

THE SOCIAL MARKET FOUNDATION

England & Wales · Charity number 1000971

Details

Other names	S M F, SMF
Status	Registered
Legal form	Charitable company
Company number	02537035
Registered	1990-11-15
Register	View on the Charity Commission register

Contact

Address	Millbank Tower 21-24 Millbank London SW1P 4QP
Phone	02034889425
Email	enquiries@smf.co.uk
Website	www.smf.co.uk

Activities

Objects: TO ADVANCE THE EDUCATION OF THE PUBLIC IN THE ECONOMIC, SOCIAL AND POLITICAL SCIENCES INCLUDING, BUT WITHOUT PREJUDICE TO THE GENERALITY OF THE FOREGOING, THE STUDY OF THE PERFORMANCE OF MARKETS AND THE SOCIAL FRAMEWORK WITHIN WHICH THEY OPERATE, BOTH IN GREAT BRITAIN AND ABROAD

Activities: Holding events, conducting research and publication of books to promote public discussion on the performance of markets and the social framework in which they operate, with the aim to influence the development of policy to promote the effective operations of markets with due regard to social justice.

Classification

- **How:** Provides Advocacy/advice/information, Sponsors Or Undertakes Research
- **What:** Education/training
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** NATIONAL AND OVERSEAS
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£1,130,653	£1,045,037	£438,475	15
2024-03-31	£951,287	£961,411	£352,859	14
2023-03-31	£1,054,861	£977,559	£362,983	14
2022-03-31	£857,605	£822,459	£285,681	12
2021-03-31	£696,610	£689,339	£250,535	11

Trustees

Name	Role	Appointed
Dr Wendy Ann Thomson	Chair	2021-03-02
Baroness Rosalind Mary Grender		2016-12-14
Caroline Fiona Jessica Escott		2022-02-08
DR Timothy Paul Bale		2017-10-31
Gregory David Clark		2025-03-06
Jessica Redmond-Withey Asato		2025-03-06
Melville Francisco Rodrigues		2018-06-04
Thomas John Ebbutt		2018-04-19

THE SOCIAL MARKET FOUNDATION

England & Wales - Charity number 1000971

Accounts

COMPANY REGISTRATION NUMBER: 02537035
CHARITY REGISTRATION NUMBER: 1000971

**The Social Market Foundation
Company Limited by Guarantee
Financial Statements
31 March 2025**

BURGESS HODGSON AUDIT LIMITED

Chartered accountants & statutory auditor

Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

The Social Market Foundation

Company Limited by Guarantee

Financial Statements

Year ended 31 March 2025

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The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report)

Year ended 31 March 2025

The trustees, who are also the directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31 March 2025.

Reference and administrative details

Registered charity name The Social Market Foundation

Charity registration number 1000971

Company registration number 02537035

Principal office
3rd Floor
5-6 St. Matthew Street
London
SW1P 2JT
England

Registered office
3rd Floor
5-6 St. Matthew Street
London
SW1P 2JT
England

The Trustees

Baroness Rosalind Grender MBE
Caroline Escott
Jessica Redmond-Withey Asato (appointed 6 March 2025)
Melville Rodrigues
Professor Timothy Bale
Professor Wendy Thomson CBE
Rt Hon Dame Margaret Hodge (resigned 12 June 2024)
Rt Hon Gregory Clark (appointed 6 March 2025)
Sir Trevor Phillips OBE (resigned 3 December 2024)
Thomas Ebbutt

Auditor
Burgess Hodgson Audit Limited
Chartered accountants & statutory auditor
Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

Bankers
Royal Bank Of Scotland
28 Cavendish Square
London
W1G 0DB

The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2025

Structure, governance and management

The Board of Trustees, who are also directors of the Company for the purposes of the Companies Act, and trustees for charity law purposes, present their annual report and financial statements for the year ended 31 March 2025.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's governing document, the Companies Act 2006 and "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)" (as amended for accounting periods commencing from 1 January 2016).

Objectives and activities

This has been a period of change for the Social Market Foundation, with a new Director and a new government, but our mission remains consistent: to enable markets and the state to work together for the benefit of society. This is achieved through independent, high-quality public policy research and debate across various social and economic areas. Our work focuses on promoting evidence-based policy and cross-party cooperation and, in line with the purpose of our charitable status, to educate the public and their representatives on how better policies can improve wealth, happiness, and fairness.

The SMF provided detailed analyses of each of the main party's manifestos, as well as the new government's King's Speech, which were widely covered in national media. In addition, our set of essays on Labour's economic plan were widely read. We provided important insight and research across a number of areas.

The Board would like to place on record our thanks to the outgoing Director James Kirkup and Research Director Aveek Bhattacharya.

Research

The SMF has produced research and recommendations across a broad range of public policy areas during 2024/25, and developed programmes of work in depth in the following areas in particular: AI and technology, pensions, education, and energy and net zero.

In our work on **AI and technology**, we published a major report on the energy strategy for AI: 'How to power AI: Boosting computer capacity for UK AI', which was supported by Anthropic, OpenAI and Amazon as part of our AI programme. We also made recommendations on the implementation of AI in the public sector in our report 'In the blink of an AI: Clearing the backlog in UK public services', supported by ServiceNow. We also examined the costs of restrictive software licensing in the cloud sector and the costs to the public sector in a report called 'Clearing the air', supported by CCIA. We also made a series of recommendations for the speeding up of 5G deployment in our report 'Growing connections: The challenges and opportunities of achieving ubiquitous 5G mobile connectivity in the UK', supported by AP Wireless.

In our work on **Energy and net zero**, we developed detailed analysis of the evolving electric vehicle market. With the support of the European Climate Fund, we wrote two reports, one looking at increasing access to electric vehicles among low-income households, and one exploring the potential for business fleets to decarbonize. We also explored clean heat in a publication, supported by the MCS Foundation and provided analysis on the challenges and opportunities in the take-up of heat pumps.

The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2025

Objectives and activities *(continued)*

Following the announcement of a major review of pensions policy, we established a major programme of work as part of our '**Pensions Review Forum**', which brings together a group of experts from industry and academia. Research in this programme has included work on adequacy and decumulation, as well as self-employed pensions, supported by Monzo, and attitudes towards retirement, supported by M&G. We also published detailed research on the pensions 'pot-for-life' proposal, supported by Cushon, and made a series of recommendations on the DB pensions surplus in a report supported by Insight Investment.

Education continues to be another major programme of our work. In our report 'Testing Patience', we provided recommendations on reducing the burden of the English school curriculum. Thanks to Unite Students, we also produced a major piece of research analysing how society and universities can support care experienced and estranged students to succeed. Working with Speakers for Schools, we also developed research on the role of 'assumed knowledge' in education pathways.

Immigration has been another major theme and we have produced regular detailed analysis on the government's policy changes in this area, including in particular on the impact on higher education and also on the importance of joined-up immigration and skills policy in the UK.

Other key areas of work include ongoing work on tackling the harmful effects of gambling, kindly supported by Derek Webb; two reports analysing the challenges around housing supply and the rental market, supported by Nuffield; a new employer benchmark for improving in-work poverty, supported by Trust for London; detailed analysis of the economies of British towns, supported by Visa; skills training for those leaving prison, supported by AIG; analysis of the lost workforce, supported by Tesco; and the rise of online fraud, supported by Santander. We also worked on reform of fireworks legislation, supported by RSPCA, and improvements in farmed animal welfare laws, supported by Animal Equality.

Academic Partnerships

The Charity continued its Impact Partnership with Manchester University's Policy @ Manchester impact hub, bringing the academic expertise of social scientists and others to Westminster in events and publications calibrated to make them accessible to busy policy professionals.

Strategic report

The following sections for achievements and performance and financial review form the strategic report of the charity.

Achievements and performance

At the end of the year, the SMF had expanded from 14 to 17 full-time staff. The Director carried out a review of the SMF communications strategy with a consultant and, following her recommendations, expanded and strengthened the communication team. In addition, as demand for the SMF's work outstripped supply, the Director expanded both the research and events team. Some internal reorganization was also made in order to give more capacity and focus to the operational side of the charity, so that the process of contracting and working with partners became smoother and more effective. The SMF was pleased to end the year in surplus for the first time in recent years and this is in large part due to the hard work and resilience of the SMF team during a period of significant change.

The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2025

Achievements and performance *(continued)*

The SMF punches significantly above its weight when measured by its impact and influence. The Charity is consistently seen by the media and policymakers as a think-tank making an important contribution to economic and social policy and enjoys a broad range of support across political parties. This standing is reflected in the membership of the Board of Trustees and the Policy Advisory Board.

In 2024/25, staff from the Charity held meetings with a wide range of policymakers and stakeholders, including ministers, shadow ministers, MPs, peers and civil servants. SMF research was frequently covered in national media outlets and SMF staff contributed numerous opinion articles to newspapers. The Charity maintained an extensive social media presence, including through the use of live streamed video coverage of public events, and has expanded this year into producing podcasts and short video in order to provide content where the public are consuming it.

The Charity held a wide range of events, in person and online, which debated a diverse range of public policy topics. These events were open to the public and free of charge.

At the autumn party conferences held by the Labour, Conservative and Liberal Democrat Parties, we held 27 events including public panel debates and roundtable discussions. Speakers and participants included frontbenchers from all three parties.

The Charity regularly monitors its impact on policymaking debate, using metrics including media mentions, references in Parliament, evidence given to Parliamentary inquiries and private consultations with officials and politicians. This monitoring shows that the Charity's work and expertise is regarded as having high quality and relevance by our audience of policymakers and policy influencers.

Public benefit

The Trustees confirm that they referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives of the charity and in planning future activities. In particular the trustees consider that the activities carried out, summarised in the Objectives and Activities section of this report, provide benefit to the community.

Use of Volunteers

The Charity does not make any use of volunteers.

Fundraising Approach

The Charity does not raise any funds from the public.

Financial review

The Charity disclosed net incoming resources of £85,616, compared to net outgoing resources of £10,124 for the preceding period. As a result, total funds at the disposition of the Charity has risen from £352,859 to £438,475 with net current assets rising from £345,799 to £429,502. We had a number of funders who provided sponsorship over the course of the year. The Charity is grateful for the support of these organisations, all of whom are critical in enabling the Charity to undertake its research and host public debates.

The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2025

Reserves policy and going concern

A reserve fund covers the charity for fluctuations in income throughout the year, current liabilities and unplanned expenditure due to: funding being dependent on short term contracts that are subject to fluctuation, requiring protection against, and the ability to continue operating, despite adverse circumstances.

The Foundation aims for a reserve fund of 12 to 24 weeks' core running costs to be held in unrestricted funds which amounts to at least £100,000. Current level of free reserves, unrestricted reserves less funds tied up in fixed assets, are £323,022. The level of reserves is reviewed annually and budgetary control implemented to ensure the level of reserves is maintained at or near the appropriate level.

Trustees are responsible for ensuring the Charity remains a going concern. Despite the challenges of the pandemic, and reflecting previous years' strong financial performance, the Charity ended 2024/25 in good financial health.

On the basis of the financial performance of the Charity during this year and management plans for the future confirm that the Charity is a going concern with good prospects.

Principal Financial Management Policies

The Charity prepares budgets annually which are approved by the Board. Activities are managed in line with the approved budget with a view to ensuring that significant unplanned surpluses or deficits do not arise. Cash balances in excess of the Charity's immediate requirements are placed on the highest interest rate immediate access account available.

Major Risks

The key risks faced by the charity are financial. Most of the funding is linked to projects and hence short-term in nature. The charity has a 35-year history of successfully raising sufficient funds to support its activities. The trustees review financial performance regularly and contingency plans are in place for reducing the cost base should this ever become necessary.

A further significant risk is regulatory: if the charity were to become overly involved in partisan political activity, this might run contrary to its charitable objectives. This risk is managed through the membership of the board of trustees, which currently includes members of the three largest Parliamentary parties and others who are members of none; and all projects are reviewed by senior management to ensure that there is no overall partisanship across the charity's work or the perception of it.

Transparency

Given that they operate in proximity to public figures, think-tanks can be at reputational risk of being seen to advance the political or other interests of their financial supporters. The SMF maintains a strict policy of keeping editorial independence over all its outputs. It publishes the names and contributions of all its sponsors on an annual basis, and all publications are clearly marked to identify the sponsor. It does not accept anonymous donations or payments of any kind. All sponsors sign agreements accepting that the Charity retains editorial independence and that the Charity does not in any way guarantee or promise that any public figure will participate in any project or event.

The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2025

Sustainability

The SMF is committed to factoring environmental considerations into our decision-making at every level. The SMF has appointed a sustainability officer to oversee sustainability in the office and at SMF events. The Director is responsible for overseeing the strategy and ensuring it is implemented.

We aim to reduce environmental impact of our day-to-day office operations by:

- Minimising energy use by turning off equipment and lights when not in use
- Opting for more environmentally friendly office equipment where possible
- Recycling old office equipment where possible
- Having accessible recycling points in the office
- Avoiding single use plastic (Tupperware provided for staff buying lunch from marketplace)
- Not providing printed research reports as standard
- Staff walk or use public transport to attend external meetings and events.
- Providing bicycle spaces in the office to support staff cycling to work.

We aim to reduce environmental impact of our events by:

- Using venues that are easily accessible via public transport and signposting nearest train or tube stations in event invites.
- Offer online attendance where possible.
- When covering speaker travel expenses, only offering public transport expenses, if possible.
- Going paperless where possible - QR codes on screens for attendees to access reports, QR code event tickets rather than printing guest lists, email invites rather than letters.
- Opting for more sustainable catering options - more vegan and vegetarian, tap water over bottled water.
- Aim to avoid food waste by not over-ordering food and taking excess food back to the office for staff where possible.
- Use local catering suppliers where possible.

We will seek feedback from the wider SMF team and evaluate our sustainability practices regularly.

Plans for future periods

The Charity will continue to advance the education of the public to promote a social market agenda, by producing and disseminating policy reports, and holding debates and discussions across the policy areas described earlier in this report.

- To advance the education of the public in public policy, in general our reports will continue to be available free of charge and as much as possible our public events will be free to attend.
- We will continue to attempt to influence policy development in areas where we carry out research and events, in order to promote a social market approach to public policy.

The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2025

Structure, governance and management

The Social Market Foundation's governing document is its Memorandum and Articles of Association dated 30th July 1990. Under the Memorandum and Articles, the liability of each member is limited to £1. The Subscribers to the Memorandum of Association are members of the Foundation as are others admitted to membership in accordance with the Articles of Association, having been approved by the directors.

Trustee recruitment and retention is reviewed annually. The body of trustees appoints new trustees and nominates the chair of trustees. When recruiting a new trustee, all members are circulated with invitations to nominate trustees prior to the relevant Board meeting. When considering co-opting trustees, the Board has regard to the requirement for any specialist skills needed. The management structure of the Social Market Foundation is as follows:

- Up to 10 Directors/Trustees
- Chief Executive (referred to as the "Director"), company secretary, other members of the senior management team and up to 13 permanent staff.
- A policy advisory board of around 25 members who are consulted from time to time for ideas about topics for future research projects.
- The Board met four times during the year. Its work is informed and supported by the Director, the senior management team and by the operation of ad hoc committees constituted to consider specific issues. The Charity's research and events programmes are delegated to the Director, subject to the provision of regular updates to the Board. Contracts for funding these activities are negotiated by the Director and senior management team based on standardised contracts as approved by the Board.

The Trustees, who are also the directors for the purpose of company law, and who served during the year were:

Baroness Rosalind Grender MBE
Caroline Escott
Jessica Redmond-Withey Asato (appointed 6 March 2025)
Melville Rodrigues
Professor Timothy Bale
Professor Wendy Thomson CBE
Rt Hon Dame Margaret Hodge (resigned 12 June 2024)
Rt Hon Gregory Clark (appointed 6 March 2025)
Sir Trevor Phillips OBE (resigned 3 December 2024)
Thomas Ebbutt

Auditor

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The trustees' annual report and the strategic report were approved on and signed on behalf of the board of trustees by:



Professor Wendy Thomson CBE
Trustee

The Social Market Foundation
Company Limited by Guarantee
Trustees' Responsibilities Statement
Year ended 31 March 2025

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

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

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Social Market Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Social Market Foundation

Year ended 31 March 2025

Opinion

We have audited the financial statements of The Social Market Foundation (the 'charity') for the year ended 31 March 2025 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and the related notes, 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, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2025 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;
- 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 auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

The Social Market Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Social Market Foundation

(continued)

Year ended 31 March 2025

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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 trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which 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.

