expert panel review of Universal Credit. Our final report will set out a range of recommendations for best meeting the aims of the reform given current fiscal constraints as it is rolled out across the next parliament, along with a more ambitious package for the medium term.

Debt, savings and assets

- We will move beyond our previous work on the legacy of debts built up in the pre-crisis years to consider the extent to which low to middle income households face being shut out of affordable credit markets in a post-credit crunch world.
- We intend to develop a new focus on savings and pensions among the low to middle income group. We will consider the impact of auto-enrolment and opportunities to further improve outcomes for members of the group.

Childcare and families

- We will investigate pay in the social care sector, determining the extent of underpayment of the minimum wage and the public investment required to support an increase in pay towards the Living Wage.
- We will continue to develop work looking at the future of support for families with children, including assessing the roll-out of the new tax free childcare system. We will consider how the system might be extended to provide additional coverage for Universal Credit recipients, and how such demand-side payments might interact with further expansion of supply-side approaches.

Housing

- Having previously shown that low to middle income households face significant affordability pressures in relation to housing, we will publish an analysis of the coping strategies employed by those who appear to have been priced out of their local market. We will consider what we might learn from these experiences and explore the limits of such approaches.
- Once the next government is established, we will undertake work making the business case for a significant increase in housing investment, taking account of the impact on low to middle income households and on the UK's broader fiscal situation.

Fiscal choices

- As the main political parties start to reveal their fiscal plans for the next parliament, we will develop and regularly update analysis of the differences between their stances and the implications for public services. We will position ourselves as one of the foremost fiscal experts in the UK.
- Post-election, we will publish further work around the emergency budget and Spending Review 2015, looking at the potential outcomes facing different government departments and associated cuts in welfare or increases in taxation.

Shared growth

- Ahead of the election, we will publish a major new collection of essays on how we can boost employment and pay growth in the next parliament across all parts of society, drawing on some of the UK's pre-eminent labour market experts. We will include some international contributions too.
- We will develop longer-term work, drawing on international experience, which looks at the possibility of shifting the UK labour market away from its reliance on low pay. We will consider how the UK economy could adapt to the potential impacts of such a change, drawing out the potential trade-offs in terms of employment and consumer prices.
- We will work closely with Brian Nolan and his team at INET to support the new Employment, Equality and Growth programme of work. We will coordinate our data analysis where relevant and look for opportunities for cross-pollination between the two teams. In addition, we will organise a series of joint events.

TRUSTEES RESPONSIBILITY STATEMENT

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Resolution Foundation

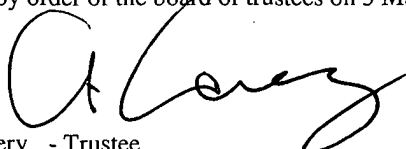
**Report of the Trustees
for the Year Ended 30 September 2014**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by order of the board of trustees on 5 March 2015 and signed on its behalf by:



C A Cowdery - Trustee

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

We have audited the financial statements of The Resolution Foundation for the year ended 30 September 2014 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees Responsibility Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2014 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.



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

5 March 2015

The Resolution Foundation

**Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 30 September 2014**

		Unrestricted fund £	Restricted funds £	Total funds £	2014 Total funds	2013 Total funds
	Notes					
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income	2	1,070,000	59,931	1,129,931		1,134,799
Investment income	3	2,647	-	2,647		3,580
Other incoming resources		<u>3,250</u>	<u>-</u>	<u>3,250</u>		<u>3,912</u>
Total incoming resources		<u>1,075,897</u>	<u>59,931</u>	<u>1,135,828</u>		<u>1,142,291</u>
RESOURCES EXPENDED						
Charitable activities						
Research and Education	4	891,216	61,107	952,323		1,008,841
Governance costs	6	<u>6,544</u>	<u>-</u>	<u>6,544</u>		<u>6,586</u>
Total resources expended		<u>897,760</u>	<u>61,107</u>	<u>958,867</u>		<u>1,015,427</u>
NET INCOME/(EXPENDITURE) FOR THE YEAR		<u>178,137</u>	<u>(1,176)</u>	<u>176,961</u>		<u>126,864</u>
RECONCILIATION OF FUNDS						
Total funds brought forward		<u>376,346</u>	<u>53,128</u>	<u>429,474</u>		<u>302,610</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>554,483</u></u>	<u><u>51,952</u></u>	<u><u>606,435</u></u>		<u><u>429,474</u></u>

The notes form part of these financial statements

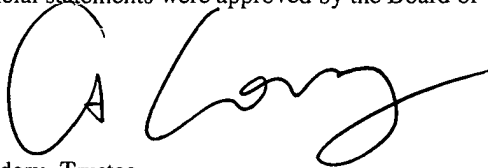
The Resolution Foundation (Registered number: 05588883)

