

Charity Registration No. 1096300

Company Registration No. 4297905 (England and Wales)

**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**TRUSTEES' REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2012**

**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**LEGAL AND ADMINISTRATIVE INFORMATION**

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<b>Trustees</b>	Daniel Finkelstein Theodore Agnew Richard Briance Simon Brocklebank-Fowler Robin Edwards Richard Ehrman Virginia Fraser Edward Heathcoat Amory David Meller George Robinson Robert Rosenkranz Andrew Sells Patience Wheatcroft Rachel Whetstone Simon Wolfson
<b>Secretary</b>	Robin Edwards
<b>Charity number</b>	1096300
<b>Company number</b>	4297905
<b>Principal address</b>	Clutha House 10 Storey's Gate London SW1P 3AY
<b>Registered office</b>	Acre House 11-15 William Road London NW1 3ER
<b>Auditors</b>	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER United Kingdom

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**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
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# **POLICY EXCHANGE LTD**

## **(A COMPANY LIMITED BY GUARANTEE)**

### **TRUSTEES' REPORT**

#### ***FOR THE YEAR ENDED 30 SEPTEMBER 2012***

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The Trustees present their report and accounts for the year ended 30 September 2012.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charity's governing document, the Companies Act 2006 and the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005.

#### **OBJECTS OF THE CHARITY**

The objects of the Charity as set out in its memorandum and articles are as follows:

*The non-partisan advancement of education in the economic, social and political sciences and their effect on public policy and the policy making process in the UK and the promotion and publication of objective research.*

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

The Charity is a registered charity, number 1096300, and is constituted as a Charitable Company limited by guarantee governed by its Memorandum and Articles of Association dated 9 November 2001 and revised on 3 May 2011. The company was registered as a charity with the Charity Commission on 3 March 2003.

The Trustees delegate the day-to-day running of the Charity to the Senior Management Team. The Senior Management Team is overseen by the Executive Management Sub-Committee which reports in turn to the Board of Trustees on any significant issues. Longer term strategic issues are dealt with by the Main Board of Trustees at quarterly meetings. The Senior Management Team reports any significant developments to the Executive Management Sub-Committee on a monthly basis, including any changes in staff, policy research and financial matters. Responsibility for making all major strategic decisions with regard to both Policy Exchange Ltd and its trading subsidiary Policy Exchange Events Ltd (formerly The Ideas Space Ltd), lies with the Trustees.

#### **ACHIEVEMENTS AND PERFORMANCE**

Policy Exchange's research has had another strong year. In total we published 39 reports, many of which were praised across the political spectrum as well as by influential commentators and business leaders. Over the course of the year, they were downloaded or viewed from our website more than 120,000 times and we completed another record programme of more than 170 public events.

The Economics unit pursued its work on welfare reform, and in particular how to provide high quality support for jobseekers, as well as on infrastructure and financing for SMEs. In the field of Education we produced two major reports, one making the case for 'social enterprise in schools' to include an element of profit making, and the other on how school chains can help tackle educational failure.

Our work on Housing and Planning continued to attract a lot of interest, while the Environment & Energy unit pursued its "Greener, Cheaper" theme with major reports on shale gas, air quality and biodiversity. A series of publications on Crime and Justice, notably Policing 2020 which set out an overall vision for police reform, also generated much comment. Finally, two new research units were established, on Financial Policy and Digital Government. The former gained early recognition with a report on executive compensation, the latter with its work on broadband.

Our events programme was further expanded with lectures by international commentators and academics, including Senator George Mitchell, General Martin E Dempsey, Eric Hanushek and Bill Bratton. We also managed the £250,000 Wolfson Economics Prize on behalf of its sponsor, The Wolfson Charitable Trust. This invited international economists and practitioners to consider how countries might affect an orderly retreat from Economic and Monetary Union, and was won by Roger Bootle and his team at Capital Economics.

Our funding base remains diverse and strong. We now have a dedicated senior member of staff to oversee corporate sponsorship of our events, research programmes and the Business Forum. Trust and Foundation giving has been particularly robust this year, and our individual stakeholders continue to support a wide range of our activities.

**POLICY EXCHANGE LTD**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**TRUSTEES' REPORT**  
***FOR THE YEAR ENDED 30 SEPTEMBER 2012***

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**FINANCIAL REVIEW**

The results for the year and financial position of the Charity are set out in the annexed financial statements.