The Social Market Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Social Market Foundation

(continued)

Year ended 31 March 2025

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 an auditor's report 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we have considered; the nature of the industry, control environment and business performance with particular reference to the Company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets.

We also consider the results of our enquiries of management relating to their own identification and assessment of the risks of irregularities and possible related fraud. This includes reviewing available documentation on their policies and procedures and performing tests of controls to evidence their effectiveness.

Throughout the audit testing we are considering the incentives that may exist within the organisation for fraud. Key areas include timing of recognising income around the year end, posting of unusual journals and manipulating the Company's performance measures to meet remuneration targets and bank covenants. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We ensure we have an understanding of the relevant laws and regulations and remain alert to possible non-compliance throughout the audit.

The Social Market Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Social Market Foundation

(continued)

Year ended 31 March 2025

Despite proper planning and audit work in accordance with auditing standards there are inherent limitations and unavoidable risk that we may not detect some irregularities and material misstatements in the financial statements. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The Social Market Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Social Market Foundation


(continued)

Year ended 31 March 2025

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity'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 charity's members those matters we are required to state to them in an auditor's 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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.



Roderick Archibald (Senior Statutory Auditor)

For and on behalf of
Burgess Hodgson Audit Limited
Chartered accountants & statutory auditor
Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

The Social Market Foundation
Company Limited by Guarantee
Statement of Financial Activities
(including income and expenditure account)

Year ended 31 March 2025

	Note	2025		2024
		Unrestricted funds £	Total funds £	Total funds £
Income and endowments				
Donations and legacies	5	50,000	50,000	130,157
Charitable activities	6	1,080,249	1,080,249	820,881
Other trading activities	7	404	404	249
Total income		<u>1,130,653</u>	<u>1,130,653</u>	<u>951,287</u>
Expenditure				
Expenditure on charitable activities	8,9	1,045,037	1,045,037	961,411
Total expenditure		<u>1,045,037</u>	<u>1,045,037</u>	<u>961,411</u>
Net income/(expenditure) and net movement in funds		<u>85,616</u>	<u>85,616</u>	<u>(10,124)</u>
Reconciliation of funds				
Total funds brought forward		352,859	352,859	362,983
Total funds carried forward		<u>438,475</u>	<u>438,475</u>	<u>352,859</u>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The notes on pages 19 to 26 form part of these financial statements.

The Social Market Foundation
Company Limited by Guarantee
Statement of Financial Position
31 March 2025

	Note	2025 £	2024 £
Fixed assets			
Tangible fixed assets	15	8,973	7,060
Current assets			
Debtors	16	275,454	307,520
Cash at bank and in hand		<u>323,022</u>	<u>150,726</u>
		598,476	458,246
Creditors: amounts falling due within one year	17	<u>168,974</u>	<u>112,447</u>
Net current assets		429,502	345,799
Total assets less current liabilities		<u>438,475</u>	<u>352,859</u>
Net assets		<u>438,475</u>	<u>352,859</u>
Funds of the charity			
Unrestricted funds		438,475	352,859
Total charity funds	20	<u>438,475</u>	<u>352,859</u>

These financial statements were approved by the board of trustees and authorised for issue on, and are signed on behalf of the board by:



Professor Wendy Thomson CBE
Trustee

The Social Market Foundation
Company Limited by Guarantee
Statement of Cash Flows
Year ended 31 March 2025

	2025	2024
	£	£
Cash flows from operating activities		
Net income/(expenditure)	85,616	(10,124)
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	2,938	3,906
Interest payable and similar charges	22	313
Accrued expenses/(income)	106,628	(243,906)
<i>Changes in:</i>		
Trade and other debtors	(73,860)	111,597
Trade and other creditors	<u>55,825</u>	<u>(78,180)</u>
Cash generated from operations	177,169	(216,394)
Interest paid	<u>(22)</u>	<u>(313)</u>
Net cash from/(used in) operating activities	<u>177,147</u>	<u>(216,707)</u>
Cash flows from investing activities		
Purchase of tangible assets	<u>(4,851)</u>	<u>(3,355)</u>
Net cash used in investing activities	<u>(4,851)</u>	<u>(3,355)</u>
Net increase/(decrease) in cash and cash equivalents	172,296	(220,062)
Cash and cash equivalents at beginning of year	<u>150,726</u>	<u>370,788</u>
Cash and cash equivalents at end of year	<u>323,022</u>	<u>150,726</u>

The notes on pages 19 to 26 form part of these financial statements.

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 March 2025

1. General information

The charity is a public benefit entity and a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is 3rd Floor, 5-6 St. Matthew Street, London, SW1P 2JT, England.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS 102)) and the Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2025

3. Accounting policies *(continued)*

Incoming resources

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2025

3. Accounting policies *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	-	10% straight line
Computers and equipment	-	25% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2025

3. Accounting policies *(continued)*

Defined contribution plans *(continued)*

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

Government grant income

Government grants are recognised using the accrual model and the performance model. Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

4. Limited by guarantee

The charity is a company limited by guarantee and has no share capital. Every member of the Foundation undertakes to contribute to the assets of the Foundation in the event of the same being wound up during the time that they are a member, or within one year after they cease to be a member for payment of the debts and liabilities of the Foundation contracted before the time at which they cease to be a member, and the costs, charges and expenses of winding up the same, and for the adjustment of the of of rights of the contributories amongst themselves, such amount as may be required not exceeding One Pound (£1).

5. Donations and legacies

	Unrestricted Funds £	Total Funds 2025 £	Unrestricted Funds £	Total Funds 2024 £
Other donations and legacies				
Donations	50,000	50,000	130,157	130,157

6. Charitable activities

	Unrestricted Funds £	Total Funds 2025 £	Unrestricted Funds £	Total Funds 2024 £
Conference and event sponsorship	313,500	313,500	268,167	268,167
Research and project sponsorship	766,749	766,749	552,714	552,714
	<u>1,080,249</u>	<u>1,080,249</u>	<u>820,881</u>	<u>820,881</u>

7. Other trading activities

	Unrestricted Funds £	Total Funds 2025 £	Unrestricted Funds £	Total Funds 2024 £
Publication	404	404	249	249

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2025

8. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Total Funds 2025 £	Unrestricted Funds £	Total Funds 2024 £
Fundraising and publicity	950,166	950,166	876,870	876,870
Support costs	94,871	94,871	84,541	84,541
	<u>1,045,037</u>	<u>1,045,037</u>	<u>961,411</u>	<u>961,411</u>

9. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	Total funds 2025 £	Total fund 2024 £
Fundraising and publicity	950,166	87,207	1,037,373	955,726
Governance costs	–	7,664	7,664	5,685
	<u>950,166</u>	<u>94,871</u>	<u>1,045,037</u>	<u>961,411</u>

10. Analysis of support costs

	Fundraising and publicity £	Total 2025 £	Total 2024 £
Communications and IT	7,770	7,770	6,592
General office	79,437	79,437	72,263
Governance costs	7,664	7,664	5,685
	<u>94,871</u>	<u>94,871</u>	<u>84,540</u>

11. Net income/(expenditure)

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

	2025 £	2024 £
Depreciation of tangible fixed assets	2,938	3,906
Operating lease rentals	–	337
	<u>–</u>	<u>337</u>

12. Auditors remuneration

	2025 £	2024 £
Fees payable for the audit of the financial statements	4,985	4,354

During the year, the company's auditor changed from Burgess Hodgson LLP to Burgess Hodgson Audit Limited following a change in legal structure of the audit firm. The responsible individual remains the same.

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2025

13. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2025	2024
	£	£
Wages and salaries	730,355	594,521
Social security costs	74,501	55,257
Employer contributions to pension plans	22,701	23,524
	<u>827,557</u>	<u>673,302</u>

The average head count of employees during the year was 15 (2024: 14). The average number of full-time equivalent employees during the year is analysed as follows:

	2025	2024
	No.	No.
Number of staff - Events	3	4
Number of staff - Research	10	9
Number of staff - General	2	1
	<u>15</u>	<u>14</u>

The number of employees whose remuneration for the year fell within the following bands, were:

	2025	2024
	No.	No.
£70,000 to £79,999	1	1
£90,000 to £99,999	1	—
	<u>2</u>	<u>1</u>

Key Management Personnel

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the charity. The total compensation paid to key management personnel for services provided to the charity was £91,667 (2024: £108,639).

14. Trustee remuneration and expenses

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2025

15. Tangible fixed assets

	Fixtures and fittings £	Equipment £	Total £
Cost			
At 1 April 2024	14,812	27,166	41,978
Additions	–	4,851	4,851
At 31 March 2025	<u>14,812</u>	<u>32,017</u>	<u>46,829</u>
Depreciation			
At 1 April 2024	12,625	22,293	34,918
Charge for the year	251	2,687	2,938
At 31 March 2025	<u>12,876</u>	<u>24,980</u>	<u>37,856</u>
Carrying amount			
At 31 March 2025	<u>1,936</u>	<u>7,037</u>	<u>8,973</u>
At 31 March 2024	<u>2,187</u>	<u>4,873</u>	<u>7,060</u>

16. Debtors

	2025 £	2024 £
Trade debtors	114,299	58,935
Prepayments and accrued income	161,155	248,585
	<u>275,454</u>	<u>307,520</u>

17. Creditors: amounts falling due within one year

	2025 £	2024 £
Trade creditors	18,597	57,985
Accruals and deferred income	33,007	17,305
Social security and other taxes	116,751	36,577
Other creditors	619	580
	<u>168,974</u>	<u>112,447</u>

18. Deferred income

	2025 £	2024 £
Amount deferred in year	<u>25,000</u>	<u>10,000</u>

19. Pensions and other post-retirement benefits

Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £22,701 (2024: £23,524).

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2025

20. Analysis of charitable funds

Unrestricted funds

	At 1 April 2024	Income	Expenditure	At 31 March 2025
	£	£	£	£
General funds	<u>352,859</u>	<u>1,130,653</u>	<u>(1,045,037)</u>	<u>438,475</u>

	At 1 April 2023	Income	Expenditure	At 31 March 2024
	£	£	£	£
General funds	<u>362,983</u>	<u>951,287</u>	<u>(961,411)</u>	<u>352,859</u>

21. Analysis of net assets between funds

	Unrestricted Funds	Total Funds 2025
	£	£
Tangible fixed assets	8,973	8,973
Current assets	598,476	598,476
Creditors less than 1 year	<u>(168,974)</u>	<u>(168,974)</u>
Net assets	<u>438,475</u>	<u>438,475</u>

	Unrestricted Funds	Total Funds 2024
	£	£
Tangible fixed assets	7,060	7,060
Current assets	458,246	458,246
Creditors less than 1 year	<u>(112,447)</u>	<u>(112,447)</u>
Net assets	<u>352,859</u>	<u>352,859</u>

22. Analysis of changes in net cash

	At 1 Apr 2024	Cash flows	At 31 Mar 2025
	£	£	£
Cash at bank and in hand	<u>150,726</u>	<u>172,296</u>	<u>323,022</u>

23. Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2025	2024
	£	£
Not later than 1 year	64,398	50,600
Later than 1 year and not later than 5 years	<u>51,748</u>	<u>25,300</u>
	<u>116,146</u>	<u>75,900</u>

THE SOCIAL MARKET FOUNDATION

England & Wales - Charity number 1000971

Accounts

BURGESS HODGSON LLP
Chartered accountants & statutory auditor
Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

**The Social Market Foundation
Company Limited by Guarantee
Financial Statements
31 March 2024**

The Social Market Foundation
Company Limited by Guarantee
Financial Statements
Year ended 31 March 2024

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17	Statement of cash flows
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The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report)

Year ended 31 March 2024

The trustees, who are also the directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31 March 2024.

Reference and administrative details

Registered charity name The Social Market Foundation

Charity registration number 1000971

Company registration number 02537035

Principal office

3rd Floor
5-6 St. Matthew Street
London
SW1P 2JT
England

Registered office

3rd Floor
5-6 St. Matthew Street
London
SW1P 2JT
England

The trustees

Baroness Oly Grender MBE
Caroline Escott
Melville Rodrigues
Professor Tim Bale
Professor Wendy Thomson CBE
Rt Hon Dame Margaret Hodge MP (Resigned 12 June 2024)
Sir Trevor Phillips OBE
Tom Ebbutt

Auditor

Burgess Hodgson LLP
Chartered accountants & statutory auditor
Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

Bankers

Royal Bank Of Scotland
28 Cavendish Square
London
W1G 0DB

**The Social Market Foundation
Company Limited by Guarantee**

Trustees' Annual Report (Incorporating the Director's Report) (continued)

Year ended 31 March 2024

Structure, governance and management

The Board of Trustees, who are also directors of the Company for the purposes of the Companies Act, and trustees for charity law purposes, present their annual report and financial statements for the year ended 31 March 2024.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's governing document, the Companies Act 2006 and "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)" (as amended for accounting periods commencing from 1 January 2016).

Objectives and activities

The Social Market Foundation has a charitable objective of educating the public in the social and economic sciences. Without prejudice to the generality of that objective, the charity studies the functioning of markets in goods, services and labour, and the social context in which those markets operate. We do this in order to originate and promote policies and ideas that can be used by politicians, policymakers and business leaders to improve the functioning of markets and thereby make Britain fairer and wealthier. The Charity seeks to use its publications and events and other activities to encourage a better-informed public debate about markets, public policy and social justice, and thereby promote better outcomes.

Strategies to achieve objectives

In 2023/24, the Charity remained true to those objectives, continuing to publish research reports on public policy, convening events to discuss issues in public policy and using contributions in the media to advance our charitable objective.

Work, skills and education

This year we published a paper written by former education secretary Baroness Nicky Morgan, making the case for greater emphasis on character in the school system.

We continued to work with Trust for London on a major project to measure and demonstrate businesses' action on poverty among their workforce and supply chains. In this financial year, we published a report focused on poverty among public sector workers.

We also published a report, sponsored by Santander, on how to effectively integrate financial education into the primary school curriculum.

We continued our work with the European Climate Foundation on the practicalities of net zero. This led to our first of its kind transport poverty model, which will help to illuminate the trade-offs around public transport investment and motoring taxes. With ECF we also looked at support and incentives for decarbonising home heat, which was also the subject of a joint project with the UCL International Public Policy Observatory.

Environment and energy

We also collaborated with the Police Federation of England and Wales to publish analysis of police pay and morale. We published a number of guest essays by former health minister Norman Warner, Nick Bosanquet & Andrew Haldenby, and Max Thilo on the state of the NHS and how to reform it. We also published a series on public health policy, looking at the effectiveness, political constraints and economic trade-offs around more and less interventionist approaches.

Within our public services workstream, our biggest piece of work was a series published in partnership with the Chartered Management Institute on leadership and management across education, healthcare and local government.

Public services

We also published a number of papers by guest authors: from John Handley on how UK living standards compare to peer countries; Stephen Gibson on better regulation, Alex Lawrence-Archer & Ravi Naik's analysis of the Data Protection and Digital Information Bill. We published research into small business scale-ups, and what the government can do to support them, sponsored by OakNorth. We looked at the mutual sector and how it interacts with policy, thanks to Nationwide and Royal London.

We also worked with RSPCA to look at the implications of alternative proteins for animal welfare. With funding from Omaze, we examined charity policy.

Extending our partnership with Citizens Advice, we published analysis of social tariffs across key markets and how to extend them.

We have also continued to develop our expertise and standing on pensions policy, with a series of papers on the merits of 'member choice' (including one sponsored by Cushon), a proposal under review by the government.

