

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 2020

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

Trustees

Professor Timothy Bale
Thomas Ebbutt
Baroness Rosalind Grender
Rt Hon Dame Margaret Hodge
Rt Hon Baroness Morgan of Cotes
Trevor Phillips OBE
Peter Readman
Melville Rodrigues
Mary Ann Sieghart- Chair

Charity number

1000971

Company number

02537035

Registered office

11 Tufton Street
London
SW1P 3QB

Auditor

Harwood Hutton Limited
4 Devonshire Street
London
W1W 5DT

**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 2020***

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 2020.

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 2019/20, 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 used 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.

**THE SOCIAL MARKET FOUNDATION
(COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 MARCH 2020**

Work, skills and labour markets

We published research on pay progression for low-wage employees, supported by the Joseph Rowntree Foundation and closely followed in government. This research is helping to inform a Department of Work and Pensions review of pay progression; the SMF is a member of that review's advisory panel.

We carried out commissioned research for the Greater London Authority – won through an open tender process – on BAME students' experience of university and policies to improve outcomes. Elements of that work have been incorporated into GLA strategy and policy.

We continued to research and publish on migration policy. Our recommendations for an enhanced Voluntary Returns regime for migrants was widely covered in the press and led to contact with senior officials in immigration policy.

Working with AIG Life, we studied the impact of the "100-year life" on a broad range of public policy areas, engaging with politicians at Cabinet and Shadow Cabinet level.

Fair markets

Our work on the reform of alcohol duty was covered in all major news outlets, and led to invitations to brief HM Treasury officials.

Our paper on regulation, *Better Regulators, Fairer Markets* was endorsed by Andrew Tyrie, CMA chairman, in a speech to the SMF in June 2019 on economic regulation and social markets. Greg Clark, then the business secretary, spoke at the SMF on the same topics the following month.

As the Covid-19 pandemic began, we published a paper on the need for a new social contract for business. This was endorsed in the leader column of the *Financial Times*, and continues to help shape conversation around business ethics in a time of extensive government support for companies.

Guest contributions included an essay by Tim Pitt, an former Treasury adviser and now member of the SMF advisory panel, on inequality, which prompted debate in the *FT* and *Times*.

**THE SOCIAL MARKET FOUNDATION
(COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 MARCH 2020**

Public services

Research reports covered topics including NHS technology, local government and artificial intelligence, and gender-based pension inequality in the context of rising lifespans.

Guest contributors included Chris Daw QC on council tax reform – whose report was the subject of a item on Channel Four News - and Arun Advani of Warwick University on tax compliance.

Environment and energy

Research reports included the role that Fourth Industrial Revolution (4IR) technologies can play in reducing air pollution and decarbonising the economy.

We published a collection of essays on green finance and the role that financial services can play in delivering environmental goals. Contributors included Mary Robinson, former president of Ireland. Other essays from the collection were reprinted in the FT and Daily Telegraph.

People, Places and Democracy

Research topics included an update on the state of Britain's coastal communities. It showed that the economic gap between coastal communities and the rest of the country has widened even more since our 2017 report. This was extensively covered in the media, and led to an invitation to brief an APPG and offers of academic co-operation.

Guest contributors included Mirko Draca, Director of CAGE, whose paper shed new light on the recent upsurge of populist movements shaking Western democracies, finding that populism is underpinned by a distrust in institutions. A version of the paper was reprinted in the *Times*.

Academic Partnerships

The Charity continued its Impact Partnership with the Centre for Competitive Advantage in the Global Economy at Warwick University (CAGE), 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.

We also began a new partnership with Manchester University's Policy@Manchester impact hub.

**THE SOCIAL MARKET FOUNDATION
(COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 MARCH 2020**

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.

During the year, we made an effort, agreed as part of a new Board-led strategy, to make greater use of external authors and contributors, to increase our output, voice and connections at limited financial cost. Several such contributions received significant media coverage and consequent engagement with policymakers.

