

Charity Registration No. 1000971

Company Registration No. 02537035 (England and Wales)

**THE SOCIAL MARKET FOUNDATION  
(COMPANY LIMITED BY GUARANTEE)  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

MONDAY



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30/09/2019  
COMPANIES HOUSE

harwoodhutton

**THE SOCIAL MARKET FOUNDATION  
(COMPANY LIMITED BY GUARANTEE)  
LEGAL AND ADMINISTRATIVE INFORMATION**

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<b>Trustees</b>	Baroness Rosalind Grender	
	Nicola Horlick	
	Peter Readman	
	Mary Ann Sieghart- Chair	
	Thomas Ebbutt	(Appointed 19 April 2018)
	Dr Timothy Bale	
	Trevor Phillips OBE	
	Rt Hon Dame Margaret Hodge	(Appointed 23 April 2018)
	Rt Hon Nicola Morgan	(Appointed 16 May 2018)
	Melville Rodrigues	(Appointed 4 June 2018)
<b>Charity number</b>	1000971	
<b>Company number</b>	02537035	
<b>Registered office</b>	11 Tufton Street London SW1P 3QB	
<b>Auditor</b>	Harwood Hutton Limited 4 Devonshire Street London W1W 5DT	

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**THE SOCIAL MARKET FOUNDATION  
(COMPANY LIMITED BY GUARANTEE)  
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**THE SOCIAL MARKET FOUNDATION  
(COMPANY LIMITED BY GUARANTEE)  
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)  
FOR THE YEAR ENDED 31 MARCH 2019**

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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 2019.

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, 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.

**Strategies to achieve objectives**

In 2018/19, the Charity sought to achieve its objectives by the publication of research reports on public policy and the convening of events where improvements to public policy were proposed and discussed, with politicians of all parties and other policymakers. We also use contributions to media outlets to advance our charitable objective. The themes of this work are set out here, with notable highlights from the research and events programme. Full details of all SMF events and publications are available on the Charity's website. Our research is made available to the public, free of charge, in electronic form.

**Fair Markets**

The Charity continued to produce high-quality, high-impact work on Britain's political economy and the functioning of its markets, especially consumer markets, with regard to fairness and social justice. Research topics included the "poverty premium" in energy, the role of economic regulators in a fair market, and the overall level of competition across key UK markets. Our report on overhauling the market for new build housing to increase consumer power was publicly endorsed by the Ministry for Housing, Communities and Local Government.

**Work, Education and Skills**

The Charity did extensive work on labour markets, skills and education, with a particular focus on education and training for the "other 50%", the half of school-leavers who do not go to Higher Education. Through research and commentary, we have sought to develop the argument that policymakers must pay more attention to non-HE routes and choices. A highlight of this programme was a report on apprenticeship quality that received extensive media coverage and interest from officials and policy-makers in all the main political parties.

Our immigration programme, supported by Unbound Philanthropy, produced several influential reports including an assessment of local services and data collection that has informed policy development in several government departments and agencies.

**THE SOCIAL MARKET FOUNDATION  
(COMPANY LIMITED BY GUARANTEE)  
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)  
FOR THE YEAR ENDED 31 MARCH 2019**

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**Public Service Reform**

We studied several aspects of public service reform, but placed a particular focus on social care. Our report on unpaid family carers was widely covered in the media and helped inform political debate about a sustainable care system. Our recommendations on funding free personal care through a one-off asset levy helped stimulate debate about funding and generational fairness.

We also sought to highlight public services that receive little attention in mainstream political and media debate. Our work on the quality of services for looked-after-children was endorsed by the Children's Commissioner for England.

**Academic Partnerships**

The Charity continued its Impact Partnership with the Centre for Advantage in the Global Economy at Warwick University, bringing the academic expertise of economists and others to Westminster in events and publications calibrated to make them accessible to busy policy professionals. The Charity also continued to work with the Economic and Social Research Council to bring ESRC-funded scholars into the policymaking debate at Westminster. During the year, we expanded the scope of our work with the ESRC to take in events where prominent policymakers also speak. Such attendees included David Gauke, Secretary of State for Justice, and Sir Norman Lamb, Chair of the Commons Science and Technology Committee.

**Significant activities**

At the end of the year, 10 full-time staff and one part-time staff member were employed to deliver the programme of work, and up to one intern. One contractor worked part-time to support the Charity on financial management. A number of SMF publications included contributions from external authors.

