

POLICY EXCHANGE LIMITED

England & Wales · Charity number 1096300

Details

Other names	POLICY EXCHANGE
Status	Registered
Legal form	Charitable company
Company number	04297905
Registered	2003-03-03
Register	View on the Charity Commission register

Contact

Address	Policy Exchange 3rd Floor 1 Old Queen Street London SW1H 9JA
Phone	02073402650
Email	info@policyexchange.org.uk
Website	www.policyexchange.org.uk

Activities

Objects: THE PURPOSES OF THE CHARITY ARE: 3.1 THE NON-PARTISAN ADVANCEMENT OF EDUCATION OF THE PUBLIC 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; 3.2 THE PURSUIT OF SUCH OTHER PURPOSES WHICH ARE EXCLUSIVELY CHARITABLE WITHIN THE LAWS OF ENGLAND AND WALES AS THE DIRECTORS OF THE CHARITY (HEREINAFTER REFERRED TO AS "THE TRUSTEES") SHALL DETERMINE

Activities: Policy Exchange is one of the UK's leading market-oriented think tanks and exists to develop and promote new policy ideas. It works in partnership with prominent academics and other experts to conduct major studies and events on a wide range of topical issues including education, economy, environment, crime & justice, security, governance, technology, social and ethnic minority issues.

Classification

- **How:** Sponsors Or Undertakes Research
- **What:** Education/training
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** EUROPE
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-09-30	£4,316,531	£3,962,168	£2,909,548	25
2023-09-30	£4,021,337	£3,835,193	£2,555,185	27
2022-09-30	£3,951,594	£3,717,046	£2,369,041	24
2021-09-30	£3,396,554	£3,189,868	£2,134,493	24
2020-09-30	£3,348,991	£3,217,067	£1,927,807	24

Trustees

Name	Role	Appointed
THE HON ALEXANDER DOWNER AC	Chair	2018-05-01
DAME PATRICIA HODGSON		2018-07-05
DANIEL POSEN		2023-06-29
LORD ANDREW ROBERTS OF BELGRAVIA		2014-11-25
LORD FELDMAN OF ELSTREE		2017-07-05
LORD KARAN BILIMORIA		2022-06-22
LORD SIMON WOLFSON OF ASPLEY GUISE		2020-04-02
Ommasalma Shah		2025-01-30
Professor Greta Jones		2015-06-18
SIR DAVID HARDING		2020-04-02
SIR DAVID ORD		2020-04-02
WILLIAM SALOMON		2020-04-02

POLICY EXCHANGE LIMITED

England & Wales - Charity number 1096300

Accounts

Charity Registration No. 1096300

Company Registration No. 04297905 (England and Wales)

POLICY EXCHANGE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024

POLICY EXCHANGE LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Karan Bilimoria	
	Alexander Downer	
	Andrew Feldman	
	David Harding	
	Patricia Hodgson	
	Greta Jones	
	Andrew Law	
	Charlotte Metcalf	
	David Ord	
	Daniel Posen	
	Andrew Roberts	
	William Salomon	
	Simon Wolfson	
	Nigel Wright	
	Ommasalma Shah	(Appointed 30 January 2025)
Director of operations	Dean Godson	
Charity number	1096300	
Company number	04297905	
Registered office	Acre House 11-15 William Road London United Kingdom NW1 3ER	
Auditor	HW Fisher Audit Acre House 11-15 William Road London United Kingdom NW1 3ER	
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP	
	Natwest Bank PLC 135 Bishopsgate London EC2M 3UR	

POLICY EXCHANGE LIMITED

CONTENTS

	Page
Trustees' report	1 - 7
Statement of Trustees' responsibilities	8
Independent auditor's report	9 - 11
Statement of financial activities	12 - 13
Balance sheet	14
Statement of cash flows	15
Notes to the financial statements	16 - 27

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

The Trustees present their report and financial statements for the year ended 30 September 2024.

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 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 (FRS102) (effective January 2019).

Objectives and Activities

The objects of Policy Exchange as set out in its Memorandum and Articles of Association 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.

Policy Exchange is one of the UK's leading independent think tanks. As an educational charity, our mission is to develop and promote new policy ideas which deliver better public services, a stronger society and a more dynamic economy for all.