The Charity recorded a surplus of £325,778 for the year in response to significantly increased income of £3,224,162 which was up 48% on the previous financial year. The uplift in income reflected a strong research programme as well as the Charity's involvement in The Wolfson Economics Prize.

**DIRECTORS AND TRUSTEES**

The Directors of the company are also Trustees of the Charity, and there are no other trustees. The following Directors served throughout the year except where noted:

Daniel Finkelstein (Chairman)  
Theodore Agnew  
Richard Briance  
Simon Brocklebank-Fowler  
Robin Edwards  
Richard Ehrman  
Virginia Fraser  
Edward Heathcoat Amory (appointed 12.10.11)  
David Meller (appointed 12.10.11)  
George Robinson  
Robert Rosenkranz  
Andrew Sells  
Timothy Steel (resigned 12.07.12)  
Patience Wheatcroft (appointed 14.06.12)  
Rachel Whetstone  
Simon Wolfson

**APPOINTMENT AND TRAINING OF TRUSTEES**

Trustees may, from time to time, and at any time, appoint any person to be a Trustee at any of the Quarterly Board Meetings.

All trustees have successful track records in the fields of journalism, commerce or government. Each one has experience in participating in formal committee structures and understands the responsibilities of acting as a trustee for a charitable organisation. All new trustees are given the opportunity to spend time with management to familiarise themselves with the operations and understand the key issues that surround the organisation. Specific training for trustees in areas they may be less familiar with is also offered. At the monthly Executive Management Sub-Committee meetings a full set of management accounts, budgets and forecasts are presented and time set aside for proper scrutiny of this information.

**RESERVES POLICY**

The Trustees recognise the need to hold reserves and allow for seasonal or other fluctuations in donations and/or expenditure.

Restricted reserves at 30 September 2012 increased to £418,142, reflecting our expanded research programme during the financial year and the high volume of research work in progress at the year end. Unrestricted reserves, which act as a buffer to help deal with variable trading conditions, increased moderately to £1,083,129. The Trustees designated £283,257 for general and research programmes.

The Trustees believe that a reasonable level of unrestricted reserves should be maintained to allow the Charity to run efficiently and meet its objectives, and monitor these levels carefully to ensure that they are appropriate and sufficient.

**POLICY EXCHANGE LTD**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**TRUSTEES' REPORT**  
***FOR THE YEAR ENDED 30 SEPTEMBER 2012***

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**FUTURE PLANS**

Policy ideas to boost economic growth, increase social mobility and reform public services will remain at the heart of our research. We will also build on our successful events programme with politicians, academics and business leaders from the UK and abroad, concentrating on issues such as domestic growth, Britain's place in the world, and what a modern industrial policy should look like.

Our Financial Policy unit is planning a series of reports and events on corporate governance and financial regulation, following on its highly successful work on capital requirements. Our Digital Government unit will look at where Whitehall and local government can find significant savings through better use of technology. Education research will focus on how any government could implement performance related pay; examine the record of Free Schools in raising standards in surrounding schools; and the debate over the content of the curriculum. The Better Public Services project being run by Sean Worth, former public service adviser to the Prime Minister, will publish its report in May 2013.

Building on the successes of 2011-12, we will look to respond to government consultations and inquiries relevant to our research (including appearances at Government Select Committees) in order to broaden our links with policy makers and increase the reach of our work. Specific measures designed to give our research more impact will include the introduction of a project management tool to help Policy Exchange policy units to identify, at the start of each piece of research, the key parliamentarians, officials and business stakeholders who need to be aware that we are carrying out an important piece of work in their area. We have also launched a new 'call for evidence' which will allow unit heads to consult on key questions at the start of every project.

We will continue to develop ways of engaging an increasingly digital and international public audience in our work, including the production of a greater number of videos summarising our policy proposals for use on the internet and social media. Making an impact in the mass media is also important, and we intend to set up a journalist contact programme to raise the profile of our research teams in their specialist subject areas, and help identify broadcast opportunities for our work. Promoting our ideas and stimulating debate amongst a wider audience will remain at the core of all that we do in the coming year.