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 2018/19, 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 and around Westminster which debated a diverse range of topics including immigration, technology, criminal justice and EU reform. These events were open to the public and free of charge. In addition, the organisation hosted 20 events across four national party conferences where politicians including ministers and shadow ministers attended and spoke.

**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.

**THE SOCIAL MARKET FOUNDATION  
(COMPANY LIMITED BY GUARANTEE)  
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)  
FOR THE YEAR ENDED 31 MARCH 2019**

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**Financial review**

The Charity disclosed net incoming resources of £157,321 compared to net incoming resources of £66,699 for the preceding period. As a result, total funds at the disposition of the Charity increased from £15,247 to £172,568 with net current assets increasing from £14,071 to £172,568.

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:

- 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 £126,365. 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. The political uncertainty that appears likely to continue and possibly increase in 2019/20 means the Charity's management is particularly mindful of the need for financial prudence and the maintenance of adequate reserves.

Trustees are responsible for ensuring the Charity remains a going concern. After facing some financial challenges in the year ending 31 March 2017, the Charity has experienced two years with substantial increases in income, producing a net positive movement in funds. That improvement reflects the Charity's higher political and media profile, something that is set to continue. On the basis of the financial performance of the Charity during this year and management plans for the future, we 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 26-year history of successfully raising sufficient funds to support its activities. The trustees review financial performance regularly and contingency plans are in place for reducing the cost base should this ever become necessary. A further significant risk is regulatory: if the charity were to become overly involved in partisan political activity, this might run contrary to its charitable objectives. This risk is managed through the membership of the board of trustees, which includes members of three major political parties and others who are members of none; and all projects are reviewed by senior management to ensure that there is no overall partisanship across the charity's work or the perception of it.

**Transparency**

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

**THE SOCIAL MARKET FOUNDATION  
(COMPANY LIMITED BY GUARANTEE)  
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)  
FOR THE YEAR ENDED 31 MARCH 2019**

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**Future plans**

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 10 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:

Matthew D'Ancona	(Resigned 28 May 2018)
Baroness Rosalind Grender	
Nicola Horlick	
Sir Brian Pomeroy	(Resigned 20 April 2018)
Peter Readman	
Baroness Gillian Shephard	(Resigned 17 April 2018)
Mary Ann Sieghart - Chair	
Baroness Tessa Jowell	(Resigned 12 May 2018)
Dr Timothy Bale	
Trevor Phillips OBE	
Thomas Ebbutt	(Appointed 19 April 2018)
Rt Hon Dame Margaret Hodge	(Appointed 23 April 2018)
Rt Hon Nicola Morgan MP	(Appointed 23 April 2018)
Melville Rodrigues	(Appointed 4 June 2018)

**THE SOCIAL MARKET FOUNDATION  
(COMPANY LIMITED BY GUARANTEE)  
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)  
FOR THE YEAR ENDED 31 MARCH 2019**

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**Induction and training of new trustees**

New trustees will be provided with detailed information on their legal obligations under charity law and what the role will entail. Their training needs will be assessed, and training provided if required. In addition, new trustees will be provided with copies of:

- the Memorandum and Articles of Association of the Charity
- Board papers from the last year including research programme and business plan and accounts
- Statements of policy including the SMF constitution

**Key management**

The salary for key management is decided by the trustees taking into account the skills and experience required, the management responsibilities, the overall budget constraints and a view of what is appropriate as compared to similar roles in the sector in which we work.

**Auditor**

In accordance with the company's articles, a resolution proposing that Harwood Hutton Limited be reappointed as auditor of the company will be put at a General Meeting.



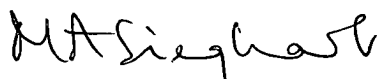
**THE SOCIAL MARKET FOUNDATION  
(COMPANY LIMITED BY GUARANTEE)  
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)  
FOR THE YEAR ENDED 31 MARCH 2019**

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**Disclosure of information to auditor**

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The Trustees' report was approved by the Board of Trustees.



**Mary Ann Sieghart - Chair**

Dated: 9 September 2019

**THE SOCIAL MARKET FOUNDATION  
(COMPANY LIMITED BY GUARANTEE)  
STATEMENT OF TRUSTEES' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 MARCH 2019**

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The trustees (who are also the directors of The Social Market Foundation for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

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

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

# **THE SOCIAL MARKET FOUNDATION (COMPANY LIMITED BY GUARANTEE) INDEPENDENT AUDITOR'S REPORT**

## **TO THE MEMBERS OF THE SOCIAL MARKET FOUNDATION**

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### **Opinion**

We have audited the financial statements of The Social Market Foundation (the 'Charity') for the year ended 31 March 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, 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 Financial Reporting Standard 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 charitable company's affairs as at 31 March 2019 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

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

**THE SOCIAL MARKET FOUNDATION  
(COMPANY LIMITED BY GUARANTEE)  
INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
TO THE MEMBERS OF THE SOCIAL MARKET FOUNDATION**

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**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Report, which includes the directors' report prepared for the purposes of company law, 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; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.