The Trustees have considered the Charity Commission's guidance on public benefit and place a number of objectives at the heart of their strategic thinking when considering how best to discharge Policy Exchange's mission:

- Quality of research – the Trustees consider that the authority and credibility of Policy Exchange's research output must be of the highest standard in order to ensure that its work has maximum impact. Policy Exchange does not take commissions. Its research is independent and evidence-based, and draws upon a wide circle of academics, field specialists and practitioners in order to better inform its thinking and conclusions. The Charity recruits senior policy experts from the political, business and academic worlds and is proud of its research heads and advisers who are well established thought leaders in their respective fields.
- Dissemination of ideas – Policy Exchange makes use of a wide range of communications channels to reach as broad an audience as possible. Its communications strategy is constantly reviewed in order to take advantage of new developments and the Charity measures the quality and quantity of its audiences closely as it seeks to reach out to new audiences, both nationally and internationally. Policy Exchange's output takes the form of long and short written reports, comment pieces and articles for the national press, a lively programme of events (which are live streamed), interactive webinars, broadcast media interviews and set pieces. Social media platforms and the Charity's website are central to achieving its aims and Policy Exchange devotes significant ongoing resources to keeping them fresh and lively.
- Two way dialogue with policy makers and opinion formers from across the political spectrum – Policy Exchange works closely with key decision makers and policy experts of all political stripes, with whom it also shares its reports and ideas. Impact is measured by the extent to which the Charity's work is able to influence policy change, to the benefit of the wider public.

Achievements and Performance

Policy Exchange continued to make a significant impact across a wide range of policy sectors in 2023-2024, hosting senior domestic and international speakers and publishing 46 new policy papers, research reports and briefings across the full spectrum of policy areas.

Policy Exchange hosted a keynote speech from then Prime Minister Rt. Hon Rishi Sunak MP and two keynote speeches from then Shadow Secretary of State for Defence Rt. Hon John Healey MP and then Shadow Secretary of State for Health Rt. Hon Wes Streeting MP. We also hosted a range of other events with leading members of the Cabinet and Shadow Cabinet on subjects including Energy Security, Industrial Strategy and Education, and a book-launch event for the third volume of journalist Tim Shipman's "Brexit quartet", attended by senior Ministers, MPs, Peers and advisers from across the political spectrum.

Due to our status as the home of education reform, Policy Exchange was chosen to host the launch of the 2022 UK PISA results. A panel of current and former Ministers, Ofsted's Chief Inspector and the Co-Author of the PISA report presented the results, in which England had moved further up the international tables. This was followed by a series of events on *Understanding Republican Foreign Policy*, featuring speakers including Nikki Haley, Elbridge Colby, Mike Pompeo, Matt Pottinger and Joni Ernst. Other distinguished international speakers included a keynote speech by His Excellency Dr. Mohammad bin Abdulkarim Al-Issa, Secretary General of the Muslim World League; and leading psychologist and author Professor Jonathan Haidt.

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

Achievements and Performance (continued)

Defence and Security were major themes of our work this year, with impactful publications published including *Sovereignty and Security in the Indian Ocean*, on why the UK should not give up the Chagos Islands; *Closing the Back Door: Rediscovering Northern Ireland's Role in British National Security*; and *From space to seabed: Protecting the UK's undersea cables from hostile actors*. A series of interventions by Policy Exchange's *Judicial Power Projects* on the Government's Rwanda Plan were widely cited in Parliament and in national media.

Other major themes included the Constitution and the Rule of Law, with publications such as *Government Lawyers*, *the Civil Service Code*, and *the Rule of Law* and events such as *Arms Embargoes and the Right to Self Defence* exploring the nature and scope of what is meant by the rule of law, and its implications. Our report *Might is Right?*, analysing the current era of increasingly disruptive protests, was widely covered by over 14 national news outlets and mentioned numerous times in Parliament on both sides of both houses. Policy Exchange also published reports across a range of sectors included studies on health (*Just about Managing* – on NHS management), energy (*Decarbonising the Grid*), architecture (*Beauty and Socialism*) and housing (*Provably Popular Homes*).

In the lead-up to the General Election, Policy Exchange launched two new workstreams: *The Future of the Right* and *The Future of the Left*.