This has been another busy year of promoting fairer markets across a range of policy areas. Our biggest project involved examining housing policy across the 'Anglosphere' (English speaking countries), with a grant from the Nuffield Foundation. In total we published five papers: overview, homeownership support, renter protections, cooperative/social housing, planning reform. Within the housing space, we also looked at social housing regeneration, sponsored by Clarion.

Fair markets

Objectives and activities (continued)

Year ended 31 March 2024

Trustees' Annual Report (Incorporating the Director's Report) (continued)

Company Limited by Guarantee

The Social Market Foundation

The Social Market Foundation Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2024

Objectives and activities *(continued)*

People, Places and Democracy

We continued to carve out a position as a leading voice in the debate on fraud - a key social and political challenge. We published headline findings from a global survey on fraud, sponsored by Santander, at the government's fraud summit. We examined public attitudes on fraud, with support from Nationwide. We also convened a roundtable in partnership with Stop Scams to identify areas of agreement across the fraud chain.

Jonathan Thomas continued to develop and utilize his expertise on migration policy, with analysis of the politics of migration, options for international collaboration on refugees, the impact of migration on labour shortages, and options for reforming asylum seekers' right to work.

Professor Rob Ford of the University of Manchester published analysis of the education divide among voters, funded by UK in a Changing Europe, with accompanying events at Conservative, Labour and Liberal Democrat conferences, as well as a launch event in Westminster.

In partnership with Visa, we developed our work on towns policy, with a 'Town Vitality Roadmap' for future government.

Building on research conducted for the Gordon Brown Commission on the UK's future, Research Director Aavek Bhattacharya published a paper with recommendations for reforming the British Business Bank.

Academic Partnerships

The Charity continued its Impact Partnership with Manchester University's Policy @ Manchester impact hub, bringing the academic expertise of social scientists and others to Westminster in events and publications calibrated to make them accessible to busy policy professionals.

Strategic report

The following sections for achievements and performance and financial review form the strategic report of the charity.

The Charity disclosed net outgoing resources of £10,124, compared to net incoming resources of £77,302 for the preceding period. As a result, total funds at the disposition of the Charity has fallen from £362,983 to £352,859 with net current assets falling from £355,372 to £345,799. We had a number of funders who provided sponsorship over the course of the year. The Charity is grateful for the support of these organisations, all of whom are critical in enabling the Charity to undertake its research and host public debates.

Financial review

The Charity does not raise any funds from the public.

Fundraising Approach

The Charity does not make any use of volunteers.

Use of Volunteers

The Trustees confirm that they referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives of the charity and in planning future activities. In particular, the trustees consider that the activities carried out, summarised in the Aims, Objectives and Activities section of this report, provide benefit to the community.

Public Benefit

The Charity regularly monitors its impact on policymaking debate, using metrics including media mentions, references in Parliament, evidence given to Parliamentary inquiries and private consultations with officials and politicians. This monitoring shows that the Charity's work and expertise is regarded as having high quality and relevance by our audience of policymakers and policy influencers.

The Charity regularly monitors its impact on policymaking debate, using metrics including media mentions, references in Parliament, evidence given to Parliamentary inquiries and private consultations with officials and politicians. This monitoring shows that the Charity's work and expertise is regarded as having high quality and relevance by our audience of policymakers and policy influencers. At the autumn party conferences held by the Labour, Conservative and Liberal Democrat Parties, we held 20 events including public panel debates and roundtable discussions. Speakers and participants included frontbenchers from all three parties.

The Charity held a wide range of events, in person and online, which debated a diverse range of public policy topics. These events were open to the public and free of charge. In 2023/24, staff from the Charity held virtual meetings with a wide range of policymakers and stakeholders, including ministers, shadow ministers, MPs, peers and civil servants. SMF research was frequently covered in national media outlets and SMF staff contributed numerous opinion articles to newspapers. The Charity maintained an extensive social media presence, including through the use of live streamed video coverage of public events. This standing is reflected in the membership of the Board of Trustees and the Policy Advisory Board. The Charity is consistently seen by the media and policymakers as a think-tank making an important contribution to economic and social policy and enjoys a broad range of support across political parties. At the end of the year, 13 full-time and one part-time staff were employed to deliver the programme of work. One contractor worked part-time to support the Charity on financial management.

Achievements and performance

Year ended 31 March 2024

Trustees' Annual Report (Incorporating the Director's Report) (continued)

Company Limited by Guarantee

The Social Market Foundation

Given that they operate in proximity to public figures, think-tanks can be at reputational risk of being seen to advance the political or other interests of their financial supporters. The SMF maintains a strict policy of keeping editorial independence over all its outputs. It publishes the names and contributions of all its sponsors on an annual basis, and all publications are clearly marked to identify the sponsor. It does not accept anonymous donations or payments of any kind. All sponsors sign agreements accepting that the Charity retains editorial independence and that the Charity does not in any way guarantee or promise that any public figure will participate in any project or event.

Transparency

A further significant risk is regulatory: if the charity were to become overly involved in partisan political activity, this might run contrary to its charitable objectives. This risk is managed through the membership of the board of trustees, which includes members of three major political parties and others who are members of none; and all projects are reviewed by senior management to ensure that there is no overall partisanship across the charity's work or the perception of it.

The key risks faced by the charity are financial. Most of the funding is linked to projects and hence short-term in nature. The charity has a 35-year history of successfully raising sufficient funds to support its activities. The trustees review financial performance regularly and contingency plans are in place for reducing the cost base should this ever become necessary.

Major Risks

The Charity prepares budgets annually which are approved by the Board. Activities are managed in line with the approved budget with a view to ensuring that significant unplanned surpluses or deficits do not arise. Cash balances in excess of the Charity's immediate requirements are placed on the highest interest rate immediate access account available.

Principal Financial Management Policies

On the basis of the financial performance of the Charity during this year and management plans for the future confirm that the Charity is a going concern with good prospects.

Trustees are responsible for ensuring the Charity remains a going concern. Despite the challenges of the pandemic, and reflecting previous years' strong financial performance, the Charity ended 2023/24 in good financial health.

The Foundation aims for a reserve fund of 12 to 24 weeks' core running costs to be held in unrestricted funds which amounts to at least £100,000. Current level of free reserves, unrestricted reserves less funds tied up in fixed assets, are £150,726. The level of reserves is reviewed annually and budgetary control implemented to ensure the level of reserves is maintained at or near the appropriate level.

A reserve fund covers the charity for fluctuations in income throughout the year, current liabilities and unplanned expenditure due to: funding being dependent on short term contracts that are subject to fluctuation, requiring protection against, and the ability to continue operating, despite adverse circumstances.

Reserves policy and going concern

Financial review (continued)

Year ended 31 March 2024

Trustees' Annual Report (Incorporating the Director's Report) (continued)

Company Limited by Guarantee

The Social Market Foundation

The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2024

Plans for future periods

The Charity will continue to advance the education of the public to promote a social market agenda, by producing and disseminating policy reports, and holding debates and discussions across the policy areas described earlier in this report.

○ To advance the education of the public in public policy, in general our reports will continue to be available free of charge and as much as possible our public events will be free to attend.

○ We will continue to attempt to influence policy development in areas where we carry out research and events, in order to promote a social market approach to public policy.

Structure, governance and management

The Social Market Foundation's governing document is its Memorandum and Articles of Association dated 30th July 1990. Under the Memorandum and Articles, the liability of each member is limited to £1. The Subscribers to the Memorandum of Association are members of the Foundation as are others admitted to membership in accordance with the Articles of Association, having been approved by the directors.

Trustee recruitment and retention is reviewed annually. The body of trustees appoints new trustees and nominates the chair of trustees. When recruiting a new trustee, all members are circulated with invitations to nominate trustees prior to the relevant Board meeting. When considering co-opting trustees, the Board has regard to the requirement for any specialist skills needed. The management structure of the Social Market Foundation is as follows:

- Up to 10 Directors/Trustees
- Chief Executive (referred to as the "Director"), company secretary, other members of the senior management team and up to 13 permanent staff.
- A policy advisory board of around 25 members who are consulted from time to time for ideas about topics for future research projects.

○ The Board met four times during the year. Its work is informed and supported by the Director, the senior management team and by the operation of ad hoc committees constituted to consider specific issues. The Charity's research and events programmes are delegated to the Director, subject to the provision of regular updates to the Board. Contracts for funding these activities are negotiated by the Director and senior management team based on standardised contracts as approved by the Board.

The Trustees, who are also the directors for the purpose of company law, and who served during the year were:

Baroness Oly Grender MBE
Caroline Escott
Melville Rodrigues
Professor Tim Bale
Professor Wendy Thomson CBE
Rt Hon Dame Margaret Hodge MP
Sir Trevor Phillips OBE
Tom Ebbutt

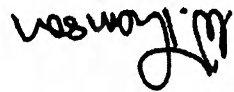
**The Social Market Foundation
Company Limited by Guarantee
Trustees' Annual Report (Incorporating the Director's Report) (continued)
Year ended 31 March 2024**

Auditor

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The trustees' annual report and the strategic report were approved on 01/12/24 and signed on behalf of the board of trustees by:



Professor Wendy Thomson CBE
Trustee

The Social Market Foundation
Company Limited by Guarantee
Trustees' Responsibilities Statement
Year ended 31 March 2024

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

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

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Social Market Foundation
Company Limited by Guarantee
Independent Auditor's Report to the Members of The Social Market Foundation
Year ended 31 March 2024

Opinion

We have audited the financial statements of The Social Market Foundation (the 'charity') for the year ended 31 March 2024 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and the related notes, 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, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2024 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;
- 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 auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which 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.

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 trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

We have nothing to report in this regard.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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.

Year ended 31 March 2024

The Social Market Foundation
Company Limited by Guarantee
Independent Auditor's Report to the Members of The Social Market Foundation

(continued)

We ensure we have an understanding of the relevant laws and regulations and remain alert to possible non-compliance throughout the audit.

Throughout the audit testing we are considering the incentives that may exist within the organisation for fraud. Key areas include timing of recognising income around the year end, posting of unusual journals and manipulating the Company's performance measures to meet remuneration targets and bank covenants. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also consider the results of our enquiries of management relating to their own identification and assessment of the risks of irregularities and possible related fraud. This includes reviewing available documentation on their policies and performing tests of controls to evidence their effectiveness.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we have considered the nature of the industry, control environment and business performance with particular reference to the Company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets.

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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 an auditor's report 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.

Auditor's responsibilities for the audit of the financial statements

In preparing the financial statements, the trustees are responsible for assessing the charity'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 charity or to cease operations, or have no realistic alternative but to do so.

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors 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.

Responsibilities of trustees

Year ended 31 March 2024

(continued)

Independent Auditor's Report to the Members of The Social Market Foundation

**The Social Market Foundation
Company Limited by Guarantee**

The Social Market Foundation
Company Limited by Guarantee
Independent Auditor's Report to the Members of The Social Market Foundation
(continued)
Year ended 31 March 2024

Despite proper planning and audit work in accordance with auditing standards there are inherent limitations and unavoidable risk that we may not detect some irregularities and material misstatements in the financial statements. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**The Social Market Foundation
Company Limited by Guarantee**

Independent Auditor's Report to the Members of The Social Market Foundation

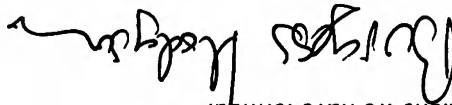
(continued)

Year ended 31 March 2024

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity'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 charity's members those matters we are required to state to them in an auditor's 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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.



Roderick Archibald (Senior Statutory Auditor)

For and on behalf of
Burgess Hodgson LLP
Chartered accountants & statutory auditor
Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

The Social Market Foundation

Company Limited by Guarantee

Statement of Financial Activities (including income and expenditure account)

Year ended 31 March 2024

	2024	2023
Income and endowments	130,157	120,326
Donations and legacies	130,157	120,326
Charitable activities	6	934,215
Other trading activities	7	320
Total income	951,287	1,054,861
Expenditure on charitable activities	8,9	977,559
Total expenditure	961,411	977,559
Net (expenditure)/income and net movement in funds	(10,124)	77,302
Reconciliation of funds brought forward	362,983	285,681
Total funds carried forward	352,859	362,983

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

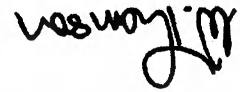
The notes on pages 18 to 25 form part of these financial statements.

**The Social Market Foundation
Company Limited by Guarantee
Statement of Financial Position**

31 March 2024

	2024	2023
	£	£
Fixed assets		
Tangible fixed assets	7,060	7,611
Current assets		
Debtors	307,520	259,316
Cash at bank and in hand	150,726	370,788
	458,246	630,104
Creditors: amounts falling due within one year	17	17
	112,447	274,732
Net current assets	345,799	355,372
Total assets less current liabilities	352,859	362,983
Net assets	352,859	362,983
Funds of the charity		
Unrestricted funds	352,859	362,983
Total charity funds	20	20
	352,859	362,983

These financial statements were approved by the board of trustees and authorised for issue on and are signed on behalf of the board by:



Professor Wendy Thomson CBE
Trustee

The notes on pages 18 to 25 form part of these financial statements.

The Social Market Foundation
Company Limited by Guarantee
Statement of Cash Flows
Year ended 31 March 2024

	2024	2023
	£	£
Cash flows from operating activities	(10,124)	77,302
<i>Adjustments for:</i>		
Net (expenditure)/income	3,906	2,982
Depreciation of tangible fixed assets	313	190
Interest payable and similar charges	(243,906)	59,585
Accrued (income)/expenses		
<i>Changes in:</i>		
Trade and other debtors	111,597	(99,165)
Trade and other creditors	(78,180)	(16,963)
Cash generated from operations	(216,394)	23,931
Interest paid	(313)	(190)
Net cash (used in)/from operating activities	(216,707)	23,741
Cash flows from investing activities	(3,355)	(4,456)
Purchase of tangible assets	(3,355)	(4,456)
Net cash used in investing activities	(3,355)	(4,456)
Net (decrease)/increase in cash and cash equivalents	(220,062)	19,285
Cash and cash equivalents at beginning of year	370,788	351,503
Cash and cash equivalents at end of year	150,726	370,788

The notes on pages 18 to 25 form part of these financial statements.

The Social Market Foundation
Company Limited by Guarantee
Notes to the Financial Statements
Year ended 31 March 2024

1. General information

The charity is a public benefit entity and a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is 3rd Floor, 5-6 St. Matthew Street, London, SW1P 2JT, England.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and the Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 March 2024

3. Accounting policies (continued)

Incoming resources

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

3. Accounting policies *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	-	10% straight line
Computers and equipment	-	25% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 March 2024

3. Accounting policies (continued)

Government grant income

Government grants are recognised using the accrual model and the performance model. Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

4. Limited by guarantee

The charity is a company limited by guarantee and has no share capital. Every member of the Foundation undertakes to contribute to the assets of the Foundation in the event of the same being wound up during the time that they are a member, or within one year after they cease to be a member for payment of the debts and liabilities of the Foundation contracted before the time at which they cease to be a member, and the costs, charges and expenses of winding up the same, and for the adjustment of the or of rights of the contributors amongst themselves, such amount as may be required not exceeding One Pound (£1).