**Responsibilities of Trustees**

As explained more fully in the statement of Trustees' responsibilities, the Trustees, who are also the directors of the Charity for the purpose of company law, is 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 is 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 charitable company 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.

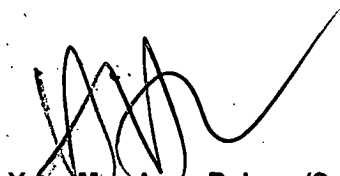
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**THE SOCIAL MARKET FOUNDATION  
(COMPANY LIMITED BY GUARANTEE)  
INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
TO THE MEMBERS OF THE SOCIAL MARKET FOUNDATION**

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**Use of our report**

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



**Yuen Man Anna Bulmer (Senior Statutory Auditor)  
for and on behalf of Harwood Hutton Limited**

**Chartered Accountants  
Statutory Auditor**

*9 September 2019*

4 Devonshire Street  
London  
W1W 5DT

**THE SOCIAL MARKET FOUNDATION  
(COMPANY LIMITED BY GUARANTEE)  
STATEMENT OF FINANCIAL ACTIVITIES  
INCLUDING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £	Total 2018 £
<b><u>Income from:</u></b>					
Donations and legacies	3	50,225	40,000	90,225	69,478
Charitable activities	4	724,050	-	724,050	689,454
Other trading activities	5	144,529	-	144,529	132,186
Investments	6	-	-	-	9
<b>Total income</b>		<b>918,804</b>	<b>40,000</b>	<b>958,804</b>	<b>891,127</b>
<b><u>Expenditure on:</u></b>					
Raising funds	7	101,669	31,141	132,810	111,026
Charitable activities	8	668,673	-	668,673	713,402
<b>Total resources expended</b>		<b>770,342</b>	<b>31,141</b>	<b>801,483</b>	<b>824,428</b>
<b>Net income for the year/ Net movement in funds</b>		<b>148,462</b>	<b>8,859</b>	<b>157,321</b>	<b>66,699</b>
Fund balances at 1 April 2018		(22,097)	37,344	15,247	(51,452)
<b>Fund balances at 31 March 2019</b>		<b>126,365</b>	<b>46,203</b>	<b>172,568</b>	<b>15,247</b>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

**THE SOCIAL MARKET FOUNDATION  
(COMPANY LIMITED BY GUARANTEE)  
BALANCE SHEET  
AS AT 31 MARCH 2019**

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	12		-		1,176
<b>Current assets</b>					
Debtors	14	159,066		228,832	
Cash at bank and in hand		250,363		171,085	
		409,429		399,917	
<b>Creditors: amounts falling due within one year</b>	15	(236,861)		(385,846)	
Net current assets			172,568		14,071
<b>Total assets less current liabilities</b>			172,568		15,247
<b>Income funds</b>					
Restricted funds	18		46,203		37,344
Unrestricted funds			126,365		(22,097)
			172,568		15,247

The financial statements were approved by the Trustees on 9 September 2019



Mary Ann Sieghart - Chair  
Trustee

Company Registration No. 02537035

**THE SOCIAL MARKET FOUNDATION  
(COMPANY LIMITED BY GUARANTEE)  
STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	22		79,278		154,702
<b>Investing activities</b>					
Interest received		-		9	
<b>Net cash (used in)/generated from investing activities</b>			-		9
<b>Net cash used in financing activities</b>			-		-
<b>Net increase in cash and cash equivalents</b>			79,278		154,711
Cash and cash equivalents at beginning of year			171,085		16,374
<b>Cash and cash equivalents at end of year</b>			250,363		171,085



**THE SOCIAL MARKET FOUNDATION  
(COMPANY LIMITED BY GUARANTEE)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**1 Accounting policies**

**Charity information**

The Social Market Foundation is a private company limited by guarantee incorporated in England and Wales. The registered office is 11 Tufton Street, London, SW1P 3QB.

**1.1 Accounting convention**

The financial statements have been prepared in accordance 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). The Charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

**1.2 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.

**1.3 Charitable funds**

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the Charity.