The Future of the Right programme is led by former Conservative Home Editor Lord Paul Goodman, as well as Lord Charles Moore. Lord Moore is an authorised biographer of Margaret Thatcher, and will be looking at her legacy going forward in her Centenary year (2025) – which also marks fifty years since she became Leader of the Conservative Party. Initial activities included an event on *Lessons from Canada*, with former Canadian Prime Minister Stephen Harper and a high-level panel at the Conservative Party Conference with former and current Conservative MPs.

Lord Maurice Glasman began a parallel work programme on the Future of the Left with the former Labour MP for Dagenham, Jon Cruddas, and political advisor and writer Jonathan Rutherford. Other contributors including top academics Helen Thompson and Luke Bretherton and broadcaster and writer Sir Trevor Phillips – Senior Fellow at Policy Exchange – will also be contributing to this new work stream. A series of events at the Labour Party Conference, including with Secretary of State for Defence John Healey, continued Policy Exchange's engagement with the new Labour Government.

Parliamentary Engagement

Over this period, Policy Exchange's work has continued to resonate with all main parties and across both Houses of Parliament. The organisation's research has been cited by cross-party parliamentarians 80 times between October 2023 and September 2024.

This is in addition to seven appearances by Policy Exchange's subject experts in this period in front of Select Committees of both Houses to give Oral Evidence. Committee appearances across this period include sessions with the Foreign Affairs Committee; Business and Trade Committee; European Scrutiny Committee; Defence Committee; Justice and Home Affairs Committee; and International Relations and Defence Committee.

Our work has been championed from the Despatch Box by Ministers and Shadow Ministers. This has included the then Prime Minister, Rt. Hon Rishi Sunak MP; Secretary of State for Work and Pensions, Rt. Hon Mel Stride MP; Minister for Industry and Economic Security, Rt. Hon Nus Ghani MP; Immigration Minister, Rt. Hon Robert Jenrick MP; and Northern Ireland Minister, Lord Caine. Mentions from Labour Parliamentarians have included Opposition Whip, Andrew Western MP; Shadow Spokesperson for Health and Social Care, Baroness Merron and Secretary of State for Business and Trade, Rt. Hon Jonathan Reynolds MP.

The House of Commons and House of Lords Libraries have frequently used Policy Exchange's output in topical subject briefings for parliamentarians ahead of parliamentary debates. This has been the case eight times during this period.

Our research continues to be endorsed by leading cross-party figures, including Rt. Hon Sir Sajid Javid; Rt. Hon Jim Murphy; Sir Michael Fallon; Rt. Hon Lord Blunkett; Rt. Hon Lord West of Spithead GCB DSC; Rt. Hon Nadhim Zahawi; Lord Glasman; Rt. Hon Jesse Norman MP; and Rt. Hon Lord Robertson of Port Ellen KT, to name a few.

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

Media and Digital Outreach

Policy Exchange's output was featured widely across the media between October 2023 to September 2024. A selection of highlights from this period are outlined below.

Ahead of the King's Speech in October 2023, Policy Exchange published *What do we want from the King's Speech?* The report received widespread coverage in The Times, The Daily Telegraph, The Daily Mail, The Sun, The Daily Express, The Independent, Politico's London Playbook and Housing Today.

This was followed by *Sovereignty and Security in the Indian Ocean* looking at issues concerning the Government's negotiation of a treaty of cession with Mauritius and makes a case for why the government should retain Diego Garcia – the site of a critically important UK/US naval base and a key strategic asset for the UK. The report was covered in The Times, The Daily Telegraph, The Daily Mail, The Daily Express, City A.M, Politico's London Playbook and The National.

In November, Policy Exchange's Head of Crime and Justice, David Spencer, was interviewed regarding public order legislation as it impacts the policing of Gaza marches by Chris Mason, Political Editor at the BBC. Their exchange was televised on BBC News at Six on Thursday evening. Policy Exchange then published a landmark report into the Criminal Justice System - *The Wicked and the Redeemable: A Long-Term Plan to Fix a Criminal Justice System in Crisis* – which was covered by The Times, The Daily Telegraph, The Daily Mail and Sky News.