5. Donations and legacies

	Unrestricted Funds	Total Funds	Unrestricted Funds	Total Funds
Other donations and legacies	130,157	130,157	120,326	120,326
Donations	£	£	£	£

6. Charitable activities

	Unrestricted Funds	Total Funds	Unrestricted Funds	Total Funds
Research and event sponsorship	268,167	268,167	172,700	172,700
Conference and project sponsorship	552,714	552,714	761,515	761,515
	£	£	£	£

7. Other trading activities

	Unrestricted Funds	Total Funds	Unrestricted Funds	Total Funds
Publication	249	249	320	320
	£	£	£	£

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 March 2024

8.	Expenditure on charitable activities by fund type				
		Unrestricted	Total Funds	Unrestricted	Total Funds
		Funds	2024	Funds	2023
		£	£	£	£
	Fundraising and publicity	876,870	876,870	880,576	880,576
	Support costs	84,541	84,541	96,983	96,983
		<u>961,411</u>	<u>961,411</u>	<u>977,559</u>	<u>977,559</u>
9.	Expenditure on charitable activities by activity type				
		Activities undertaken directly	Support costs	Total funds	Total fund
		£	£	£	£
	Fundraising and publicity	876,870	78,856	955,726	971,127
	Governance costs	–	5,685	5,685	6,432
		<u>876,870</u>	<u>84,541</u>	<u>961,411</u>	<u>977,559</u>
10.	Analysis of support costs				
		Fundraising and publicity	Total 2024	Total 2023	
		£	£	£	
	Communications and IT	6,592	6,592	7,923	
	General office	72,263	72,263	82,628	
	Governance costs	5,685	5,685	6,432	
		<u>84,540</u>	<u>84,540</u>	<u>96,983</u>	
11.	Net (expenditure)/income				
		Net (expenditure)/income is stated after charging/(crediting):			
		Depreciation of tangible fixed assets	2024	2023	
		£	£	£	
	Operating lease rentals	3,906	3,906	2,982	
		<u>337</u>	<u>337</u>	<u>1,342</u>	
12.	Auditors remuneration				
		Fees payable for the audit of the financial statements	2024	2023	
		£	£	£	
		4,354	4,354	4,340	

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 March 2024

13. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2024	2023
Wages and salaries	594,521	593,763
Social security costs	55,257	60,898
Employer contributions to pension plans	23,524	31,943
	<u>673,302</u>	<u>686,604</u>

The average head count of employees during the year was 14 (2023: 14). The average number of full-time equivalent employees during the year is analysed as follows:

	2024	2023
Number of staff - Events	4	4
Number of staff - Research	9	9
Number of staff - General	1	1
	<u>14</u>	<u>14</u>

The number of employees whose remuneration for the year fell within the following bands, were:

	2024	2023
£60,000 to £69,999	–	1
£70,000 to £79,999	1	–
£90,000 to £99,999	–	1
	<u>1</u>	<u>2</u>

Key Management Personnel

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the charity. The total compensation paid to key management personnel for services provided to the charity was £108,639 (2023: £92,750).

14. Trustee remuneration and expenses

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 March 2024

15. Tangible fixed assets	
Cost	
At 1 April 2023	14,812
Additions	—
At 31 March 2024	14,812
Depreciation	
At 1 April 2023	12,374
Charge for the year	251
At 31 March 2024	12,625
Carrying amount	
At 31 March 2024	2,187
At 31 March 2023	2,438
Fixtures and fittings	
At 31 March 2024	23,811
At 31 March 2023	27,166
Equipment	
At 31 March 2024	38,623
At 31 March 2023	41,978
Total	
At 31 March 2024	34,918
At 31 March 2023	31,012
Charge for the year	3,906
At 31 March 2024	34,918
At 31 March 2023	7,060
At 31 March 2024	7,611

16. Debtors

Trade debtors	58,935	2024	£	58,935	2023	£	173,431
Prepayments and accrued income	248,585	2024	£	248,585	2023	£	85,885
	307,520	2024	£	307,520	2023	£	259,316

17. Creditors: amounts falling due within one year

Trade creditors	57,985	2024	£	57,985	2023	£	5,643
Accruals and deferred income	17,305	2024	£	17,305	2023	£	167,154
Social security and other taxes	36,577	2024	£	36,577	2023	£	100,103
Other creditors	580	2024	£	580	2023	£	1,832
	112,447	2024	£	112,447	2023	£	274,732

18. Deferred income

Amount deferred in year	10,000	2024	£	10,000	2023	£	75,744
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19. Pensions and other post retirement benefits

Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £23,524 (2023: £31,943).

THE SOCIAL MARKET FOUNDATION

England & Wales - Charity number 1000971

Accounts

COMPANY REGISTRATION NUMBER: 02537035
CHARITY REGISTRATION NUMBER: 1000971

The Social Market Foundation
Company Limited by Guarantee
Financial Statements
31 March 2023

BURGESS HODGSON LLP
Chartered accountants & statutory auditor
Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

The Social Market Foundation
Company Limited by Guarantee
Financial Statements
Year ended 31 March 2023

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The Social Market Foundation
Company Limited by Guarantee
Trustees' Annual Report (Incorporating the Director's Report)
Year ended 31 March 2023

The trustees, who are also the directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31 March 2023.

Reference and administrative details

Registered charity name	The Social Market Foundation
Charity registration number	1000971
Company registration number	02537035
Principal office	3rd Floor 5-6 St. Matthew Street London SW1P 2JT England
Registered office	3rd Floor 5-6 St. Matthew Street London SW1P 2JT England
The trustees	Baroness Oly Grender MBE Caroline Escott Melville Rodrigues Professor Tim Bale Professor Wendy Thomson CBE Rt Hon Dame Margaret Hodge MP Rt Hon Sir Robert Buckland MP (Resigned 7 September 2022) Sir Trevor Phillips OBE Tom Ebbutt
Auditor	Burgess Hodgson LLP Chartered accountants & statutory auditor Camburgh House 27 New Dover Road Canterbury Kent CT1 3DN
Bankers	Royal Bank Of Scotland 28 Cavendish Square London W1G 0DB

The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2023

Structure, governance and management

The Board of Trustees, who are also directors of the Company for the purposes of the Companies Act, and trustees for charity law purposes, present their annual report and financial statements for the year ended 31 March 2023.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's governing document, the Companies Act 2006 and "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)" (as amended for accounting periods commencing from 1 January 2016).

Objectives and activities

The Social Market Foundation has a charitable objective of educating the public in the social and economic sciences. Without prejudice to the generality of that objective, the charity studies the functioning of markets in goods, services and labour, and the social context in which those markets operate. We do this in order to originate and promote policies and ideas that can be used by politicians, policymakers and business leaders to improve the functioning of markets and thereby make Britain fairer and wealthier. The Charity seeks to use its publications and events and other activities to encourage a better-informed public debate about markets, public policy and social justice, and thereby promote better outcomes.

Strategies to achieve objectives

In 2022/23, the Charity remained true to those objectives, continuing to publish research reports on public policy, convening events to discuss issues in public policy and using contributions in the media to advance our charitable objective.

Work, skills and labour markets

We continued to work with Trust for London on a major project to measure and demonstrate businesses' action on poverty among their workforce and supply chains. This involved a qualitative report showcasing insights from workers in in-work poverty in London.

On skills, we examined the state of career advice, guidance and information in schools across England, through focus groups conducted with 45 service users - school leavers (higher and further education routes), adult learners, parents/carers and prospective school leavers. This project was sponsored by Unite Students.

We also produced a policy roadmap for delivering universal work experience, for a project sponsored by Speakers for Schools.

Fair markets

Financial resilience and personal finance remained a priority area of research. We published papers on childcare costs and poverty, on ethnic gaps in financial product uptake, on the poverty premium in insurance markets, on understanding pawnbroking customers' choices, and on ensuring transitions in banking sector work for all kinds of consumers. The report on poverty premium was launched at a panel event including Tulip Siddiq and Baroness Nicky Morgan.

We also hosted Marcus Bokkerink, Chair of the Competition and Markets Authority, to reflect on what his career taught him about the importance of competition and addressing misconceptions about competition.

The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2023

We also published papers by external authors, on reducing the burden of government regulation by Stephen Gibson (Regulatory Policy Committee Chair), and on how to pay for rising energy costs (by Michael Johnson, a leading authority on pensions policy and taxation).

Working with Amazon, we published research on the barriers to SMEs for doing more e-commerce exporting. As part of this research, we modelled scenarios of increased SME exporting and calculated the value (in terms of jobs and gross value added).

We continued to publish on gambling policy, including a personal essay by Senior Fellow James Noyes on the role that the state can - and should - play in the gambling market. We continue to take an interest in alcohol policy, and published on evaluating advertising regulations' impact on the Scottish economy.

We published a report encouraging the government to develop a comprehensive strategy on alternative proteins, on reforming cannabis laws by learning lessons from around the world, and on accelerating the journey from theorising about social value into widespread practice in the real estate sector.

Public services

We published a pamphlet authored by Lord Norman Warner, an independent Peer and former Health Minister in the Blair Government, on a radical change programme that could reverse the decline of the NHS. We also held an event on the NHS' past, present and future - hosting Richard Meddings (NHS England Chair) and Lord Warner as chief guests. Earlier in 2022, we also hosted Lord Warner at the SMF offices for an 'In Conversation with' style event to launch his book 'In Pursuit of Competence'.

We published the second and third instalments of our project on the rule of law sponsored by Mishcon de Reya. The second outlined an agenda for courts reform that goes beyond the existing plans, in order to ensure that the UK's courts are world-leading by 2030. This drew on a poll of 1,000 individuals and 1,000 businesses of all sizes and operating across the economy. The final report laid out steps to stabilising the rule of law in the UK, to strengthen internal unity and ensuring that it remains a key "soft power" asset for the UK.

Environment and energy

We worked with the European Climate Foundation on a programme of work aimed at illuminating some of the more complex and politically challenging aspects of the net zero agenda.

Topics of interest included domestic heating and the installation of heat pumps (the barriers to energy efficiency schemes uptake); the skills crisis looming at the end of the decade for electric vehicle technicians; and setting out a road pricing model that is fairer than fuel duty, replaces lost tax revenue, and reduces the burden on low-income households.

On transport, we also hosted a series launch events, for WPI Economics reports of switching people to make more bus journeys, across each UK nation - hosting key regional stakeholders on the panels.

Working with Public First, and commissioned by Citizens Advice, we published a pair of reports on the energy bills crisis, and produced a social tariffs policy framework that we called on the government to implement from 2024 onwards - to ensure warmer homes, fairer use of public money, and overall cheaper bills.

We also published papers on the environmental and productivity case for precision technology in farming, the intergenerational costs of net zero, and the potential for financial services helping with the net zero agenda. The costs of net zero paper was launched at a panel event held in partnership with Intergenerational Foundation, with Wera Hobhouse MP, Liberal Democrat energy and climate change spokesperson, as one of the speakers.

The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2023

People, Places and Democracy

We carried out extensive work on the levelling up agenda. We carried out data analysis categorising each UK town into one of six types, that would be used to develop more tailored and targeted policy recommendations - in a project sponsored by Visa. We also created a ranking of subjective wellbeing and economic outcomes by local authority, to consider how subjective wellbeing fits with the rest of the levelling up strategy, especially in relation to places that are prosperous, healthy and well educated, but nevertheless have low wellbeing.

We continued to analyse and comment on immigration, with a paper on finding the centre ground in Britain's immigration debates - it challenges common perceptions on both sides of the debate.

A paper by then Chief Economist Aveek Bhattacharya made a democratic case for an independent expert body to guide government borrowing, to ensure more effective and better coordinated fiscal policy - in light of the challenges to the Bank of England's independence.

Academic Partnerships

The Charity continued its Impact Partnership with Manchester University's Policy @ Manchester impact hub, bringing the academic expertise of social scientists and others to Westminster in events and publications calibrated to make them accessible to busy policy professionals.

Strategic report

The following sections for achievements and performance and financial review form the strategic report of the charity.

Achievements and performance

At the end of the year, 14 full-time staff were employed to deliver the programme of work. One contractor worked part-time to support the Charity on financial management.

The Charity is consistently seen by the media and policymakers as a think-tank making an important contribution to economic and social policy and enjoys a broad range of support across political parties. This standing is reflected in the membership of the Board of Trustees and the Policy Advisory Board.

In 2022/23, staff from the Charity held meetings with a wide range of policymakers and stakeholders on these issues. SMF research was frequently covered in national media outlets and SMF staff contributed numerous op-ed articles and other content to newspapers and broadcasters. The Charity maintained an extensive social media presence, including through the use of live streamed video coverage of public events.

The Charity held a wide range of events, in person and online, which debated a diverse range of public policy topics. These events were open to the public and free of charge. The shift to online and hybrid events has allowed us to expand to geographical range of our participants, meaning many of our attendees were based outside London.

At the autumn party conferences held by Labour and the Conservatives (the Liberal Democrat conference was cancelled due to the death of the Queen), we held 15 events including public panel debates and roundtable discussions. Speakers and participants included frontbenchers from all three parties.

The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2023

The Charity regularly monitors its impact on policymaking debate, using metrics including media mentions, references in Parliament, evidence given to Parliamentary inquiries and private consultations with officials and politicians. This monitoring shows that the Charity's work and expertise is regarded as having high quality and relevance by our audience of policymakers and policy influencers.

Public Benefit

The Trustees confirm that they referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives of the charity and in planning future activities. In particular, the trustees consider that the activities carried out, summarised in the Aims, Objectives and Activities section of this report, provide benefit to the community.

Use of Volunteers

The Charity does not make any use of volunteers.

Fundraising Approach

The Charity does not raise any funds from the public.

Financial review

The Charity benefitted from net incoming resources of £77,302 compared to net incoming resources of £35,146 for the preceding period. As a result, total funds at the disposition of the Charity increased from £285,681 to £362,983 with net current assets increasing from £279,544 to £355,372. We had a number of funders who provided sponsorship over the course of the year. The Charity is grateful for the support of these organisations, all of whom are critical in enabling the Charity to undertake its research and host public debates.

Reserves policy and going concern

A reserve fund covers the charity for fluctuations in income throughout the year, current liabilities and unplanned expenditure due to: 1) funding being dependent on short term contracts that are subject to fluctuation. 2) requiring protection against, and the ability to continue operating, despite adverse circumstances.

The Foundation aims for a reserve fund of 12 to 24 weeks' core running costs to be held in unrestricted funds which amounts to at least £100,000. Current level of free reserves, unrestricted reserves less funds tied up in fixed assets, are £370,788. The level of reserves is reviewed annually and budgetary control implemented to ensure the level of reserves is maintained at or near the appropriate level.

Trustees are responsible for ensuring the Charity remains a going concern. Reflecting previous years' strong financial performance, the Charity ended 2022/23 in good financial health.

On the basis of the financial performance of the Charity during this year and management plans for the future confirm that the Charity is a going concern with good prospects.

Principal Financial Management Policies

The Charity prepares budgets annually which are approved by the Board. Activities are managed in line with the approved budget with a view to ensuring that significant unplanned surpluses or deficits do not arise. Cash balances in excess of the Charity's immediate requirements are placed on the highest interest rate immediate access account available.

The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2023

Major Risks

The key risks faced by the charity are financial. Most of the funding is linked to projects and hence short-term in nature. The charity has a 30-year history of successfully raising sufficient funds to support its activities. The trustees review financial performance regularly and contingency plans are in place for reducing the cost base should this ever become necessary.

A further significant risk is regulatory: if the charity were to become overly involved in partisan political activity, this might run contrary to its charitable objectives. This risk is managed through the membership of the board of trustees, which includes members of three major political parties and others who are members of none; and all projects are reviewed by senior management to ensure that there is no overall partisanship across the charity's work or the perception of it.

Transparency

Given that they operate in proximity to public figures, think-tanks can be at reputational risk of being seen to advance the political or other interests of their financial supporters. The SMF maintains a strict policy of keeping editorial independence over all its outputs. It publishes the names and contributions of all its sponsors on an annual basis, and all publications are clearly marked to identify the sponsor. It does not accept anonymous donations or payments of any kind. All sponsors sign agreements accepting that the Charity retains editorial independence and that the Charity does not in any way guarantee or promise that any public figure will participate in any project or event.

Plans for future periods

The Charity will continue to advance the education of the public to promote a social market agenda, by producing and disseminating policy reports, and holding debates and discussions across the policy areas described earlier in this report.

- To advance the education of the public in public policy, all our reports will continue to be available free of charge for public download via the internet and events will be free to attend.
- We will continue to attempt to influence policy development in areas where we carry out research and events, in order to promote a social market approach to public policy.

Structure, governance and management

The Social Market Foundation's governing document is its Memorandum and Articles of Association dated 30th July 1990. Under the Memorandum and Articles, the liability of each member is limited to £1. The Subscribers to the Memorandum of Association are members of the Foundation as are others admitted to membership in accordance with the Articles of Association, having been approved by the directors.