**1.4 Incoming resources**

Income is recognised when the Charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the Charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the Charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

**THE SOCIAL MARKET FOUNDATION**  
**(COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**1 Accounting policies**

**(Continued)**

**1.5 Resources expended**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Support costs relating to staff costs are allocated across the activities using an apportionment rate calculated using turnover of the activities. Other support costs are allocated across the activities using an apportionment rate based on direct costs of the activities.

**1.6 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	10 years
Computers	4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

**1.7 Impairment of fixed assets**

At each reporting end date, the Charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

**1.8 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.9 Financial instruments**

The company has elected to apply the provisions of Section 11 "Basic financial Instruments" to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

***Basic financial assets***

Basic financial assets, which include debtors and cash and bank balances are measured at transaction price less any provision for impairment. Loans receivable are measured initially at fair value, net of transaction costs and are subsequently carried at amortised costs using the effective interest method, less any provision for impairment.

**THE SOCIAL MARKET FOUNDATION  
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2019**

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**1 Accounting policies**

**(Continued)**

***Basic financial liabilities***

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when the Charity's contractual obligations expire or are discharged or cancelled.

**1.10 Employee benefits**

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.11 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**2 Critical accounting estimates and judgements**

In the application of the Charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

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**3 Donations and legacies**

	Unrestricted funds	Restricted funds	Total	Total
	2019 £	2019 £	2019 £	2018 £
Donations and gifts	50,225	40,000	90,225	69,478
<b>For the year ended 31 March 2018</b>	<b>29,478</b>	<b>40,000</b>		<b>69,478</b>
<b>Donations and gifts</b>				
Donations	12,000	-	12,000	40,000
Business Forum Membership	36,000	-	36,000	28,178
Other voluntary income	2,225	-	2,225	1,300
Other	-	40,000	40,000	-
	50,225	40,000	90,225	69,478

**4 Income from charitable activities**

	2019 £	2018 £
Conference & event sponsorship	195,701	187,178
Research project sponsorship	528,349	502,276
	724,050	689,454

**5 Income from other trading activities**

	2019 £	2018 £
Rental income	144,176	131,926
Publication income	353	260
Other trading activities	144,529	132,186

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**FOR THE YEAR ENDED 31 MARCH 2019**

**6 Investments**

	Unrestricted funds	Total
	2019 £	2018 £
Interest receivable	-	9

**7 Raising funds**

	Unrestricted funds	Restricted funds	Total	Total
	2019 £	2019 £	2019 £	2018 £
<u>Fundraising and publicity</u>				
Premises and office costs	101,669	-	101,669	101,512
Other fundraising costs	-	-	-	1,283
Staff costs	-	31,141	31,141	7,501
Support costs	-	-	-	730
	<u>101,669</u>	<u>31,141</u>	<u>132,810</u>	<u>111,026</u>
Fundraising and publicity	101,669	31,141	132,810	111,026
	<u>101,669</u>	<u>31,141</u>	<u>132,810</u>	<u>111,026</u>
<b>For the year ended 31 March 2018</b>				
Fundraising and publicity	108,370	2,656		111,026
	<u>108,370</u>	<u>2,656</u>		<u>111,026</u>

**THE SOCIAL MARKET FOUNDATION**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**8 Charitable activities**

	2019 £	2018 £
Staff costs	488,296	477,100
Conference and Event Sponsorship	44,725	55,730
Publications	2,101	26,568
Research Projects Sponsorship	36,576	22,883
	<u>571,698</u>	<u>582,281</u>
Share of support costs (see note 9)	89,689	122,983
Share of governance costs (see note 9)	7,286	8,138
	<u>668,673</u>	<u>713,402</u>
<b>Analysis by fund</b>		
Unrestricted funds	668,673	
	<u>668,673</u>	
<b>For the year ended 31 March 2018</b>		
Unrestricted funds		713,402
		<u>713,402</u>

**THE SOCIAL MARKET FOUNDATION**  
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**FOR THE YEAR ENDED 31 MARCH 2019**

**9 Support costs**

	<b>Support costs</b>	<b>Governance costs</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Premises and office costs	77,654	-	77,654	74,935
IT and website costs	6,982	-	6,982	9,722
Operating leases	3,877	-	3,877	(1,329)
Depreciation	1,176	-	1,176	1,500
Interest, penalties and overdue taxes	-	-	-	38,885
Audit fees	-	5,400	5,400	4,500
Legal and professional	-	1,886	1,886	3,638
	<u>89,689</u>	<u>7,286</u>	<u>96,975</u>	<u>131,851</u>
Analysed between				
Fundraising	-	-	-	730
Charitable activities	<u>89,689</u>	<u>7,286</u>	<u>96,975</u>	<u>131,121</u>
	<u>89,689</u>	<u>7,286</u>	<u>96,975</u>	<u>131,851</u>