**PUBLIC BENEFIT**

The Trustees confirm that they have complied with their duty under section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

**RISK MANAGEMENT STATEMENT**

The Executive Management Sub-Committee reviews at regular board meetings the major strategic, operational and financial risks to which Policy Exchange is exposed, and has established systems and procedures to mitigate those risks.

The Trustees continue to monitor carefully the impact of the uncertain economic environment on Policy Exchange's operations. The Trustees take active involvement in the preparation of all budgets and full financial reports are presented by the Senior Management each month which allow comparison between budget and actual performance.

**DISCLOSURE OF INFORMATION TO AUDITORS**

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 auditors are aware of such information.

Approved by the Board of Trustees on 24 April 2013

.....  
Andrew Sells  
Trustee

.....  
Theodore Agnew  
Trustee

**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

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The trustees, who are also the directors of Policy Exchange Limited for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

In preparing these accounts, 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; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**INDEPENDENT AUDITORS' REPORT**

**TO THE TRUSTEES OF POLICY EXCHANGE LIMITED**

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We have audited the accounts of Policy Exchange Limited for the year ended 30 September 2012 set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees 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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditors**

As explained more fully in the Trustees' Responsibilities Statement on page 4, the trustees, who are also the directors of the charitable company for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

The trustees have elected for the accounts to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on accounts**

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2012, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been prepared in accordance with the Companies Act 2006.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the accounts; or
- the charitable company has not kept adequate accounting records; or
- the accounts are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

**Russell Nathan (Senior Statutory Auditor)**  
for and on behalf of H W Fisher & Company

**Chartered Accountants**

**Statutory Auditor**

Acre House  
11-15 William Road  
London  
NW1 3ER  
United Kingdom

Dated: 30 April 2013

H W Fisher & Company is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

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**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**INCLUDING INCOME AND EXPENDITURE ACCOUNT**

***FOR THE YEAR ENDED 30 SEPTEMBER 2012***

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2012 £	Total 2011 £
<b><u>Incoming resources from generated funds</u></b>						
Voluntary income	2	235,348	138,500	2,238,515	2,612,363	1,506,764
Activities for generating voluntary income		370,961	-	-	370,961	367,336
Investment income	3	25,731	-	957	26,688	11,420
		<u>632,040</u>	<u>138,500</u>	<u>2,239,472</u>	<u>3,010,012</u>	<u>1,885,520</u>
Incoming resources from charitable activities	4	214,150	-	-	214,150	285,920
<b>Total incoming resources</b>		<u>846,190</u>	<u>138,500</u>	<u>2,239,472</u>	<u>3,224,162</u>	<u>2,171,440</u>
<b><u>Resources expended</u></b>						
<b>Costs of generating funds</b>						
Costs of generating voluntary income	5	198,742	-	-	198,742	184,461
<b>Net incoming resources available</b>		<u>647,448</u>	<u>138,500</u>	<u>2,239,472</u>	<u>3,025,420</u>	<u>1,986,979</u>
<b>Charitable activities</b>						
Research		536,932	-	2,150,480	2,687,412	1,976,341
Governance costs		12,230	-	-	12,230	9,494
<b>Total resources expended</b>		<u>747,904</u>	<u>-</u>	<u>2,150,480</u>	<u>2,898,384</u>	<u>2,170,296</u>
<b>Net incoming resources before transfers</b>		<u>98,286</u>	<u>138,500</u>	<u>88,992</u>	<u>325,778</u>	<u>1,144</u>
Gross transfers between funds		(59,684)	(45,383)	105,067	-	-
<b>Net income for the year/ Net movement in funds</b>		<u>38,602</u>	<u>93,117</u>	<u>194,059</u>	<u>325,778</u>	<u>1,144</u>
Fund balances at 1 October 2011		1,044,527	190,140	224,083	1,458,750	1,457,606
<b>Fund balances at 30 September 2012</b>		<u>1,083,129</u>	<u>283,257</u>	<u>418,142</u>	<u>1,784,528</u>	<u>1,458,750</u>