Trustee recruitment and retention is reviewed annually. The body of trustees appoints new trustees and nominates the chair of trustees. When recruiting a new trustee, all members are circulated with invitations to nominate trustees prior to the relevant Board meeting. When considering co-opting trustees, the Board has regard to the requirement for any specialist skills needed. The management structure of the Social Market Foundation is as follows:

- Up to 10 Directors/Trustees
- Chief Executive (referred to as the "Director"), company secretary, other members of the senior management team and up to 13 permanent staff.

The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2023

- A policy advisory board of around 25 members who are consulted from time to time for ideas about topics for future research projects.
- The Board met four times during the year. Its work is informed and supported by the Director, the senior management team and by the operation of ad hoc committees constituted to consider specific issues. The Charity's research and events programmes are delegated to the Director, subject to the provision of regular updates to the Board. Contracts for funding these activities are negotiated by the Director and senior management team based on standardised contracts as approved by the Board.

The Trustees, who are also the directors for the purpose of company law, and who served during the year were:

Baroness Oly Grender MBE
Caroline Escott
Melville Rodrigues
Professor Tim Bale
Professor Wendy Thomson CBE
Rt Hon Dame Margaret Hodge MP
Rt Hon Sir Robert Buckland MP (Resigned 7 September 2022)
Sir Trevor Phillips OBE
Tom Ebbutt

Auditor

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The trustees' annual report and the strategic report were approved on^{27/11/23} and signed on behalf of the board of trustees by:



Professor Wendy Thomson CBE
Trustee

The Social Market Foundation
Company Limited by Guarantee
Trustees' Responsibilities Statement
Year ended 31 March 2023

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

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

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Social Market Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Social Market Foundation *(continued)*

Year ended 31 March 2023

Opinion

We have audited the financial statements of The Social Market Foundation (the 'charity') for the year ended 31 March 2023 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and the related notes, 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, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2023 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;
- 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 auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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

The Social Market Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Social Market Foundation *(continued)*

Year ended 31 March 2023

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 trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which 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 trustees' responsibilities statement, the trustees (who are also the directors 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 an auditor's report 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.

The Social Market Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Social Market Foundation (continued)

Year ended 31 March 2023

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we have considered; the nature of the industry, control environment and business performance with particular reference to the Company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets.

We also consider the results of our enquiries of management relating to their own identification and assessment of the risks of irregularities and possible related fraud. This includes reviewing available documentation on their policies and procedures and performing tests of controls to evidence their effectiveness.

Throughout the audit testing we are considering the incentives that may exist within the organisation for fraud. Key areas include timing of recognising income around the year end, posting of unusual journals and manipulating the Company's performance measures to meet remuneration targets and bank covenants. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We ensure we have an understanding of the relevant laws and regulations and remain alert to possible non-compliance throughout the audit.

Despite proper planning and audit work in accordance with auditing standards there are inherent limitations and unavoidable risk that we may not detect some irregularities and material misstatements in the financial statements. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures

The Social Market Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Social Market Foundation (continued)

Year ended 31 March 2023

are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity'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 charity's members those matters we are required to state to them in an auditor's 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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.



12 December 2023

Roderick Archibald (Senior Statutory Auditor)

For and on behalf of
Burgess Hodgson LLP
Chartered accountants & statutory auditor
Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

The Social Market Foundation
Company Limited by Guarantee
Statement of Financial Position
31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible fixed assets	15	7,611	6,137
Current assets			
Debtors	16	259,316	164,026
Cash at bank and in hand		370,788	351,503
		<u>630,104</u>	<u>515,529</u>
Creditors: amounts falling due within one year	17	<u>274,732</u>	<u>235,985</u>
Net current assets		<u>355,372</u>	<u>279,544</u>
Total assets less current liabilities		<u>362,983</u>	<u>285,681</u>
Net assets		<u>362,983</u>	<u>285,681</u>
Funds of the charity			
Unrestricted funds		<u>362,983</u>	<u>285,681</u>
Total charity funds	20	<u>362,983</u>	<u>285,681</u>

These financial statements were approved by the board of trustees and authorised for issue on 27/11/23, and are signed on behalf of the board by:



Professor Wendy Thomson CBE
Trustee

The notes on pages 16 to 23 form part of these financial statements.

The Social Market Foundation
Company Limited by Guarantee
Statement of Financial Activities
(including income and expenditure account)

Year ended 31 March 2023

		2023		2022
		Unrestricted funds £	Total funds £	Total funds £
	Note			
Income and endowments				
Donations and legacies	5	120,326	120,326	65,627
Charitable activities	6	934,215	934,215	791,711
Other trading activities	7	320	320	267
Total income		<u>1,054,861</u>	<u>1,054,861</u>	<u>857,605</u>
Expenditure				
Expenditure on charitable activities	8,9	977,559	977,559	822,459
Total expenditure		<u>977,559</u>	<u>977,559</u>	<u>822,459</u>
Net income and net movement in funds		<u>77,302</u>	<u>77,302</u>	<u>35,146</u>
Reconciliation of funds				
Total funds brought forward		285,681	285,681	250,535
Total funds carried forward		<u>362,983</u>	<u>362,983</u>	<u>285,681</u>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The notes on pages 16 to 23 form part of these financial statements.

The Social Market Foundation

Company Limited by Guarantee

Statement of Cash Flows

Year ended 31 March 2023

	2023	2022
	£	£
Cash flows from operating activities		
Net income	77,302	35,146
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	2,982	2,179
Interest payable and similar charges	190	197
Accrued expenses/(income)	59,585	(40,265)
<i>Changes in:</i>		
Trade and other debtors	(99,165)	19,036
Trade and other creditors	(16,963)	128,557
Cash generated from operations	<u>23,931</u>	<u>144,850</u>
Interest paid	(190)	(197)
Net cash from operating activities	<u>23,741</u>	<u>144,653</u>
Cash flows from investing activities		
Purchase of tangible assets	(4,456)	(3,355)
Net cash used in investing activities	<u>(4,456)</u>	<u>(3,355)</u>
Net increase in cash and cash equivalents	19,285	141,298
Cash and cash equivalents at beginning of year	<u>351,503</u>	<u>210,205</u>
Cash and cash equivalents at end of year	<u>370,788</u>	<u>351,503</u>

The notes on pages 16 to 23 form part of these financial statements.

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 March 2023

1. General information

The charity is a public benefit entity and a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is 3rd Floor, 5-6 St. Matthew Street, London, SW1P 2JT, England.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS 102)) and the Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

3. Accounting policies *(continued)*

Incoming resources

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

3. Accounting policies *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	-	10% straight line
Computers and equipment	-	25% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

3. Accounting policies *(continued)*

Government grant income

Government grants are recognised using the accrual model and the performance model. Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

4. Limited by guarantee

The charity is a company limited by guarantee and has no share capital. Every member of the Foundation undertakes to contribute to the assets of the Foundation in the event of the same being wound up during the time that they are a member, or within one year after they cease to be a member for payment of the debts and liabilities of the Foundation contracted before the time at which they cease to be a member, and the costs, charges and expenses of winding up the same, and for the adjustment of the of of rights of the contributories amongst themselves, such amount as may be required not exceeding One Pound (£1).

5. Donations and legacies

	Unrestricted Funds £	Total Funds 2023 £	Unrestricted Funds £	Total Funds 2022 £
Other donations and legacies				
Donations	120,326	120,326	65,627	65,627

6. Charitable activities

	Unrestricted Funds £	Total Funds 2023 £	Unrestricted Funds £	Total Funds 2022 £
Conference and event sponsorship	172,700	172,700	233,677	233,677
Research and project sponsorship	761,515	761,515	558,034	558,034
	934,215	934,215	791,711	791,711

7. Other trading activities

	Unrestricted Funds £	Total Funds 2023 £	Unrestricted Funds £	Total Funds 2022 £
Publication	320	320	267	267

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

8. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Total Funds 2023 £	Unrestricted Funds £	Total Funds 2022 £
Fundraising and publicity	880,576	880,576	745,190	745,190
Support costs	96,983	96,983	77,269	77,269
	<u>977,559</u>	<u>977,559</u>	<u>822,459</u>	<u>822,459</u>

9. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	Total funds 2023 £	Total fund 2022 £
Fundraising and publicity	880,576	90,551	971,127	817,618
Governance costs	—	6,432	6,432	4,841
	<u>880,576</u>	<u>96,983</u>	<u>977,559</u>	<u>822,459</u>

10. Analysis of support costs

	Fundraising and publicity £	Total 2023 £	Total 2022 £
Communications and IT	7,923	7,923	10,049
General office	82,628	82,628	62,379
Governance costs	6,432	6,432	4,841
	<u>96,983</u>	<u>96,983</u>	<u>77,269</u>

11. Net income

Net income is stated after charging/(crediting):

	2023 £	2022 £
Depreciation of tangible fixed assets	2,982	2,179
Operating lease rentals	<u>1,342</u>	<u>1,276</u>

12. Auditors remuneration

	2023 £	2022 £
Fees payable for the audit of the financial statements	<u>4,340</u>	<u>4,000</u>

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

13. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2023	2022
	£	£
Wages and salaries	593,763	515,871
Social security costs	60,898	50,818
Employer contributions to pension plans	31,943	22,834
	<u>686,604</u>	<u>589,523</u>

The average head count of employees during the year was 14 (2022: 12). The average number of full-time equivalent employees during the year is analysed as follows:

	2023	2022
	No.	No.
Number of staff - Events	4	4
Number of staff - Research	9	7
Number of staff - General	1	1
	<u>14</u>	<u>12</u>

The number of employees whose remuneration for the year fell within the following bands, were:

	2023	2022
	No.	No.
£60,000 to £69,999	1	1
£90,000 to £99,999	1	1
	<u>2</u>	<u>2</u>

Key Management Personnel

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the charity. The total compensation paid to key management personnel for services provided to the charity was £92,750 (2022: £90,667).

14. Trustee remuneration and expenses

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

The Social Market Foundation
Company Limited by Guarantee
Notes to the Financial Statements (continued)
Year ended 31 March 2023

15. Tangible fixed assets

	Fixtures and fittings £	Equipment £	Total £
Cost			
At 1 April 2022	12,304	21,863	34,167
Additions	2,508	1,948	4,456
At 31 March 2023	<u>14,812</u>	<u>23,811</u>	<u>38,623</u>
Depreciation			
At 1 April 2022	12,304	15,726	28,030
Charge for the year	70	2,912	2,982
At 31 March 2023	<u>12,374</u>	<u>18,638</u>	<u>31,012</u>
Carrying amount			
At 31 March 2023	<u>2,438</u>	<u>5,173</u>	<u>7,611</u>
At 31 March 2022	<u>-</u>	<u>6,137</u>	<u>6,137</u>

16. Debtors

	2023 £	2022 £
Trade debtors	173,431	78,936
Prepayments and accrued income	85,885	85,090
	<u>259,316</u>	<u>164,026</u>

17. Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	5,643	24,555
Accruals and deferred income	167,154	141,533
Social security and other taxes	100,103	69,028
Other creditors	1,832	869
	<u>274,732</u>	<u>235,985</u>

18. Deferred income

	2023 £	2022 £
Amount deferred in year	75,744	105,833

19. Pensions and other post retirement benefits

Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £31,943 (2022: £22,834).

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

20. Analysis of charitable funds

Unrestricted funds

	At 1 April 2022	Income	Expenditure	At 31 March 2023
	£	£	£	£
General funds	<u>285,681</u>	<u>1,054,861</u>	<u>(977,559)</u>	<u>362,983</u>

	At 1 April 2021	Income	Expenditure	At 31 March 2022
	£	£	£	£
General funds	<u>250,535</u>	<u>857,605</u>	<u>(822,459)</u>	<u>285,681</u>

21. Analysis of net assets between funds

	Unrestricted Funds	Total Funds 2023
	£	£
Tangible fixed assets	7,611	7,611
Current assets	630,104	630,104
Creditors less than 1 year	<u>(274,732)</u>	<u>(274,732)</u>
Net assets	<u>362,983</u>	<u>362,983</u>

	Unrestricted Funds	Total Funds 2022
	£	£
Tangible fixed assets	6,137	6,137
Current assets	515,529	515,529
Creditors less than 1 year	<u>(235,985)</u>	<u>(235,985)</u>
Net assets	<u>285,681</u>	<u>285,681</u>

22. Analysis of changes in net debt

	At 1 Apr 2022	Cash flows	At 31 Mar 2023
	£	£	£
Cash at bank and in hand	<u>351,503</u>	<u>19,285</u>	<u>370,788</u>

23. Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2023	2022
	£	£
Not later than 1 year	50,600	17,031
Later than 1 year and not later than 5 years	<u>25,300</u>	<u>–</u>
	<u>75,900</u>	<u>17,031</u>

THE SOCIAL MARKET FOUNDATION

England & Wales - Charity number 1000971

Accounts

COMPANY REGISTRATION NUMBER: 02537035
CHARITY REGISTRATION NUMBER: 1000971

The Social Market Foundation
Company Limited by Guarantee
Financial Statements
31 March 2022

BURGESS HODGSON LLP
Chartered accountants & statutory auditor
Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

The Social Market Foundation

Company Limited by Guarantee

Financial Statements

Year ended 31 March 2022

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The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report)

Year ended 31 March 2022

The trustees, who are also the directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31 March 2022.

Reference and administrative details

Registered charity name	The Social Market Foundation
Charity registration number	1000971
Company registration number	02537035
Principal office	11 Tufton Street London SW1P 3QB
Registered office	11 Tufton Street London SW1P 3QB

The trustees

Baroness Nicola Morgan	(resigned 30 November 2021)
Baroness Oly Grender MBE	
Caroline Escott	(appointed 8 March 2022)
Mary Ann Sieghart	(resigned 30 November 2021)
Melville Rodrigues	
Professor Tim Bale	
Professor Wendy Thomson CBE	
Rt Hon Dame Margaret Hodge MP	
Rt Hon Sir Robert Buckland MP	(appointed 8 February 2022)
Sir Trevor Phillips OBE	
Tom Ebbutt	

Auditor	Burgess Hodgson LLP Chartered accountants & statutory auditor Camburgh House 27 New Dover Road Canterbury Kent CT1 3DN
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Bankers	Royal Bank Of Scotland 28 Cavendish Square London W1G 0DB
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The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report)

Year ended 31 March 2022

Structure, governance and management

The Board of Trustees, who are also directors of the Company for the purposes of the Companies Act, and trustees for charity law purposes, present their annual report and financial statements for the year ended 31 March 2022.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's governing document, the Companies Act 2006 and "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)" (as amended for accounting periods commencing from 1 January 2016).

Objectives and activities

The Social Market Foundation has a charitable objective of educating the public in the social and economic sciences. Without prejudice to the generality of that objective, the charity studies the functioning of markets in goods, services and labour, and the social context in which those markets operate. We do this in order to originate and promote policies and ideas that can be used by politicians, policymakers and business leaders to improve the functioning of markets and thereby make Britain fairer and wealthier. The Charity seeks to use its publications and events and other activities to encourage a better-informed public debate about markets, public policy and social justice, and thereby promote better outcomes.

Strategies to achieve objectives

In 2021/22, the Charity remained true to those objectives despite ongoing challenges posed by the Covid-19 pandemic and the policies put in place to manage it.

Although the pandemic required ongoing changes in the way the Charity operated and delivered its work, our fundamental strategy remained unchanged: the publication of research reports on public policy and the convening of events where improvements to public policy were proposed and discussed, with politicians of all parties and other policymakers.

We also use contributions to media outlets to advance our charitable objective.

The themes of this work set out here, with notable highlights from the research and events programme. Full details of all SMF event and publications are available on the Charity's website. Our research is made available to the public, free of charge, in electronic form.

Work, skills and labour markets

We continued to work with Trust for London on a major project to measure and demonstrate businesses' action on poverty among their workforce and supply chains.

We carried out a major survey and several focus groups of "gig economy" workers including people who work with Deliveroo. This work explored the attitudes and outlook of such workers, and their choices in the labour market of 2021.