**10 Trustees**

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

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**11 Employees**

**Number of employees**

The average monthly number of employees during the year was:

2019 Number	2018 Number
11	10

**Employment costs**

	2019 £	2018 £
Wages and salaries	464,390	431,385
Social security costs	43,142	43,485
Other pension costs	11,905	9,731
	<u>519,437</u>	<u>484,601</u>

The key management personnel of the Charity are those persons having authority and responsibility for planning, directing and controlling the activities of the Charity, directly and indirectly, including any Trustee of the Charity. In addition to the Trustees, key management personnel includes the Chief Executive. Aggregate remuneration and benefit paid to key management personnel during the year amounted to £97,892 (2018 - £85,615).

The number of employees whose annual remuneration was £60,000 or more were:

	2019 Number	2018 Number
£60,001 - £70,000	2	1
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-



**THE SOCIAL MARKET FOUNDATION**  
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**FOR THE YEAR ENDED 31 MARCH 2019**

<b>12 Tangible fixed assets</b>			
	<b>Fixtures and fittings</b>	<b>Computers</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 April 2018	20,160	87,432	107,592
At 31 March 2019	20,160	87,432	107,592
<b>Depreciation and impairment</b>			
At 1 April 2018	20,160	86,256	106,416
Depreciation charged in the year	-	1,176	1,176
At 31 March 2019	20,160	87,432	107,592
<b>Carrying amount</b>			
At 31 March 2018	-	1,176	1,176
<b>13 Financial instruments</b>			
		<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
<b>Carrying amount of financial assets</b>			
Debt instruments measured at amortised cost		110,201	189,931
<b>Carrying amount of financial liabilities</b>			
Measured at amortised cost		29,936	70,580
<b>14 Debtors</b>			
		<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>			
Trade debtors		109,207	188,938
Other debtors		7,930	993
Prepayments and accrued income		41,929	38,901
		159,066	228,832
<b>15 Creditors: amounts falling due within one year</b>			
	<b>Notes</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
Other taxation and social security		14,122	204,499
Deferred income	<b>16</b>	192,803	110,767
Trade creditors		17,931	40,806
Other creditors		7,005	5,753
Accruals and deferred income		5,000	24,021
		236,861	385,846

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**16 Deferred income**

	2019 £	2018 £
Deferred income	35,955	80,345
Deferred rental income	156,848	30,422
	<u>192,803</u>	<u>110,767</u>

**17 Retirement benefit schemes**

**Defined contribution schemes**

The Charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Charity in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £11,905 (2018 - £9,731).

**18 Restricted funds**

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	<b>Movement in funds</b>		
	Balance at 1 April 2018 £	Incoming resources £	Resources expended £
Unbound Philanthropy	37,344	40,000	(31,141)
	<u>37,344</u>	<u>40,000</u>	<u>(31,141)</u>

**19 Analysis of net assets between funds**

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £	Total 2018 £
Fund balances at 31 March 2019 are represented by:				
Tangible assets	-	-	-	1,176
Current assets/(liabilities)	126,365	46,203	172,568	14,071
	<u>126,365</u>	<u>46,203</u>	<u>172,568</u>	<u>15,247</u>

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**20 Operating lease commitments**

At the reporting end date the Charity had outstanding commitments for future minimum annual lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	1,262	1,262
Between one and two years	137,500	-
Between two and five years	-	137,500
	<u>138,762</u>	<u>138,762</u>

At the reporting end date the total future minimum sublease payments expected to be received under non-cancellable subleases was £114,062 per annum (2018 - £109,498)

**21 Related party transactions**

There were no disclosable related party transactions during the year (2018 - none).

**22 Cash generated from operations**

	2019 £	2018 £
Surplus for the year	157,321	66,699
Adjustments for:		
Investment income recognised in statement of financial activities	-	(9)
Depreciation and impairment of tangible fixed assets	1,176	1,500
Movements in working capital:		
Decrease/(increase) in debtors	69,766	(8,062)
(Decrease)/increase in creditors	(231,021)	44,070
Increase in deferred income	82,036	50,504
<b>Cash generated from operations</b>	<u>79,278</u>	<u>154,702</u>