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

**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**BALANCE SHEET**

*AS AT 30 SEPTEMBER 2012*

	Notes	2012 £	£	2011 £	£
<b>Fixed assets</b>					
Tangible assets	12		79,203		90,676
Investments	13		2		2
			<u>79,205</u>		<u>90,678</u>
<b>Current assets</b>					
Debtors	14	203,461		204,855	
Cash at bank and in hand		1,969,541		1,648,583	
		<u>2,173,002</u>		<u>1,853,438</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(467,679)</u>		<u>(485,366)</u>	
<b>Net current assets</b>			<u>1,705,323</u>		<u>1,368,072</u>
<b>Total assets less current liabilities</b>			<u><u>1,784,528</u></u>		<u><u>1,458,750</u></u>
<b>Income funds</b>					
Restricted funds	17		418,142		224,083
Unrestricted funds:					
Designated funds	18		283,257		190,140
Other charitable funds			1,083,129		1,044,527
			<u>1,784,528</u>		<u>1,458,750</u>

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 30 September 2012, although an audit has been carried out under section 144 of the Charities Act 2011. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these accounts under the requirements of the Companies Act 2006.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 386 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and if its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

The accounts were approved by the Board on 24 April 2013

Andrew Sells  
**Trustee**

Theodore Agnew  
**Trustee**

**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2012**

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**1 Accounting policies**

**1.1 Basis of preparation**

The accounts have been prepared under the historical cost convention.

The charity has taken advantage of the exemption in Financial Reporting Standard No 2 from the requirement to produce consolidated accounts on the grounds that the net assets of the wholly owned subsidiary are not material to the charity.

The accounts have been prepared in accordance with applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005 and the Companies Act 2006.

**1.2 Incoming resources**

Donations- Voluntary income is received by way of donations and is included in full in the Statement of Financial Activities when receivable. The Trustees have considered the presentation of charges made to other entities for shared staff and premises and believe that the fairer presentation would be to show recharges as a reduction in the cost incurred rather than to include both income and costs in gross terms in the financial statements.

Business Forum- Annual subscriptions are included in incoming resources on a time apportionment basis.

Corporate Event Sponsorship- Corporate event sponsorship is included in incoming resources when received, as it is non-refundable.

Unrestricted funds comprise the accumulated net movement in general funds. These are available for use at the discretion of the trustees in furtherance charitable objectives of the Charity.

Designated funds- Unrestricted funds are expendable at the discretion of the trustees in furtherance of the charity's objects. If part of an unrestricted fund is earmarked for a particular project it may be designated as a separate fund, but the designation has an administrative purpose only, and does not legally restrict the trustees' discretion to apply the fund.

Restricted funds are funds subject to specific restricted conditions imposed by the donors of those funds, such as donations given to the charity for specific research programmes and/or projects.

**1.3 Resources expended**

Expenditure is recognised on an accruals basis, exclusive of value added tax.

Costs of generating funds are those costs incurred in attracting voluntary income, in particular grant funding and the costs of maintaining the company's profile within the sector.

Expenditure relating to research and events activities are those elements of expenditure directly incurred in performing these activities.

Governance costs include those costs incurred in the governance of the company's assets and are primarily associated with constitutional and statutory requirements.

**1.4 Tangible fixed assets and depreciation**

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold property	Over the life of the lease
Computer equipment	3 years straight line
Fixtures, fittings & equipment	5 years straight line

**1.5 Investments**

Fixed asset investments are stated at cost.

**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2012**

**1 Accounting Policies** **(Continued)**

**1.6 Pensions**

The charity operates a defined contributions stakeholder pension scheme. Contributions are charged in the accounts as they become payable in accordance with the rules of the scheme.

**2 Voluntary income**

	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2012 £	Total 2011 £
Donations and gifts	235,348	138,500	2,238,515	2,612,363	1,506,764

**Donations and gifts**

Restricted funds:

Project specific donation/foundation	586,000	449,709
Programme specific donations	1,652,515	709,484
	<u>2,238,515</u>	<u>1,159,193</u>

**3 Investment income**

	Unrestricted funds £	Restricted funds £	Total 2012 £	Total 2011 £
Interest receivable	25,731	957	26,688	11,420