Balance Sheet
At 30 September 2014

	Notes	2014 £	2013 £
FIXED ASSETS			
Tangible assets	10	5,147	7,720
CURRENT ASSETS			
Debtors	11	267,758	22,960
Cash at bank		<u>359,445</u>	<u>459,725</u>
		627,203	482,685
CREDITORS			
Amounts falling due within one year	12	(25,915)	(60,931)
NET CURRENT ASSETS		<u>601,288</u>	<u>421,754</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>606,435</u>	<u>429,474</u>
NET ASSETS		<u>606,435</u>	<u>429,474</u>
FUNDS	15		
Unrestricted funds		554,483	376,346
Restricted funds		<u>51,952</u>	<u>53,128</u>
TOTAL FUNDS		<u>606,435</u>	<u>429,474</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Trustees on 5 March 2015 and were signed on its behalf by:


C A Cowdery -Trustee

The notes form part of these financial statements

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

Exemption from preparing a cash flow statement

Exemption has been taken from preparing a cash flow statement on the grounds that the charitable company qualifies as a small charitable company.

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Donation income is recorded in the financial statements when the donations are received. Tax recoverable on gift aid donations is recorded when the donation is received.

Resources expended

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.

Governance costs are those incurred in connection with the charity's compliance with constitutional and statutory requirements.

Tangible fixed assets with a cost of more than £5,000 are capitalised 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.

Rentals under operating leases are charged on a straight line basis over the lease term to the statement of financial activities, even if the payments are not made on such a basis.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds which have not been designated for other purposes are available for use at the discretion of the trustees in furtherance of the objectives of the charity.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Company status

The charity was incorporated on 11 October 2005 and is limited by the guarantee of its members. The members of the company are the Trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member.

The Resolution Foundation

**Notes to the Financial Statements - continued
for the Year Ended 30 September 2014**

2. VOLUNTARY INCOME

	2014	2013
	£	£
Donations in Kind	70,000	70,000
Grants receivable	<u>1,059,931</u>	<u>1,064,799</u>
	<u>1,129,931</u>	<u>1,134,799</u>

Resolution Trust are committed to fund the Foundation for at least a further two years having awarded grants of £1,000,000 for 2013/2014, £1,000,000 for 2014/2015 and £1,000,000 for 2015/2016.

The Foundation is not charged rent in their current premises. This donated service has been valued at £5,833 per month and a total of £70,000 has been recognised as an incoming resource and a corresponding expenditure item in the Statement of Financial Activities.

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

	2014	2013
	£	£
Resolution Trust	1,000,000	860,000
Barrow Cadbury Trust	15,000	15,000
Unbound Philanthropy	15,000	40,000
Social Mobility and Child Poverty Commission	29,931	-
Other grants	-	39,799
Joseph Roundtree Foundation	-	80,000
Thames Valley Housing	-	<u>30,000</u>
	<u>1,059,931</u>	<u>1,064,799</u>

3. INVESTMENT INCOME

	2014	2013
	£	£
Bank Interest	<u>2,647</u>	<u>3,580</u>

4. CHARITABLE ACTIVITIES COSTS

	Direct costs	Support costs (See note 5)	Totals
	£	£	£
Research and Education	<u>918,335</u>	<u>33,988</u>	<u>952,323</u>

5. SUPPORT COSTS

	Administration
	£
Research and Education	<u>33,988</u>

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

The Resolution Foundation

**Notes to the Financial Statements - continued
for the Year Ended 30 September 2014**

5. SUPPORT COSTS - continued

	2014	2013
	Research and Education	Total activities
	£	£
Operating leases	3,756	3,264
IT support and supplies	13,817	18,744
Insurance	1,522	1,550
Miscellaneous supplies	492	2,671
Telephone	1,336	520
Postage and stationery	1,194	3,481
Membership	468	562
Photocopier charges	1,890	1,588
Payroll and finance support	1,045	3,524
Travel	5,403	7,609
Depreciation of tangible and heritage assets	2,573	3,500
Interest payable and similar charges	492	517
	<u>33,988</u>	<u>47,530</u>

6. GOVERNANCE COSTS

	2014	2013
	£	£
Trustees' expenses	1,131	1,173
Sundry expenses	13	13
Auditors' remuneration	<u>5,400</u>	<u>5,400</u>
	<u>6,544</u>	<u>6,586</u>

7. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	2014	2013
	£	£
Auditors' remuneration	5,400	5,400
Depreciation - owned assets	2,573	3,500
Other operating leases	<u>3,756</u>	<u>3,264</u>

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 30 September 2014 nor for the year ended 30 September 2013.

Trustees' expenses

One trustee was reimbursed travel expenses totalling £1,131 (2013: one trustee reimbursed £1,173).