We published papers on signalling in education, on the social standing of non-graduate voters, and the introduction of a four-day working week.

The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report)

Year ended 31 March 2022

Fair markets

Financial resilience and personal finance remained a priority for research. We published papers on pension policy and financial advice, on pensions auto-enrollment, on supporting vulnerable consumers, and on competition in the banking sector.

Working with the British Business Bank, we published research on and held public debate about BAME business ownership.

We continued to publish on gambling policy, including a paper jointly written by leading NHS clinicians making the case for a statutory gambling levy and reform of the way Whitehall departments manage gambling harm.

Public services

A collection of essays about general practice and the future of the NHS received widespread media and political attention, especially over the issue of GP shortages in low-income areas.

A series of seminars on the justice system attracted high-level engagement from political and legal figures, and resulted in several papers that received media and political attention. Some of this work was done in partnership with charities including EQUAL, LawWorks and the Centre for Women's Justice and allowed SMF to use its platform and profile to support the charitable work of those groups.

Environment and energy

We worked with the European Climate Foundation on a programme of work aimed at illuminating some of the more complex and politically challenging aspects of the Net Zero agenda.

Topics of interest included domestic heating and the installation of heat pumps. Our research on the skills and outlook of the workforce needed to carry out that installation led to close consultation with Government officials, as well prominent media coverage.

We also researched public opinion on transport issues, including a shift towards road-pricing as electric vehicles become more common.

A paper on the environmental case for alternative proteins was closely consulted in government, helping raise the salience of the topic in several areas of Whitehall work.

People, Places and Democracy

We carried out extensive work on the localised aspects of the Net Zero transition. Papers considered issues including the role councils and businesses can play in reaching Net Zero. We also carried out data analysis estimating each local authority area's capacity for green growth.

We continued to analyse and comment on immigration issues, with papers on topics including the EU Settlement Scheme and positive developments in UK public attitudes on migration issues.

A paper by SMF researchers Scott Corfe and Aveek Bhattacharya explored the UK's demographic outlook and examined the liberal case for policies aimed at encouraging a higher birth rate. This led to extensive media coverage and engagement with policymakers from across the political spectrum.

The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report)

Year ended 31 March 2022

Academic Partnerships

The Charity continued its Impact Partnership with Manchester University's Policy @ Manchester impact hub, bringing the academic expertise of social scientists and others to Westminster in events and publications calibrated to make them accessible to busy policy professionals.

Strategic report

The following sections for achievements and performance and financial review form the strategic report of the charity.

Achievements and performance

At the end of the year, 12 full-time staff and two part-time staff members were employed to deliver the programme of work. One contractor worked part-time to support the Charity on financial management.

The Charity is consistently seen by the media and policymakers as a think-tank making an important contribution to economic and social policy and enjoys a broad range of support across political parties. This standing is reflected in the membership of the Board of Trustees and the Policy Advisory Board.

In 2021/22, staff from the Charity held virtual meetings with a wide range of policymakers and stakeholders on SMF areas of interest. SMF research was frequently covered in national media outlets and SMF staff contributed numerous oped articles and other content to newspapers and broadcasters. The Charity maintained an extensive social media presence, including through the use of live streamed video coverage of public events.

The Charity held a wide range of events online which debated a diverse range of public policy topics. These events were open to the public and free of charge. The shift to online events allowed us to expand to geographical range of our participants, meaning many of our attendees were based outside London.

At the autumn party conferences held by the Liberal Democrats, Labour and Conservatives, we held 13 events including public panel debates and roundtable discussions. Speakers and participants included frontbenchers from all three parties.

The Charity regularly monitors its impact on policymaking debate, using metrics including media mentions, references in Parliament, evidence given to Parliamentary inquiries and private consultations with officials and politicians. This monitoring shows that the Charity's work and expertise is regarded as having high quality and relevance by our audience of policymakers and policy influencers.

Pandemic management and mitigation

The Charity continued the flexible approach to working that was established in the previous financial year. Our office remained open and available to staff, in line with prevailing laws and regulations.

Aside from the party conferences, the majority of the Charity's events, both public and private, were delivered remotely via Zoom and other online platforms.

All staff had the equipment and autonomy to choose remote working when they wished to.

The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report)

Year ended 31 March 2022

Public benefit

The Trustees confirm that they referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives of the charity and in planning future activities. In particular the trustees consider that the activities carried out, summarised in the Aims, Objectives and Activities section of this report, provide benefit to the community.

Use of Volunteers

The Charity does not make any use of volunteers.

Fundraising approach

The Charity does not raise any funds from the public.

Financial review

The Charity disclosed net incoming resources £35,146 compared to net incoming resources of £7,271 for the preceding period. As a result, total funds at the disposition of the Charity increased from £250,535 to £285,681 with net current assets increasing from £245,574 to £279,544. We had a number of funders who provided sponsorship over the course of the year. The Charity is grateful for the support of these organisations, all of whom are critical in enabling the Charity to undertake its research and host public debates.

Reserves policy and going concern

A reserve fund covers the charity for fluctuations in income throughout the year, current liabilities and circumstances.

The Foundation aims for a reserve fund of 12 to 24 weeks' core running costs to be held in unrestricted funds which amounts to at least £150,000. Current level of free reserves, unrestricted reserves less funds tied up in fixed assets, are £210,205. The level of reserves is reviewed annually and budgetary control implemented to ensure the level of reserves is maintained at or near the appropriate level.

Trustees are responsible for ensuring the Charity remains a going concern. Despite the challenges of the pandemic, and reflecting previous years' strong financial performance, the Charity ended 2021/22 in good financial health.

Based on the financial performance of the Charity during this year and management plans for the future confirm that the Charity is a going concern with good prospects.

Principal Financial Management Policies

The Charity prepares budgets annually which are approved by the Board. Activities are managed in line with the approved budget with a view to ensuring that significant unplanned surpluses or deficits do not arise. Cash balances in excess of the Charity's immediate requirements are placed on the highest interest rate immediate access account available.

The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report)

Year ended 31 March 2022

Financial review

Major Risks

The key risks faced by the charity are financial. Most of the funding is linked to projects and hence short-term in nature. The charity has a 30-year history of successfully raising sufficient funds to support its activities. The trustees review financial performance regularly and contingency plans are in place for reducing the cost base should this ever become necessary.

A further significant risk is regulatory: if the charity were to become overly involved in partisan political activity, this might run contrary to its charitable objectives. This risk is managed through the membership of the board of trustees, which includes members of three major political parties and others who are members of none; and all projects are reviewed by senior management to ensure that there is no overall partisanship across the charity's work or the perception of it.

Transparency

Given that they operate in proximity to public figures, think-tanks can be at reputational risk of being seen to advance the political or other interests of their financial supporters. The SMF maintains a strict policy of keeping editorial independence over all its outputs. It publishes the names and contributions of all its sponsors on an annual basis, and all publications are clearly marked to identify the sponsor. It does not accept anonymous donations or payments of any kind. All sponsors sign agreements accepting that the Charity retains editorial independence and that the Charity does not in any way guarantee or promise that any public figure will participate in any project or event.

Plans for future periods

The Charity will continue to advance the education of the public to promote a social market agenda, by producing and disseminating policy reports, and holding debates and discussions across the policy areas described earlier in this report.

- To advance the education of the public in public policy, all our reports will continue to be available free of charge for public download via the internet and events will be free to attend.
- We will continue to attempt to influence policy development in areas where we carry out research and events, in order to promote a social market approach to public policy.

The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report)

Year ended 31 March 2022

Structure, governance and management

The Social Market Foundation's governing document is its Memorandum and Articles of Association dated 30th July 1990. Under the Memorandum and Articles, the liability of each member is limited to £1. The Subscribers to the Memorandum of Association are members of the Foundation as are others admitted to membership in accordance with the Articles of Association, having been approved by the directors.

Trustee recruitment and retention is reviewed annually. The body of trustees appoints new trustees and nominates the chair of trustees. When recruiting a new trustee, all members are circulated with invitations to nominate trustees prior to the relevant Board meeting. When considering co-opting trustees, the Board has regard to the requirement for any specialist skills needed. The management structure of the Social Market Foundation is as follows:

- Up to 10 Directors/Trustees
- Chief Executive (referred to as the "Director"), company secretary, other members of the senior management team and up to 12 permanent staff.
- A policy advisory board of around 25 members who are consulted from time to time for ideas about topics for future research projects.
- The Board met four times during the year. Its work is informed and supported by the Director, the senior management team and by the operation of ad hoc committees constituted to consider specific issues. The Charity's research and events programmes are delegated to the Director, subject to the provision of regular updates to the Board. Contracts for funding these activities are negotiated by the Director and senior management team based on standardised contracts as approved by the Board.

The Trustees, who are also the directors for the purpose of company law, and who served during the year were:

Baroness Nicola Morgan	(resigned 30 November 2021)
Baroness Oly Grender MBE	
Caroline Escott	(appointed 8 March 2022)
Mary Ann Sieghart	(resigned 30 November 2021)
Melville Rodrigues	
Professor Tim Bale	
Professor Wendy Thomson CBE	
Rt Hon Dame Margaret Hodge MP	
Rt Hon Sir Robert Buckland	(appointed 8 February 2022)
Sir Trevor Phillips OBE	
Tom Ebbutt	

The Social Market Foundation
Company Limited by Guarantee
Trustees' Annual Report (Incorporating the Director's Report)
Year ended 31 March 2022

Auditor

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The trustees' annual report and the strategic report were approved on and signed on behalf of the board of trustees by:



Dr Wendy Ann Thomson
Trustee

The Social Market Foundation

Company Limited by Guarantee

Trustees' Responsibilities Statement

Year ended 31 March 2022

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

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

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Social Market Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Social Market Foundation

Year ended 31 March 2022

Opinion

We have audited the financial statements of The Social Market Foundation (the 'charity') for the year ended 31 March 2022 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and the related notes, 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, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2022 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;
- 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 auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

The Social Market Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Social Market Foundation

(continued)

Year ended 31 March 2022

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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 trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which 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.

The Social Market Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Social Market Foundation

(continued)

Year ended 31 March 2022

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 an auditor's report 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we have considered; the nature of the industry, control environment and business performance with particular reference to the Company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets.

We also consider the results of our enquiries of management relating to their own identification and assessment of the risks of irregularities and possible related fraud. This includes reviewing available documentation on their policies and procedures and performing tests of controls to evidence their effectiveness.

Throughout the audit testing we are considering the incentives that may exist within the organisation for fraud. Key areas include timing of recognising income around the year end, posting of unusual journals and manipulating the Company's performance measures to meet remuneration targets and bank covenants. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We ensure we have an understanding of the relevant laws and regulations and remain alert to possible non-compliance throughout the audit.

The Social Market Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Social Market Foundation (continued)

Year ended 31 March 2022

Despite proper planning and audit work in accordance with auditing standards there are inherent limitations and unavoidable risk that we may not detect some irregularities and material misstatements in the financial statements. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The Social Market Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Social Market Foundation

(continued)

Year ended 31 March 2022

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity'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 charity's members those matters we are required to state to them in an auditor's 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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Roderick Archibald (Senior Statutory Auditor)

For and on behalf of

Burgess Hodgson LLP

Chartered accountants & statutory auditor

Camburgh House

27 New Dover Road

Canterbury

Kent

CT1 3DN

The Social Market Foundation
Company Limited by Guarantee
Statement of Financial Activities
(including income and expenditure account)

Year ended 31 March 2022

	Note	2022 Unrestricted funds £	Total funds £	2021 Total funds £
Income and endowments				
Donations and legacies	5	65,627	65,627	22,100
Charitable activities	6	791,711	791,711	617,708
Other trading activities	7	267	267	47,457
Other income	8	–	–	9,345
Total income		<u>857,605</u>	<u>857,605</u>	<u>696,610</u>
Expenditure				
Expenditure on charitable activities	9,10	822,459	822,459	689,339
Total expenditure		<u>822,459</u>	<u>822,459</u>	<u>689,339</u>
Net income and net movement in funds		<u>35,146</u>	<u>35,146</u>	<u>7,271</u>
Reconciliation of funds				
Total funds brought forward		250,535	250,535	243,264
Total funds carried forward		<u>285,681</u>	<u>285,681</u>	<u>250,535</u>

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The notes on pages 18 to 26 form part of these financial statements.

The Social Market Foundation
Company Limited by Guarantee
Statement of Financial Position
31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible fixed assets	16	6,137	4,961
Current assets			
Debtors	17	164,026	132,562
Cash at bank and in hand		<u>351,503</u>	<u>210,205</u>
		515,529	342,767
Creditors: amounts falling due within one year	18	<u>235,985</u>	<u>97,193</u>
Net current assets		<u>279,544</u>	<u>245,574</u>
Total assets less current liabilities		<u>285,681</u>	<u>250,535</u>
Net assets		<u>285,681</u>	<u>250,535</u>
Funds of the charity			
Unrestricted funds		<u>285,681</u>	<u>250,535</u>
Total charity funds	21	<u>285,681</u>	<u>250,535</u>

These financial statements were approved by the board of trustees and authorised for issue on, and are signed on behalf of the board by:



Dr Wendy Ann Thomson
Trustee

The Social Market Foundation

Company Limited by Guarantee

Statement of Cash Flows

Year ended 31 March 2022

	2022 £	2021 £
Cash flows from operating activities		
Net income	35,146	7,271
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	2,179	1,800
Interest payable and similar charges	197	209
Accrued (income)/expenses	(40,265)	1,115
<i>Changes in:</i>		
Trade and other debtors	19,036	99,741
Trade and other creditors	128,557	(39,246)
Other operating cash flow changes	–	(77,446)
Cash generated from operations	144,850	(6,556)
Interest paid	(197)	(209)
Net cash from/(used in) operating activities	144,653	(6,765)
Cash flows from investing activities		
Purchase of tangible assets	(3,355)	–
Net cash used in investing activities	(3,355)	–
Net increase/(decrease) in cash and cash equivalents	141,298	(6,765)
Cash and cash equivalents at beginning of year	210,205	216,970
Cash and cash equivalents at end of year	351,503	210,205

The notes on pages 18 to 26 form part of these financial statements.

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 March 2022

1. General information

The charity is a public benefit entity and a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is 11 Tufton Street, London, SW1P 3QB.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS 102)) and the Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

3. Accounting policies *(continued)*

Incoming resources

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

3. Accounting policies *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	-	10% straight line
Computers and equipment	-	25% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

3. Accounting policies *(continued)*

Defined contribution plans *(continued)*

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

Government grant income

Government grants are recognised using the accrual model and the performance model. Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

4. Limited by guarantee

The charity is a company limited by guarantee and has no share capital. Every member of the Foundation undertakes to contribute to the assets of the Foundation in the event of the same being wound up during the time that they are a member, or within one year after they cease to be a member for payment of the debts and liabilities of the Foundation contracted before the time at which they cease to be a member, and the costs, charges and expenses of winding up the same, and for the adjustment of the of of rights of the contributories amongst themselves, such amount as may be required not exceeding One Pound (£1).