**4 Incoming resources from charitable activities**

	2012 £	2011 £
Corporate events	<u>214,150</u>	<u>285,920</u>

**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2012**

**5 Total resources expended**

	Staff costs £	Depreciation £	Other costs £	Total 2012 £	Total 2011 £
<b>Costs of generating funds</b>					
Costs of generating voluntary income	164,063	-	34,679	198,742	184,461
<b>Charitable activities</b>					
<u>Research</u>					
Activities undertaken directly	1,208,995	-	941,485	2,150,480	1,324,616
Support costs	121,879	17,941	397,112	536,932	651,725
Total	1,330,874	17,941	1,338,597	2,687,412	1,976,341
<b>Governance costs</b>	-	-	12,230	12,230	9,494
	<b>1,494,937</b>	<b>17,941</b>	<b>1,385,506</b>	<b>2,898,384</b>	<b>2,170,296</b>

Governance costs includes payments to the auditors of £7,375 (2011: £6,300) for audit fees and £4,855 (2011: £3,194) for other services.

The other costs relating to costs of generating funds and activities undertaken directly are broken down in notes 6 and 7 respectively.

The total support costs are broken down in note 8.

**6 Costs of generating voluntary income**

	2012 £	2011 £
Other costs comprise:		
Events	28,674	26,293
Other costs	6,005	3,717
	<b>34,679</b>	<b>30,010</b>

**7 Activities undertaken directly**

	2012 £	2011 £
Other costs relating to research comprise:		
Professional fees, research & events	438,217	215,842
Publications, printing & postage	64,536	72,025
Travel and subsistence	18,784	-
Other costs	12,908	14,621
Wolfson prize awards and donation	407,040	-
	<b>941,485</b>	<b>302,488</b>

**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2012**

**8 Support costs**

	2012	2011
	£	£
Other costs	237,416	273,553
Premises	159,696	171,582
Staff costs	121,879	192,932
Depreciation	17,941	13,658
	<u>536,932</u>	<u>651,725</u>
	<u><u>536,932</u></u>	<u><u>651,725</u></u>

**9 Governance costs**

	2012	2011
	£	£
Other governance costs comprise:		
Audit and accountancy fees	12,230	9,494
	<u>12,230</u>	<u>9,494</u>
	<u><u>12,230</u></u>	<u><u>9,494</u></u>

**10 Trustees**

No trustees received benefits (2011: none received) from the charity during the year. There were also no catering costs incurred in relation to trustee meetings (2011: no costs).

**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2012**

**11 Employees**

**Number of employees**

The average monthly number of employees during the year was:

	2012 Number	2011 Number
Research	20	20
Fundraising	4	4
Administration	8	8
	<u>32</u>	<u>32</u>

**Employment costs**

	2012 £	2011 £
Wages and salaries	1,307,733	1,204,840
Social security costs	147,534	130,944
Other pension costs	39,670	33,727
	<u>1,494,937</u>	<u>1,369,511</u>

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

	2012 Number	2011 Number
60,000 - 69,999	3	-
70,000 - 79,999	-	1
80,000 - 89,999	1	-
90,000 - 99,999	1	2
120,000-129,999	1	-
	<u>6</u>	<u>3</u>

Contributions totalling £13,575 (2011: £13,575) were made to defined contribution pension schemes on behalf of employees whose emoluments exceed £60,000.

**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2012**

12 Tangible fixed assets

	Short leasehold	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 October 2011	15,478	56,331	96,506	168,315
Additions	-	3,679	2,789	6,468
<b>At 30 September 2012</b>	<b>15,478</b>	<b>60,010</b>	<b>99,295</b>	<b>174,783</b>
<b>Depreciation</b>				
At 1 October 2011	7,739	40,025	29,875	77,639
Charge for the year	1,548	6,343	10,050	17,941
<b>At 30 September 2012</b>	<b>9,287</b>	<b>46,368</b>	<b>39,925</b>	<b>95,580</b>
<b>Net book value</b>				
<b>At 30 September 2012</b>	<b>6,191</b>	<b>13,642</b>	<b>59,370</b>	<b>79,203</b>
At 30 September 2011	7,739	16,306	66,631	90,676

13 Fixed asset investments

	Subsidiary undertakings
	£
<b>Market value at 1 October 2011 and at 30 September 2012</b>	<b>2</b>
Historical cost:	
At 30 September 2012	2
At 30 September 2011	2



**POLICY EXCHANGE LIMITED**  
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13 Fixed asset investments

(Continued)

