

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

	Page
Trustees' annual report (incorporating the director's report)	1
Trustees' responsibilities statement	9
Independent auditor's report to the members	10
Statement of financial activities (including income and expenditure account)	15
Statement of financial position	16
Statement of cash flows	17
Notes to the financial statements	18

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 keyby-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 a 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)*

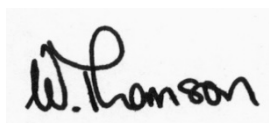
Year ended 31 March 2021

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, appearing to read 'W. Thomson', is shown within a light grey rectangular box.

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
		□□□□□□□□	□□□□□□□□	□□□□□□□□

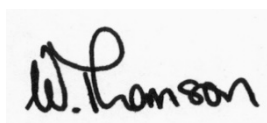
The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

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 No.	2020 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 1 April 2020	Income	Expenditure	At 31 March 2021
	£	£	£	£
General funds	243,264	696,610	(689,339)	250,535

	At 1 April 2019	Income	Expenditure	At 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	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	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