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 2019/20, 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 oped articles and other content to newspapers and broadcasters. The Charity maintained an active 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 public policy topics. These events were open to the public and free of charge. As the year drew to a close, the Charity made provision for conducting such events online, to comply with social distancing requirements brought on by the pandemic.

In addition, the organisation hosted 15 events across three 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.

Financial review

The Charity disclosed net incoming resources of £70,696 compared to net incoming resources of £157,321 for the preceding period. As a result, total funds at the disposition of the Charity increased from £172,568 to £243,264 with net current assets increasing from £172,568 to £236,503 as at 31 March 2020. 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' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 MARCH 2020**

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 £236,503. 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 19/20 year ended with the onset of the Covid-19 pandemic, which is expected to have severely disruptive effects on the UK economy and therefore consequences for SMF fundraising. The Charity will seek to reduce its costs and financial risks where possible, while continuing to pursue new sources of funds where available and subject to its normal policies on funding

Trustees are responsible for ensuring the Charity remains a going concern. After facing some financial challenges arising from events in the year ending 31 March 2017, the Charity has experienced several 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 the Trustees estimate is set to be maintained. On the basis of the financial performance of the Charity during this year and management plans for the future, the Trustees 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 charity's funding is linked to projects and hence short-term in nature. The charity has a 30-year history of successfully raising sufficient funds to support its activities. The trustees review financial performance regularly and contingency plans are in place for reducing the cost base should this ever become necessary.

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

**THE SOCIAL MARKET FOUNDATION
(COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 MARCH 2020**

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 relevant sponsor, if any. The charity 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

Coronavirus Pandemic

The Covid-19 pandemic began in the last weeks of the 19/20 year. The immediate effects on the charity were operational: staff were instructed to work from home from mid-March 2020 and some events due later that month were cancelled.

During the 19/20 year, however, the pandemic had no significant financial impact on the charity, since all our funding is covered by binding legal contracts with sponsors and partners.

As the 19/20 year ended, the immediate financial outlook for the charity appeared challenging, leading the Director to begin drawing up plans to cut costs. Some – but not all – of those contingency plans were put into action in the 20/21 year and will be described in the relevant report and accounts.

Future plans

The Charity will continue to advance the education of the public with particular regard to 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 inform 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"), 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:

**THE SOCIAL MARKET FOUNDATION
(COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 MARCH 2020**

Professor Timothy Bale
Thomas Ebbutt
Baroness Rosalind Grender
Rt Hon Dame Margaret Hodge
Nicola Horlick (resigned 9 September 2019)
Rt Hon Baroness Morgan of Cotes
Trevor Phillips OBE
Peter Readman
Melville Rodrigues
Mary Ann Sieghart - Chair

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 2020**

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

Mary Ann Sieghart - Chair

Dated: 30.11.20

**THE SOCIAL MARKET FOUNDATION
(COMPANY LIMITED BY GUARANTEE)
STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2020**

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**

Opinion

We have audited the financial statements of The Social Market Foundation (the 'Charity') for the year ended 31 March 2020 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 2020 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**

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**

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**

30.11.2020

**Chartered Accountants
Statutory Auditor**

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 2020**

		Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £
	Notes						
<u>Income from:</u>							
Donations and legacies	3	10,070	-	10,070	50,225	40,000	90,225
Charitable activities	4	601,291	-	601,291	724,050	-	724,050
Trading and other activities	5	269,698	-	269,698	144,529	-	144,529
Total income		881,059	-	881,059	918,804	40,000	958,804
<u>Expenditure on:</u>							
Raising funds	6	101,984	46,203	148,187	101,669	31,141	132,810
Charitable activities	7	662,176	-	662,176	668,673	-	668,673
Total resources expended		764,160	46,203	810,363	770,342	31,141	801,483
Net income/(expenditure) for the year/							
Net movement in funds		116,899	(46,203)	70,696	148,462	8,859	157,321
Fund balances at 1 April 2019		126,365	46,203	172,568	(22,097)	37,344	15,247
Fund balances at 31 March 2020		243,264	-	243,264	126,365	46,203	172,568