**Holdings of more than 10%**

The company holds more than 10% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
<b>Subsidiary undertakings</b>			
Policy Exchange Events Ltd (formerly The Ideas Space Ltd)	England	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	
	2012	2011
Policy Exchange Events Ltd (formerly The Ideas Space Ltd)	£ 2	£ (2,117)

14 Debtors

	2012	2011
	£	£
Trade debtors	129,800	124,589
Amounts owed by group undertakings	3,019	1,759
Other debtors	38,632	50,404
Prepayments and accrued income	32,010	28,103
	<u>203,461</u>	<u>204,855</u>

15 Creditors: amounts falling due within one year

	2012	Restated 2011
	£	£
Trade creditors	98,721	47,233
Taxes and social security costs	39,197	61,081
Other creditors	7,019	-
Accruals and deferred income	322,742	377,052
	<u>467,679</u>	<u>485,366</u>

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**FOR THE YEAR ENDED 30 SEPTEMBER 2012**

**16 Pension and other post-retirement benefit commitments**

**Defined contribution**

	2012	2011
	£	£
Contributions payable by the company for the year	39,670	33,727

**17 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:

	Balance at 1 October 2011	Incoming resources	Movement in funds		Transfers (to)/from Unrestricted funds	Balance at 30 September 2012
	£	£	Resources expended	Transfers from Designated funds		£
Economics	57,575	444,108	(414,881)	-	-	<b>86,802</b>
Security	54,416	538,726	(412,221)	-	-	<b>180,921</b>
Education	-	101,725	(149,708)	-	47,983	-
Crime and justice	-	197,600	(256,320)	10,000	48,720	-
Governance	1,559	-	(4,540)	-	2,981	-
Social policy	34,949	10,000	(2,792)	-	-	<b>42,157</b>
Environment	75,584	175,856	(191,005)	-	-	<b>60,435</b>
Digital Government	-	174,000	(126,173)	-	-	<b>47,827</b>
Directors	-	10,500	(45,883)	35,383	-	-
Wolfson Economics Prize	-	586,957	(546,957)	-	(40,000)	-
	<u>224,083</u>	<u>2,239,472</u>	<u>(2,150,480)</u>	<u>45,383</u>	<u>59,684</u>	<b><u>418,142</u></b>

Restricted funds relate to research projects undertaken with regard to all public policy areas. A typical research project will include detailed research, a written report or note, and related event(s). Surplus funds at the year end represent the balance of donations given for work which was still in progress at 30 September 2012.

The Wolfson Economics Prize Fund relates to a competition launched in October 2012 inviting academics and economists from around the world to consider contingency plans for a break-up of the Eurozone. The competition was sponsored by The Charles Wolfson Charitable Trust and administered by Policy Exchange Ltd.

A restricted grant of £62,000 was received from the Esmee Fairbairn Foundation in April 2012 for the economics programme. This grant is to be used in conjunction with its work on 'Fixing Areas of High Unemployment'.

**18 Designated funds**

The Trustees have designated £283,257 towards Policy Exchange research programmes.

**POLICY EXCHANGE LIMITED**  
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**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2012**

**19 Analysis of net assets between funds**

	Unrestricted funds	Designated funds	Restricted funds	Total
	£	£	£	£
Fund balances at 30 September 2012 are represented by:				
Tangible fixed assets	79,203	-	-	79,203
Investments	2	-	-	2
Current assets	1,471,603	283,257	418,142	2,173,002
Creditors: amounts falling due within one year	(467,679)	-	-	(467,679)
	<u>1,083,129</u>	<u>283,257</u>	<u>418,142</u>	<u>1,784,528</u>

**20 Commitments under operating leases**

At 30 September 2012 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2012	2011
	£	£
Expiry date:		
Between two and five years	124,739	-
In over five years	-	124,739
	<u>124,739</u>	<u>124,739</u>

**21 Related parties**

Policy Exchange Events Limited is the wholly owned subsidiary of Policy Exchange. At 30 September 2012 Policy Exchange Events Limited owed Policy Exchange Ltd £3,019 (2011: £1,759).

Neil O'Brien is the CEO of Policy Exchange Ltd in addition to being a director of Localis. Policy Exchange Ltd provides management services to Localis, and at 30 September 2012 Localis owed Policy Exchange Ltd £nil (2011: £21).