

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

| | Page |
|--|-------------|
| Trustees' annual report (incorporating the director's report) | 1 |
| Trustees' responsibilities statement | 8 |
| Independent auditor's report to the members | 9 |
| Statement of financial activities (including income and expenditure account) | 13 |
| Statement of financial position | 14 |
| Statement of cash flows | 15 |
| Notes to the financial statements | 16 |

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 Olly Greender 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 | 274,732 | 235,985 |
| 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 | | 362,983 | 285,681 |
| 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 |
|---|------|----------------------------|------------------|------------------|
| | Note | Unrestricted funds £ | Total funds £ | Total funds £ |
| 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 | <u>977,559</u> | <u>977,559</u> | <u>822,459</u> |
| 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 | 23,931 | 144,850 |
| 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 | Unrestricted Funds | Total Funds |
|---------------------------|--------------------|----------------|--------------------|----------------|
| | 2023 | 2023 | 2022 | 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 | Total fund |
|---------------------------|--------------------------------|---------------|----------------|----------------|
| | 2023 | 2023 | 2023 | 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 | 14,812 | 23,811 | 38,623 |
| Depreciation | | | |
| At 1 April 2022 | 12,304 | 15,726 | 28,030 |
| Charge for the year | 70 | 2,912 | 2,982 |
| At 31 March 2023 | 12,374 | 18,638 | 31,012 |
| Carrying amount | | | |
| At 31 March 2023 | 2,438 | 5,173 | 7,611 |
| At 31 March 2022 | – | 6,137 | 6,137 |

16. Debtors

| | 2023 £ | 2022 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 173,431 | 78,936 |
| Prepayments and accrued income | 85,885 | 85,090 |
| | 259,316 | 164,026 |

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 |
| | 274,732 | 235,985 |

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> |