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 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11		6,761		-
Current assets					
Debtors	12	220,303		159,066	
Cash at bank and in hand		216,970		250,363	
		<u>437,273</u>		<u>409,429</u>	
Creditors: amounts falling due within one year	13	(200,770)		(236,861)	
Net current assets			236,503		172,568
Total assets less current liabilities			<u>243,264</u>		<u>172,568</u>
Income funds					
Restricted funds	16		-		46,203
Unrestricted funds			243,264		126,365
			<u>243,264</u>		<u>172,568</u>

The financial statements were approved by the Trustees on 30.11.20

Mary Ann Sieghart
.....
Ms Mary Ann Sieghart
Trustee

Company Registration No. 02537035

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

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	20		(26,193)		79,278
Investing activities					
Purchase of tangible fixed assets		(7,200)		-	
Net cash used in investing activities			(7,200)		-
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(33,393)		79,278
Cash and cash equivalents at beginning of year			250,363		171,085
Cash and cash equivalents at end of year			<u>216,970</u>		<u>250,363</u>

**THE SOCIAL MARKET FOUNDATION
(COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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) (effective 1 January 2019)". 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.

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 Income

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.

**THE SOCIAL MARKET FOUNDATION
(COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

1 Accounting policies

(Continued)

1.5 Expenditure

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).

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
(COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

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.

**THE SOCIAL MARKET FOUNDATION
(COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Total
	2020 £	2020 £	2020 £	2019 £
Donations and gifts	10,070	-	10,070	90,225
For the year ended 31 March 2019	50,225	40,000		90,225
Donations and gifts				
Donations	-	-	-	12,000
Business Forum Membership	10,000	-	10,000	36,000
Other voluntary income	-	-	-	2,225
Other	70	-	70	40,000
	10,070	-	10,070	90,225

4 Income from charitable activities

	2020 £	2019 £
Conference & event sponsorship	209,749	195,701
Research project sponsorship	391,542	528,349
	601,291	724,050

5 Trading and other activities

	Unrestricted funds	Unrestricted funds
	2020 £	2019 £
Rental income	269,537	144,176
Publication income	161	353
Trading and other activities	269,698	144,529

THE SOCIAL MARKET FOUNDATION
(COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

6 Raising funds

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2020 £	2020 £	2020 £	2019 £	2019 £	2019 £
<u>Fundraising and publicity</u>						
Premises and office costs	101,984	-	101,984	101,669	-	101,669
Staff costs	-	46,203	46,203	-	31,141	31,141
	<u>101,984</u>	<u>46,203</u>	<u>148,187</u>	<u>101,669</u>	<u>31,141</u>	<u>132,810</u>
Fundraising and publicity	101,984	46,203	148,187	101,669	31,141	132,810
	<u>101,984</u>	<u>46,203</u>	<u>148,187</u>	<u>101,669</u>	<u>31,141</u>	<u>132,810</u>

7 Charitable activities

	2020 £	2019 £
Staff costs	457,781	488,296
Conference and Event Sponsorship	34,558	44,725
Publications	5,984	2,101
Research Projects Sponsorship	31,890	36,576
	<u>530,213</u>	<u>571,698</u>
Share of support costs (see note 8)	126,867	89,689
Share of governance costs (see note 8)	5,096	7,286
	<u>662,176</u>	<u>668,673</u>
Analysis by fund		
Unrestricted funds	662,176	
	<u>662,176</u>	
For the year ended 31 March 2019		
Unrestricted funds		668,673
		<u>668,673</u>

THE SOCIAL MARKET FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

8 Support costs

	Support costs	Governance costs	2020	2019
	£	£	£	£
Premises and office costs	115,357	-	115,357	77,654
IT and website costs	9,268	-	9,268	6,982
Operating leases	1,803	-	1,803	3,877
Depreciation	439	-	439	1,176
Audit fees	-	1,250	1,250	5,400
Legal and professional	-	3,846	3,846	1,886
	<u>126,867</u>	<u>5,096</u>	<u>131,963</u>	<u>96,975</u>
Analysed between				
Fundraising	-	-	-	-
Trading and other activities	-	-	-	-
Charitable activities	<u>126,867</u>	<u>5,096</u>	<u>131,963</u>	<u>96,975</u>