5. Donations and legacies

	Unrestricted Funds £	Total Funds 2022 £	Unrestricted Funds £	Total Funds 2021 £
Other donations and legacies				
Donations	65,627	65,627	10,000	10,000
Business forum membership	–	–	12,000	12,000
Other	–	–	100	100
	<u>65,627</u>	<u>65,627</u>	<u>22,100</u>	<u>22,100</u>

6. Charitable activities

	Unrestricted Funds £	Total Funds 2022 £	Unrestricted Funds £	Total Funds 2021 £
Conference and event sponsorship	233,677	233,677	167,950	167,950
Research and project sponsorship	558,034	558,034	449,758	449,758
	<u>791,711</u>	<u>791,711</u>	<u>617,708</u>	<u>617,708</u>

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

7. Other trading activities

	Unrestricted Funds £	Total Funds 2022 £	Unrestricted Funds £	Total Funds 2021 £
Rental	–	–	47,055	47,055
Publication	267	267	402	402
	<u>267</u>	<u>267</u>	<u>47,457</u>	<u>47,457</u>

8. Other income

	Unrestricted Funds £	Total Funds 2022 £	Unrestricted Funds £	Total Funds 2021 £
Government grant income	–	–	9,345	9,345
	<u>–</u>	<u>–</u>	<u>9,345</u>	<u>9,345</u>

9. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Total Funds 2022 £	Unrestricted Funds £	Total Funds 2021 £
Fundraising and publicity	745,190	745,190	578,384	578,384
Support costs	77,269	77,269	110,955	110,955
	<u>822,459</u>	<u>822,459</u>	<u>689,339</u>	<u>689,339</u>

10. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	Total funds 2022 £	Total fund 2021 £
Fundraising and publicity	745,190	72,428	817,618	682,239
Governance costs	–	4,841	4,841	7,100
	<u>745,190</u>	<u>77,269</u>	<u>822,459</u>	<u>689,339</u>

11. Analysis of support costs

	Fundraising and publicity £	Total 2022 £	Total 2021 £
Communications and IT	10,049	10,049	7,790
General office	62,379	62,379	96,065
Governance costs	4,841	4,841	7,100
	<u>77,269</u>	<u>77,269</u>	<u>110,955</u>

The Social Market Foundation
Company Limited by Guarantee
Notes to the Financial Statements *(continued)*
Year ended 31 March 2022

12. Net income

Net income is stated after charging/(crediting):

	2022	2021
	£	£
Depreciation of tangible fixed assets	2,179	1,800
Operating lease rentals	<u>1,276</u>	<u>1,312</u>

13. Auditors remuneration

	2022	2021
	£	£
Fees payable for the audit of the financial statements	<u>4,000</u>	<u>4,500</u>

14. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2022	2021
	£	£
Wages and salaries	515,871	444,757
Social security costs	50,818	44,201
Employer contributions to pension plans	<u>22,834</u>	<u>21,816</u>
	<u>589,523</u>	<u>510,774</u>

The average head count of employees during the year was 12 (2021: 11). The average number of full-time equivalent employees during the year is analysed as follows:

	2022	2021
	No.	No.
Number of staff - Events	4	4
Number of staff - Research	7	6
Number of staff - General	<u>1</u>	<u>1</u>
	<u>12</u>	<u>11</u>

The number of employees whose remuneration for the year fell within the following bands, were:

	2022	2021
	No.	No.
£60,000 to £69,999	1	1
£90,000 to £99,999	<u>1</u>	<u>1</u>
	<u>2</u>	<u>2</u>

Key Management Personnel

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the charity. The total compensation paid to key management personnel for services provided to the charity was £90,667 (2021:£90,000).

The Social Market Foundation
Company Limited by Guarantee
Notes to the Financial Statements *(continued)*
Year ended 31 March 2022

15. Trustee remuneration and expenses

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

16. Tangible fixed assets

	Fixtures and fittings £	Equipment £	Total £
Cost			
At 1 April 2021	20,160	94,632	114,792
Additions	–	3,355	3,355
Disposals	(7,856)	(76,124)	(83,980)
At 31 March 2022	<u>12,304</u>	<u>21,863</u>	<u>34,167</u>
Depreciation			
At 1 April 2021	20,160	89,671	109,831
Charge for the year	–	2,179	2,179
Disposals	(7,856)	(76,124)	(83,980)
At 31 March 2022	<u>12,304</u>	<u>15,726</u>	<u>28,030</u>
Carrying amount			
At 31 March 2022	<u>–</u>	<u>6,137</u>	<u>6,137</u>
At 31 March 2021	<u>–</u>	<u>4,961</u>	<u>4,961</u>

17. Debtors

	2022 £	2021 £
Trade debtors	78,936	103,300
Prepayments and accrued income	85,090	29,262
	<u>164,026</u>	<u>132,562</u>

18. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	24,555	1,171
Accruals and deferred income	141,533	37,965
Social security and other taxes	69,028	57,779
Other creditors	869	278
	<u>235,985</u>	<u>97,193</u>

19. Deferred income

	2022 £	2021 £
Amount deferred in year	<u>105,833</u>	<u>12,500</u>

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

20. Pensions and other post retirement benefits

Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £22,834 (2021: £21,816).

21. Analysis of charitable funds

Unrestricted funds

	At 1 April 2021	Income	Expenditure	At 31 March 2022
	£	£	£	£
General funds	<u>250,535</u>	<u>857,605</u>	<u>(822,459)</u>	<u>285,681</u>
	At 1 April 2020	Income	Expenditure	At 31 March 2021
	£	£	£	£
General funds	<u>243,264</u>	<u>696,610</u>	<u>(689,339)</u>	<u>250,535</u>

22. Analysis of net assets between funds

	Unrestricted Funds	Total Funds 2022
	£	£
Tangible fixed assets	6,137	6,137
Current assets	515,529	515,529
Creditors less than 1 year	<u>(235,985)</u>	<u>(235,985)</u>
Net assets	<u>285,681</u>	<u>285,681</u>
	Unrestricted Funds	Total Funds 2022
	£	£
Tangible fixed assets	4,961	4,961
Current assets	342,767	342,767
Creditors less than 1 year	<u>(97,193)</u>	<u>(97,193)</u>
Net assets	<u>250,535</u>	<u>250,535</u>

23. Analysis of changes in net debt

	At 1 Apr 2021	Cash flows	At 31 Mar 2022
	£	£	£
Cash at bank and in hand	<u>210,205</u>	<u>141,298</u>	<u>351,503</u>

The Social Market Foundation
Company Limited by Guarantee
Notes to the Financial Statements *(continued)*
Year ended 31 March 2022

24. Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2022	2021
	£	£
Not later than 1 year	17,031	34,601
Later than 1 year and not later than 5 years	-	123,987
	<u>17,031</u>	<u>158,588</u>

THE SOCIAL MARKET FOUNDATION

England & Wales - Charity number 1000971

Accounts

COMPANY REGISTRATION NUMBER: 02537035

CHARITY REGISTRATION NUMBER: 1000971

**The Social Market Foundation
Company Limited by Guarantee
Financial Statements
31 March 2021**

BURGESS HODGSON LLP

Chartered accountants & statutory auditor
Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

The Social Market Foundation

Company Limited by Guarantee

Financial Statements

Year ended 31 March 2021

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The Social Market Foundation
Company Limited by Guarantee
Trustees' Annual Report (Incorporating the Director's Report)
Year ended 31 March 2021

The trustees, who are also the directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31 March 2021.

Reference and administrative details

Registered charity name The Social Market Foundation

Charity registration number 1000971

Company registration number 02537035

Principal office 11 Tufton Street
London
SW1P 3QB

Registered office 11 Tufton Street
London
SW1P 3QB

The trustees

Professor Timothy Bale
Thomas Ebbutt
Baroness Rosalind Grender
Rt Hon Dame Margaret Hodge
Rt Hon Baroness Nicola Morgan
Mark Trevor Phillips OBE
Melville Rodrigues
Mary Ann Sieghart
Dr Wendy Ann Thomson (Appointed 3 March 2021)
Peter Readman (Resigned 3 March 2021)

Auditor Burgess Hodgson LLP
Chartered accountants & statutory auditor
Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

Bankers Royal Bank Of Scotland
28 Cavendish Square
London
W1G 0DB

The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2021

Structure, governance and management

The Board of Trustees, who are also directors of the Company for the purposes of the Companies Act, and trustees for charity law purposes, present their annual report and financial statements for the year ended 31 March 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's governing document, the Companies Act 2006 and "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)" (as amended for accounting periods commencing from 1 January 2016)

Objectives and activities

The Social Market Foundation has a charitable objective of educating the public in the social and economic sciences. Without prejudice to the generality of that objective, the charity studies the functioning of markets in goods, services and labour, and the social context in which those markets operate. We do this in order to originate and promote policies and ideas that can be used by politicians, policymakers and business leaders to improve the functioning of markets and thereby make Britain fairer and wealthier. The Charity seeks to use its publications and events and other activities to encourage a better-informed public debate about markets, public policy and social justice, and thereby promote better outcomes.

Strategies to achieve objectives

In 2020/21, the Charity remained true to those objectives despite the multiple challenges posed by the Covid-19 pandemic and the policies put in place to manage it.

Although the pandemic required some changes in the way the Charity operated and delivered its work, our fundamental strategy remained unchanged: the publication of research reports on public policy and the convening of events where improvements to public policy were proposed and discussed, with politicians of all parties and other policymakers.

We also use contributions to media outlets to advance our charitable objective. The themes of this work set out here, with notable highlights from the research and events programme. Full details of all SMF event and publications are available on the Charity's website. Our research is made available to the public, free of charge, in electronic form.

Work, skills and labour markets

We published extensively on vocational education, skills and training in the context of the pandemic. Our arguments for greater policymaker focus on further and vocational education helped deliver a modest shift on debate. Our paper on adult education, sponsored by the Joseph Rowntree Foundation, was closely read in Whitehall. Our work with the Further Education Trust for Leadership on the role of FE - including public opinion, media coverage, and FE's relationship with HE-- was repeatedly cited in in parliamentary debates and played a role in the 2021 Queen's Speech announcements around lifelong learning. The Secretary of State for Education gave a virtual speech to the SMF in the summer of 2020, discussing our work on these topics. The Shadow Education Secretary spoke on a virtual SMF panel in March 2021 about education and wellbeing.

The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2021

Objectives and activities *(continued)*

Fair markets

We continued to explore the concept of a stakeholder economy in the context of the early 21st Century. We published a collection of essays on the topic with contributions from the Exchequer Secretary and the Labour Shadow Chancellor. Other papers focussed on competition policy, consumer markets, and the market for alcoholic drinks. A paper by an external author making the case for a new system of property taxation was extensively covered and debated in the media.

We launched a new programme of work studying the gambling market, where changes in technology raise new questions about consumer choice and pose fresh challenges for policymakers. A paper on updating gambling regulation won significant attention in government and the industry. Other work in this programme considered the economic impact of online gambling.

Public services

Our work on public services covered a broad range of topics, many of them complicated by the pandemic. Our review of obesity policy involved extensive consultation with Government departments and NHS bodies. Our paper on child hunger, using the same methodology as a forthcoming official review, added to the evidence-base on pandemic hunger and gained widespread media attention. Our work on disability policy, in partnership with Scope, informed emerging Government policy. Our work on looked-after children and the outlook of the young allowed us to highlight often-overlooked aspects of policy through media appearances.

Environment and energy

Our work on Net Zero and the greening of the UK economy has expanded significantly and positively: the social market approach is well-suited to the public-private interactions involved in decarbonisation. We published a series of reports in partnership with Scottish Power exploring the policy and political challenges posed by decarbonisation: our papers on home heat and public opinion prefigured political debate on the issue, helping to inform policymakers and opinion-formers. We published a collection of essays on green finance, with contributions from members of parliament - including government members and opposition figures. The recommendations of a paper on reforms to pension policy that could help fund major UK infrastructure projects were echoed in a Treasury initiative launched in the summer of 2021.

People, Places and Democracy

We continued to explore and highlight the role of place and region in policy, in a number of contexts. Our Net Zero work highlighted regional variations and the role of local government. Our education work included paper on the role of FE in places such as Hartlepool, site of a key by-election.

We continued to publish on immigration, making the case for more consensual policymaking in an increasingly polarised field. That work led to extensive consultation with Home Office officials and the voluntary sector, as well as media coverage.

A paper mapping the combined effects of Brexit and pandemic at a local level was repeatedly cited in Parliament and the media.

The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2021

Objectives and activities *(continued)*

Academic Partnerships

The Charity continued its Impact Partnership with Manchester University's Policy @ Manchester impact hub, bringing the academic expertise of social scientists and others to Westminster in events and publications calibrated to make them accessible to busy policy professionals.

The Charity also continued to work with the Economic and Social Research Council to bring ESRC-funded scholars into the policymaking debate at Westminster, especially on the pandemic and its effects. During the year, we expanded the scope of our work with the ESRC to take in events where prominent policymakers also speak.

Significant activities

At the end of the year, 11 full-time staff and one part-time staff member were employed to deliver the programme of work, and up to one intern. One contractor worked part-time to support the Charity on financial management.

Strategic report

The following sections for achievements and performance and financial review form the strategic report of the charity.

Achievements and performance

The Charity is consistently seen by the media and policymakers as a think-tank making an important contribution to economic and social policy and enjoys a broad range of support across political parties. This standing is reflected in the membership of the Board of Trustees and the Policy Advisory Board.

In 2020/21, staff from the Charity held virtual meetings with a wide range of policymakers and stakeholders on these issues. SMF research was frequently covered in national media outlets and SMF staff contributed numerous oped articles and other content to newspapers and broadcasters. The Charity maintained an extensive social media presence, including through the use of live-streamed video coverage of public events.

The Charity held a wide range of events online which debated a diverse range of public policy topics. These events were open to the public and free of charge. The shift to online events allowed us to expand to geographical range of our participants, meaning many of our attendees were based outside London.

Despite the cancellation of the physical party conferences in the autumn of 2020, we staged a number of virtual events related to the online versions of those conferences, where politicians including ministers and shadow ministers attended and spoke.

The Charity regularly monitors its impact on policymaking debate, using metrics including media mentions, references in Parliament, evidence given to Parliamentary inquiries and private consultations with officials and politicians. This monitoring shows that despite the pandemic, the Charity's impact on debate was higher in 2020/21 than in the previous year.

The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2021

Achievements and performance *(continued)*

Pandemic management and mitigation

The Charity was able to make a relatively smooth transition to remote working, thanks to the flexibility and hard work of its staff. Having made that transition in mid-March 2020, remote working remained the norm for SMF staff throughout 2020/21.

The main change in the Charity's operations was in the delivery of events, both public and private. All such events in 2020/21 were delivered remotely via Zoom and other online platforms.

During the first quarter of 2020/21, the Charity made use of the Government's Coronavirus Job Retention Scheme. Two members of staff were placed on furlough, reflecting a reduced workload and financial need. The total sum paid to the Charity via the CJRS was £9,345. Later in the year, the employment of one staff member, primarily involved in office administration, was ended. Charity staff worked with that departing staff member to identify new employment opportunities, and the departing colleague was able to move directly from SMF employment to comparable work elsewhere.

Premises

The Charity's 10-year lease on the building at 11 Tufton Street ended in August 2020. After discussion among staff and trustees, the trustees accepted a recommendation from the Director to maintain a physical office in Westminster. The Charity successfully negotiated a new lease in 11 Tufton Street covering only the rooms used by the Charity. This lease ends the Charity's operations as a sub-landlord, reducing the financial risk and management time-cost that arose from the previous lease. The Charity office at 11 Tufton Street was in limited use during 2020/21, but was always available to staff to use according to their professional and personal needs and in line with extant laws and government guidance.

Public benefit

The Trustees confirm that they referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives of the charity and in planning future activities. In particular the trustees consider that the activities carried out, summarised in the Aims, Objectives and Activities section of this report, provide benefit to the community.

Use of Volunteers

The Charity does not make any use of volunteers.

Fundraising approach

The Charity does not raise any funds from the public.

Financial review

The Charity disclosed net incoming resources £7,271 compared to net incoming resources of £70,696 for the preceding period. As a result, total funds at the disposition of the Charity increased from £243,264 to £250,535 with net current assets increasing from £236,503 to £245,574. We had a number of funders who provided sponsorship over the course of the year. The Charity is grateful for the support of these organisations, all of whom are critical in enabling the Charity to undertake its research and host public debates.

The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2021

Financial review *(continued)*

Reserves policy and going concern

A reserve fund covers the charity for fluctuations in income throughout the year, current liabilities and unplanned expenditure due to: o funding being dependent on short term contracts that are subject to fluctuation. o requiring protection against, and the ability to continue operating, despite adverse circumstances.

The Foundation aims for a reserve fund of 12 to 24 weeks' core running costs to be held in unrestricted funds which amounts to at least £100,000. Current level of free reserves, unrestricted reserves less funds tied up in fixed assets, are £210,205. The level of reserves is reviewed annually and budgetary control implemented to ensure the level of reserves is maintained at or near the appropriate level.