The Resolution Foundation

**Notes to the Financial Statements - continued
for the Year Ended 30 September 2014**

9. STAFF COSTS

	2014	2013
	£	£
Wages and salaries	600,561	625,944
Social security costs	69,249	73,139
Other pension costs	<u>26,168</u>	<u>9,178</u>
	<u><u>695,978</u></u>	<u><u>708,261</u></u>

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

	2014	2013
Average number of employees	<u>10</u>	<u>11</u>

The number of employees whose emoluments fell within the following bands was:

	2014	2013
£60,001 - £70,000	3	2
£70,001 - £80,000	1	-
£80,001 - £90,000	1	2
£100,001 - £110,000	<u>1</u>	<u>1</u>
	<u><u>6</u></u>	<u><u>5</u></u>

Included within wages and salaries are recruitment, training and other costs of £15,492 (2013: £5,706).

10. TANGIBLE FIXED ASSETS

	Computer equipment £
COST	
At 1 October 2013 and 30 September 2014	<u>16,047</u>
DEPRECIATION	
At 1 October 2013	8,327
Charge for year	<u>2,573</u>
At 30 September 2014	<u>10,900</u>
NET BOOK VALUE	
At 30 September 2014	<u><u>5,147</u></u>
At 30 September 2013	<u><u>7,720</u></u>

The Resolution Foundation

Notes to the Financial Statements - continued
for the Year Ended 30 September 2014

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Other debtors	251,588	-
Prepayments and accrued income	<u>16,170</u>	<u>22,960</u>
	<u>267,758</u>	<u>22,960</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Social security and other taxes	-	21,777
Other creditors	4,439	24,576
Accrued expenses	<u>21,476</u>	<u>14,578</u>
	<u>25,915</u>	<u>60,931</u>

13. OPERATING LEASE COMMITMENTS

At 30 September 2014, the Foundation had annual commitments under non-cancellable operating leases in respect of office equipment as follows:

	2014	2013
	£	£
Expiring:		
Within one year	816	-
Between one and five years	<u>3,864</u>	<u>3,264</u>
	<u>4,680</u>	<u>3,264</u>

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund	Restricted funds	Total funds	2014 Total funds	2013 Total funds
	£	£	£	£	£
Fixed assets	5,147	-	5,147	5,147	7,720
Current assets	575,251	51,952	627,203	627,203	482,685
Current liabilities	<u>(25,915)</u>	-	<u>(25,915)</u>	<u>(25,915)</u>	<u>(60,931)</u>
	<u>554,483</u>	<u>51,952</u>	<u>606,435</u>	<u>606,435</u>	<u>429,474</u>

The Resolution Foundation

Notes to the Financial Statements - continued
for the Year Ended 30 September 2014

15. MOVEMENT IN FUNDS

	At 1.10.13 £	Net movement in funds £	At 30.9.14 £
Unrestricted funds			
General fund	376,346	178,137	554,483
Restricted funds			
Institute of New Economic Thinking project	39,799	-	39,799
National Minimum Wage	13,329	(13,329)	-
Social Care	-	12,153	12,153
	53,128	(1,176)	51,952
TOTAL FUNDS	<u>429,474</u>	<u>176,961</u>	<u>606,435</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,075,897	(897,760)	178,137
Restricted funds			
National Minimum Wage	15,000	(28,329)	(13,329)
Social Care	15,000	(2,847)	12,153
Pay Progression	29,931	(29,931)	-
	59,931	(61,107)	(1,176)
TOTAL FUNDS	<u>1,135,828</u>	<u>(958,867)</u>	<u>176,961</u>

15. MOVEMENT IN FUNDS - continued

Institute of New Economic Thinking (INET) research programme

This is a new 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. It has been funded by an initial donation of \$50,000 plus gift aid recovered.

National Minimum Wage project

This project considers the role the UK's National Minimum Wage and Low Pay Commission could play in its next 15 years in reducing the incidence of low pay. This project is partly funded by the Barrow Cadbury Trust.

Social Care project

This project looks at calculating the costs and benefits of raising pay for frontline care workers. It has been funded by a grant from Unbound Philanthropy.

Pay Progression project

This is a research project into the enablers and barriers to the pay and progression prospects of low paid workers. It has been funded by the Social Mobility and Child Poverty Commission.

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 £26,168 (2013: £9,178). At the year end £nil was due to the Trust (2013: £9,178).

17. RELATED PARTY DISCLOSURES

Resolution Foundation is funded primarily by Resolution Trust. Two trustees of the Foundation are also Trustees of Resolution Trust.

Resolution Trust is committed to continue funding of the Foundation for at least the next two years. Grants have been awarded towards the Foundation's annual costs of £1,000,000 in 2014/2015 and £1,000,000 in 2015/2016. During the current year the Foundation received a grant of £1,000,000 from the Trust (2013: £860,000).

Resolution Trust has no employees of its own and relies on the Foundation to administer its activities. The Foundation charges an administration fee for this service which in the current year amounted to £3,100 (2013: £3,100).

£250,000 was due from the Resolution Trust at the year end (2013: £nil).