9 Trustees

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)
FOR THE YEAR ENDED 31 MARCH 2020

10 Employees

Number of employees

The average monthly number of employees during the year was:

2020	2019
Number	Number
11	11

Employment costs

	2020	2019
	£	£
Wages and salaries	442,260	464,390
Social security costs	45,125	43,142
Other pension costs	16,599	11,905
	<u>503,984</u>	<u>519,437</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 £98,706 (2019 - £95,006).

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

	2020	2019
	Number	Number
£60,001 - £70,000	1	2
£80,001 - £90,000	1	1

THE SOCIAL MARKET FOUNDATION
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FOR THE YEAR ENDED 31 MARCH 2020

11 Tangible fixed assets

	Fixtures and fittings	Computers	Total
	£	£	£
Cost			
At 1 April 2019	20,160	87,432	107,592
Additions	-	7,200	7,200
At 31 March 2020	20,160	94,632	114,792
Depreciation and impairment			
At 1 April 2019	20,160	87,432	107,592
Depreciation charged in the year	-	439	439
At 31 March 2020	20,160	87,871	108,031
Carrying amount			
At 31 March 2020	-	6,761	6,761
At 31 March 2019	-	-	-

12 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	172,852	109,207
Other debtors	-	7,930
Prepayments and accrued income	47,451	41,929
	220,303	159,066

13 Creditors: amounts falling due within one year

	Notes	2020	2019
		£	£
Other taxation and social security		52,238	14,122
Deferred income	14	77,446	192,803
Trade creditors		55,619	17,931
Other creditors		3,117	7,005
Accruals and deferred income		12,350	5,000
		200,770	236,861

THE SOCIAL MARKET FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

14 Deferred income

	2020 £	2019 £
Deferred income	50,000	35,955
Deferred rental income	27,446	156,848
	<u>77,446</u>	<u>192,803</u>

15 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 £16,599 (2019 - £11,905).

16 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:

	Movement in funds				
	Balance at 1 April 2018 £	Incoming resources £	Resources expended £	Balance at 1 April 2019 £	Resources expended 31 March 2020 £
Unbound Philanthropy	37,344	40,000	(31,141)	46,203	(46,203)
	<u>37,344</u>	<u>40,000</u>	<u>(31,141)</u>	<u>46,203</u>	<u>(46,203)</u>

THE SOCIAL MARKET FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

17 Analysis of net assets between funds

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £
Fund balances at 31 March 2020 are represented by:						
Tangible assets	6,761	-	6,761	-	-	-
Current assets/ (liabilities)	236,503	-	236,503	126,365	46,203	172,568
	<u>243,264</u>	<u>-</u>	<u>243,264</u>	<u>126,365</u>	<u>46,203</u>	<u>172,568</u>

18 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:

	2020 £	2019 £
Within one year	47,095	1,262
Between one and two years	-	137,500
	<u>47,095</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 £38,021 per annum (2019 - £114,062)

19 Related party transactions

There were no disclosable related party transactions during the year (2019 - none).

THE SOCIAL MARKET FOUNDATION
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20	Cash generated from operations	2020	2019
		£	£
	Surplus for the year	70,696	157,321
	Adjustments for:		
	Depreciation and impairment of tangible fixed assets	439	1,176
	Movements in working capital:		
	(Increase)/decrease in debtors	(61,237)	69,766
	Increase/(decrease) in creditors	79,266	(231,021)
	(Decrease)/increase in deferred income	(115,357)	82,036
	Cash (absorbed by)/generated from operations	(26,193)	79,278

- 21 Analysis of changes in net funds**
The Charity had no debt during the year.