Trustees are responsible for ensuring the Charity remains a going concern. Despite the challenges of the pandemic, and reflecting previous years' strong financial performance, the Charity ended 2020/21 in good financial health. On the basis of the financial performance of the Charity during this year and management plans for the future confirm that the Charity is a going concern with good prospects.

Principal Financial Management Policies

The Charity prepares budgets annually which are approved by the Board. Activities are managed in line with the approved budget with a view to ensuring that significant unplanned surpluses or deficits do not arise. Cash balances in excess of the Charity's immediate requirements are placed on the highest interest rate immediate access account available.

Major Risks

The key risks faced by the charity are financial. Most of the funding is linked to projects and hence short-term in nature. The charity has a 30-year history of successfully raising sufficient funds to support its activities. The trustees review financial performance regularly and contingency plans are in place for reducing the cost base should this ever become necessary. A further significant risk is regulatory: if the charity were to become overly involved in partisan political activity, this might run contrary to its charitable objectives. This risk is managed through the membership of the board of trustees, which includes members of three major political parties and others who are members of none; and all projects are reviewed by senior management to ensure that there is no overall partisanship across the charity's work or the perception of it.

Transparency

Given that they operate in proximity to public figures, think-tanks can be at reputational risk of being seen to advance the political or other interests of their financial supporters. The SMF maintains a strict policy of keeping editorial independence over all its outputs. It publishes the names and contributions of all its sponsors on an annual basis, and all publications are clearly marked to identify the sponsor. It does not accept anonymous donations or payments of any kind. All sponsors sign agreements accepting that the Charity retains editorial independence and that the Charity does not in any way guarantee or promise that any public figure will participate in any project or event.

The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2021

Plans for future periods

The Charity will continue to advance the education of the public to promote a social market agenda, by producing and disseminating policy reports, and holding debates and discussions across the policy areas described earlier in this report.

- o To advance the education of the public in public policy, all our reports will continue to be available free of charge for public download via the inherent and events will be free to attend.

- o We will continue to attempt to influence policy development in areas where we carry out research and events, in order to promote a social market approach to public policy.

Structure, governance and management

The Social Market Foundation's governing document is its Memorandum and Articles of Association dated 30th July 1990. Under the Memorandum and Articles, the liability of each member is limited to £1. The Subscribers to the Memorandum of Association are members of the Foundation as are others admitted to membership in accordance with the Articles of Association, having been approved by the directors.

Trustee recruitment and retention is reviewed annually. The body of trustees appoints new trustees and nominates the chair of trustees. When recruiting a new trustee, all members are circulated with invitations to nominate trustees prior to the relevant Board meeting. When considering co-opting trustees, the Board has regard to the requirement for any specialist skills needed. The management structure of the Social Market Foundation is as follows:

- o Up to 10 Directors/Trustees

- o Chief Executive (referred to as the "Director"), company secretary, other members of the senior management team and up to 12 permanent staff.

- o A policy advisory board of around 25 members who are consulted from time to time for ideas about topics for future research projects.

- o The Board met four times during the year. Its work is informed and supported by the Director, the senior management team and by the operation of ad hoc committees constituted to consider specific issues. The Charity's research and events programmes are delegated to the Director, subject to the provision of regular updates to the Board. Contracts for funding these activities are negotiated by the Director and senior management team based on standardised contracts as approved by the Board.

The Trustees, who are also the directors for the purpose of company law, and who served during the year were:

Professor Timothy Bale
Thomas Ebbutt
Baroness Rosalind Grender
Rt Hon Dame Margaret Hodge
Rt Hon Baroness Nicola Morgan
Mark Trevor Phillips OBE
Melville Rodrigues
Mary Ann Sieghart
Dr Wendy Ann Thomson
Peter Readman

The Social Market Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

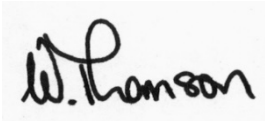
Year ended 31 March 2021

Auditor

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The trustees' annual report and the strategic report were approved on 11 November 2021 and signed on behalf of the board of trustees by:

A handwritten signature in black ink that reads "W. Thomson". The signature is written in a cursive style with a large initial 'W'.

Dr Wendy Ann Thomson
Trustee

The Social Market Foundation
Company Limited by Guarantee
Trustees' Responsibilities Statement
Year ended 31 March 2021

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

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

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Social Market Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Social Market Foundation

Year ended 31 March 2021

Opinion

We have audited the financial statements of The Social Market Foundation (the 'charity') for the year ended 31 March 2021 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and the related notes, 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, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2021 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;
- 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 auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

The Social Market Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Social Market Foundation *(continued)*

Year ended 31 March 2021

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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 trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which 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.

The Social Market Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Social Market Foundation

(continued)

Year ended 31 March 2021

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

The Social Market Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Social Market Foundation (continued)

Year ended 31 March 2021

Auditor's 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 an auditor's report 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we have considered; the nature of the industry, control environment and business performance with particular reference to the Company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets.

We also consider the results of our enquiries of management relating to their own identification and assessment of the risks of irregularities and possible related fraud. This includes reviewing available documentation on their policies and procedures and performing tests of controls to evidence their effectiveness.

Throughout the audit testing we are considering the incentives that may exist within the organisation for fraud. Key areas include timing of recognising income around the year end, posting of unusual journals and manipulating the Company's performance measures to meet remuneration targets and bank covenants. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We ensure we have an understanding of the relevant laws and regulations and remain alert to possible non-compliance throughout the audit.

Despite proper planning and audit work in accordance with auditing standards there are inherent limitations and unavoidable risk that we may not detect some irregularities and material misstatements in the financial statements. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

The Social Market Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Social Market Foundation

(continued)

Year ended 31 March 2021

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity'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 charity's members those matters we are required to state to them in an auditor's 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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Roderick Archibald (Senior Statutory Auditor)

For and on behalf of
Burgess Hodgson LLP
Chartered accountants & statutory auditor
Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

The Social Market Foundation
Company Limited by Guarantee
Statement of Financial Activities
(including income and expenditure account)
Year ended 31 March 2021

		2021		2020
		Unrestricted funds	Total funds	Total funds
	Note	£	£	£
Income and endowments				
Donations and legacies	5	22,100	22,100	10,070
Charitable activities	6	617,708	617,708	601,291
Other trading activities	7	47,457	47,457	269,698
Other income	8	9,345	9,345	–
		□□□□□□□□	□□□□□□□□	□□□□□□□□
Total income		696,610	696,610	881,059
		□□□□□□□□	□□□□□□□□	□□□□□□□□
Expenditure				
Expenditure on raising funds:				
Costs of raising donations and legacies	9	–	–	148,187
Expenditure on charitable activities	10,11	689,339	689,339	662,176
		□□□□□□□□	□□□□□□□□	□□□□□□□□
Total expenditure		689,339	689,339	810,363
		□□□□□□□□	□□□□□□□□	□□□□□□□□
Net income and net movement in funds				
		7,271	7,271	70,696
		□□□□□□□□	□□□□□□□□	□□□□□□□□
Reconciliation of funds				
Total funds brought forward		243,264	243,264	172,568
		□□□□□□□□	□□□□□□□□	□□□□□□□□
Total funds carried forward		250,535	250,535	243,264
		□□□□□□□□	□□□□□□□□	□□□□□□□□

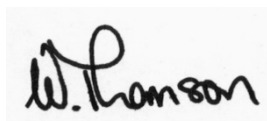
The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The notes on pages 18 to 26 form part of these financial statements.

The Social Market Foundation
Company Limited by Guarantee
Statement of Financial Position
31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible fixed assets	17	4,961	6,761
Current assets			
Debtors	18	132,562	220,303
Cash at bank and in hand		210,205	216,970
		342,767	437,273
Creditors: amounts falling due within one year	19	97,193	200,770
Net current assets		245,574	236,503
Total assets less current liabilities		250,535	243,264
Net assets		250,535	243,264
Funds of the charity			
Unrestricted funds		250,535	243,264
Total charity funds	22	250,535	243,264

These financial statements were approved by the board of trustees and authorised for issue on 11 November 2021, and are signed on behalf of the board by:



Dr Wendy Ann Thomson
Trustee

The Social Market Foundation

Company Limited by Guarantee

Statement of Cash Flows

Year ended 31 March 2021

	2021 £	2020 £
Cash flows from operating activities		
Net income	7,271	70,696
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	1,800	439
Interest payable and similar charges	209	–
Accrued expenses	1,115	4,850
<i>Changes in:</i>		
Trade and other debtors	99,741	(53,737)
Trade and other creditors	(116,692)	(48,441)
Cash generated from operations	(6,556)	(26,193)
Interest paid	(209)	–
Net cash used in operating activities	(6,765)	(26,193)
Cash flows from investing activities		
Purchase of tangible assets	–	(7,200)
Net cash used in investing activities	–	(7,200)
Net decrease in cash and cash equivalents	(6,765)	(33,393)
Cash and cash equivalents at beginning of year	216,970	250,363
Cash and cash equivalents at end of year	210,205	216,970

The notes on pages 18 to 26 form part of these financial statements.

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 March 2021

1. General information

The charity is a public benefit entity and a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is 11 Tufton Street, London, SW1P 3QB.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS 102)) and the Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

3. Accounting policies *(continued)*

Incoming resources

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

3. Accounting policies *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	-	10% straight line
Computers and equipment	-	25% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

3. Accounting policies *(continued)*

Defined contribution plans *(continued)*

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

Government grant income

Government grants are recognised using the accrual model and the performance model. Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

4. Limited by guarantee

The charity is a company limited by guarantee and has no share capital. Every member of the Foundation undertakes to contribute to the assets of the Foundation in the event of the same being wound up during the time that they are a member, or within one year after they cease to be a member for payment of the debts and liabilities of the Foundation contracted before the time at which they cease to be a member, and the costs, charges and expenses of winding up the same, and for the adjustment of the of of rights of the contributories amongst themselves, such amount as may be required not exceeding One Pound (£1).

5. Donations and legacies

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Other donations and legacies				
Donations	10,000	10,000	–	–
Business forum membership	12,000	12,000	10,000	10,000
Other	100	100	70	70
	□□□□□□□□	□□□□□□□□	□□□□□□□□	□□□□□□□□
	22,100	22,100	10,070	10,070
	□□□□□□□□	□□□□□□□□	□□□□□□□□	□□□□□□□□

6. Charitable activities

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Conference and event sponsorship	167,950	167,950	209,749	209,749
Research and project sponsorship	449,758	449,758	391,542	391,542
	□□□□□□□□	□□□□□□□□	□□□□□□□□	□□□□□□□□
	617,708	617,708	601,291	601,291
	□□□□□□□□	□□□□□□□□	□□□□□□□□	□□□□□□□□

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

7. Other trading activities

	Unrestricted Funds	Total Funds 2021	Unrestricted Funds	Total Funds 2020
	£	£	£	£
Rental	47,055	47,055	269,537	269,537
Publication	402	402	161	161
	47,457	47,457	269,698	269,698

8. Other income

	Unrestricted Funds	Total Funds 2021	Unrestricted Funds	Total Funds 2020
	£	£	£	£
Government grant income	9,345	9,345	—	—

9. Costs of raising donations and legacies

	Unrestricted Funds	Restricted Funds	Total Funds 2021
	£	£	£
Costs of raising donations and legacies - Donations	—	—	—

	Unrestricted Funds	Restricted Funds	Total Funds 2020
	£	£	£
Costs of raising donations and legacies - Donations	101,984	46,203	148,187

10. Expenditure on charitable activities by fund type

	Unrestricted Funds	Total Funds 2021	Unrestricted Funds	Total Funds 2020
	£	£	£	£
Fundraising and publicity	578,384	578,384	530,213	530,213
Support costs	110,955	110,955	131,963	131,963
	689,339	689,339	662,176	662,176

11. Expenditure on charitable activities by activity type

	Activities undertaken directly	Support costs	Total funds 2021	Total fund 2020
	£	£	£	£
Fundraising and publicity	578,384	103,855	682,239	657,080
Governance costs	—	7,100	7,100	5,096
	578,384	110,955	689,339	662,176

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

12. Analysis of support costs

	Fundraising and publicity	Total 2021	Total 2020
	£	£	£
Communications and IT	7,790	7,790	9,268
General office	92,644	92,644	115,357
Governance costs	2,385	2,385	5,096
	102,819	102,819	129,721

13. Net income

Net income is stated after charging/(crediting):

	2021	2020
	£	£
Depreciation of tangible fixed assets	1,800	439
Operating lease rentals	1,312	1,803

14. Auditors remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	4,500	1,250

15. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2021	2020
	£	£
Wages and salaries	444,757	442,260
Social security costs	44,201	45,125
Employer contributions to pension plans	21,816	16,599
	510,774	503,984

The average head count of employees during the year was 11 (2020: 11). The average number of full-time equivalent employees during the year is analysed as follows:

	2021	2020
	No.	No.
Number of staff - Events	4	4
Number of staff - Research	6	6
Number of staff - General	1	1
	11	11

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

15. Staff costs *(continued)*

The number of employees whose remuneration for the year fell within the following bands, were:

	2021	2020
	No.	No.
£60,000 to £69,999	1	1
£90,000 to £99,999	1	1
	2	2

Key Management Personnel

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the charity. The total compensation paid to key management personnel for services provided to the charity was £90,000 (2020:£98,706).

16. Trustee remuneration and expenses

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

17. Tangible fixed assets

	Fixtures and fittings £	Equipment £	Total £
Cost			
At 1 April 2020 and 31 March 2021	20,160	94,632	114,792
Depreciation			
At 1 April 2020	20,160	87,871	108,031
Charge for the year	–	1,800	1,800
At 31 March 2021	20,160	89,671	109,831
Carrying amount			
At 31 March 2021	–	4,961	4,961
At 31 March 2020	–	6,761	6,761

18. Debtors

	2021	2020
	£	£
Trade debtors	103,300	172,852
Prepayments and accrued income	29,262	47,451
	132,562	220,303

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

19. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	1,171	55,619
Accruals and deferred income	37,965	89,796
Social security and other taxes	57,779	52,238
Other creditors	278	3,117
	□□□□□□□□	□□□□□□□□
	97,193	200,770
	□□□□□□□□	□□□□□□□□

20. Deferred income

	2021	2020
	£	£
Amount deferred in year	12,500	77,446
	□□□□□□□□	□□□□□□□□

21. Pensions and other post retirement benefits

Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £21,816 (2020: £16,599).

22. Analysis of charitable funds

Unrestricted funds

	At			At
	1 April 2020	Income	Expenditure	31 March 2021
	£	£	£	£
General funds	243,264	696,610	(689,339)	250,535
	□□□□□□□□	□□□□□□□□	□□□□□□□□	□□□□□□□□

	At			At
	1 April 2019	Income	Expenditure	31 March 2020
	£	£	£	£
General funds	126,365	881,059	(764,160)	243,264
	□□□□□□□□	□□□□□□□□	□□□□□□□□	□□□□□□□□

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

23. Analysis of net assets between funds

	Unrestricted Funds	Total Funds 2021
	£	£
Tangible fixed assets	4,961	4,961
Current assets	342,767	342,767
Creditors less than 1 year	(97,193)	(97,193)
Net assets	250,535	250,535
	□□□□□□□□	□□□□□□□□
	Unrestricted Funds	Total Funds 2020
	£	£
Tangible fixed assets	6,761	6,761
Current assets	437,273	437,273
Creditors less than 1 year	(200,770)	(200,770)
Net assets	243,264	243,264
	□□□□□□□□	□□□□□□□□

24. Analysis of changes in net debt

	At 1 Apr 2020	Cash flows	At 31 Mar 2021
	£	£	£
Cash at bank and in hand	216,970	(6,765)	210,205
	□□□□□□□□	□□□□□□□□	□□□□□□□□

25. Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2021	2020
	£	£
Not later than 1 year	34,601	14,417
Later than 1 year and not later than 5 years	123,987	–
	□□□□□□□□	□□□□□□□□
	158,588	14,417
	□□□□□□□□	□□□□□□□□