

COMPANY REGISTRATION NUMBER: 02537035
CHARITY REGISTRATION NUMBER: 1000971

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

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

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

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The Social Market Foundation

Company Limited by Guarantee

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

Year ended 31 March 2025

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

Reference and administrative details

Registered charity name The Social Market Foundation

Charity registration number 1000971

Company registration number 02537035

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

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

The Trustees

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

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

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

The Social Market Foundation

Company Limited by Guarantee

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

Year ended 31 March 2025

Structure, governance and management

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

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016).

Objectives and activities

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

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

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

Research

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

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

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

The Social Market Foundation

Company Limited by Guarantee

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

Year ended 31 March 2025

Objectives and activities *(continued)*

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

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

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

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

Academic Partnerships

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

Strategic report

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

Achievements and performance

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

The Social Market Foundation

Company Limited by Guarantee

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

Year ended 31 March 2025

Achievements and performance *(continued)*

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

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

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

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

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

Public benefit

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

Use of Volunteers

The Charity does not make any use of volunteers.

Fundraising Approach

The Charity does not raise any funds from the public.

Financial review

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

The Social Market Foundation

Company Limited by Guarantee

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

Year ended 31 March 2025

Reserves policy and going concern

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

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

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

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

Principal Financial Management Policies

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

Major Risks

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

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

Transparency

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

The Social Market Foundation

Company Limited by Guarantee

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

Year ended 31 March 2025

Sustainability

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

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

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

We aim to reduce environmental impact of our events by:

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

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

Plans for future periods

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

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

The Social Market Foundation

Company Limited by Guarantee

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

Year ended 31 March 2025

Structure, governance and management

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

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

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

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

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

Auditor

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

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

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



Professor Wendy Thomson CBE
Trustee

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

The Social Market Foundation

Company Limited by Guarantee

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

Year ended 31 March 2025

Opinion

We have audited the financial statements of The Social Market Foundation (the 'charity') for the year ended 31 March 2025 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2025 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

The Social Market Foundation

Company Limited by Guarantee

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

Year ended 31 March 2025

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

The Social Market Foundation

Company Limited by Guarantee

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

(continued)

Year ended 31 March 2025

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

The Social Market Foundation

Company Limited by Guarantee

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

Year ended 31 March 2025

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

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

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

The Social Market Foundation

Company Limited by Guarantee

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


(continued)

Year ended 31 March 2025

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

Use of our report

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



Roderick Archibald (Senior Statutory Auditor)

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

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

Year ended 31 March 2025

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

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

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

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

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

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



Professor Wendy Thomson CBE
Trustee

The Social Market Foundation

Company Limited by Guarantee

Statement of Cash Flows

Year ended 31 March 2025

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

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

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 March 2025

1. General information

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

2. Statement of compliance

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

3. Accounting policies

Basis of preparation

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

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

Going concern

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

Judgements and key sources of estimation uncertainty

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

Fund accounting

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

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

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

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2025

3. Accounting policies *(continued)*

Incoming resources

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

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

Resources expended

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

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

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

Operating leases

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

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2025

3. Accounting policies *(continued)*

Tangible assets

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

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

Depreciation

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

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

Impairment of fixed assets

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

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

Financial instruments

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

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

Defined contribution plans

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

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2025

3. Accounting policies *(continued)*

Defined contribution plans *(continued)*

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

Government grant income

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

4. Limited by guarantee

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

5. Donations and legacies

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

6. Charitable activities

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

7. Other trading activities

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

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2025

8. Expenditure on charitable activities by fund type

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

9. Expenditure on charitable activities by activity type

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

10. Analysis of support costs

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

11. Net income/(expenditure)

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

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

12. Auditors remuneration

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

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

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2025

13. Staff costs

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

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

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

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

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

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

Key Management Personnel

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

14. Trustee remuneration and expenses

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

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2025

15. Tangible fixed assets

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

16. Debtors

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

17. Creditors: amounts falling due within one year

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

18. Deferred income

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

19. Pensions and other post-retirement benefits

Defined contribution plans

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

The Social Market Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2025

20. Analysis of charitable funds

Unrestricted funds

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

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

21. Analysis of net assets between funds

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

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

22. Analysis of changes in net cash

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

23. Operating lease commitments

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

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