Later that month exclusive polling published by Policy Exchange - conducted by YouGov - exposed that a de facto blasphemy code is being introduced into our schools. The accompanying report was covered by The Times, The Daily Telegraph, The Daily Mail, The Sun, The Daily Express, The Independent, The Evening Standard and Politico's London Playbook. December 2023 saw Policy Exchange make the front page of The Daily Mail with a report analysing levels of potential political indoctrination amongst school children which could be in contravention of the 1986 and 1996 Education Acts. The Times, The Daily Telegraph and The Sun also reported on Policy Exchange's findings.

At the end of the year Policy Exchange dominated the news with the publication of *Levelling the Playing Field: Why women and girls matter in amateur sport*, backed by athletes Sharron Davies OBE, Martina Navratilova and Tom Daley CBE, looking at the issues around fairness and safeguarding of women and girls in amateur sport. The report was covered by BBC Radio 4's Today, BBC Radio 4's World at One, The Times, The Daily Telegraph, The Daily Mail, The Sun, The Daily Express and The Guardian. On the day of publication, it was the Leader Article in both The Daily Mail and The Sun.

February 2024 saw a new report by Policy Exchange calling for the UK Government and its regional partners to unite in pressing Dublin to assume a greater collective security. It featured on the front page of The Daily Telegraph, as well as in The Times, Daily Mail, The Sun, The Guardian, The Express, The Mirror, Politico's London Playbook. Iain Martin focused on the report for his Times column, commending the "...brilliant new report by the think tank Policy Exchange".

This was followed by a report urging the UK Government to develop a seabed warfare strategy to protect our undersea fibre-optic cables, and other critical subsea infrastructure. It was covered in The Times, The Daily Telegraph (accompanied by a supportive editorial), the Daily Mail, The Daily Express and The National.

Decarbonising the Grid: Three scenarios for achieving Net Zero Power - using state-of-the-art economic modelling conducted by Aurora Energy Research - was covered in The Daily Telegraph, The Daily Mail, The Daily Express, Politico's London Playbook, GB News, Mail Online, City A.M., Guido Fawkes and energy publication Edie. It was also the focus of leader columns in The Times and The Daily Mail.

A major Policy Exchange study – backed by leading psychologist and bestselling author, Professor Jonathan Haidt – then examined the link between smartphone ownership, social media use and mental health issues in children and young people. The report received wide-spread coverage, with articles in The Times, The Daily Telegraph, The Daily Mail, The Sun, The Mirror, The Independent, The Evening Standard and Sky News. Iain Mansfield was also interviewed on LBC, Times Radio and Sky Radio. The Daily Mail also reported on a letter signed by 50 MPs and Peers urging the enforcement of a phone ban in schools - inspired by Policy Exchange's report.

The UK's Broken Housing Market: Causes, Consequences, and Cures, by leading economist Roger Bootle and Policy Exchange's Head of Political Economy James Vitali, with a Foreword from former Labour Housing Secretary Ruth Kelly, was covered in The Daily Telegraph and Politico's London Playbook.

Later that summer, a Policy Exchange report analysed the issues around disruption on Britain's railways – and suggested options for resolving the problems at hand, including a mass recruitment campaign to train 2,000 new drivers a year. This was covered in The Sunday Telegraph, The Sunday Times, The Sunday Express, The Sun on Sunday, and ConservativeHome.

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

Media and Digital Outreach (continued)

Provably Popular Homes: Holding Developers to account with Systematic Beauty Polling and *'Beauty and Socialism: How the Left can put Beauty back into Britain* – with a Foreword from former Labour MP and policy chief Jon Cruddas - received coverage in The Daily Telegraph and Politico's London Playbook, Building Design, Architect's Journal, Housing Today, and Building. It was the focus of Melanie McDonagh's Telegraph column, whilst Ike Ijeh also wrote an op-ed for The Evening Standard, where he argued that "... in a society where beauty doesn't matter, it is the poor who suffer most."

Finally, in September *Just About Managing: The Role of Effective Management and Leadership in Improving NHS Performance and Productivity* was covered by Politico, The Sun, Telegraph, City Am, The British Medical Journal and leading healthcare trade publication, Health Service Journal.

Policy Exchange continued to enjoy a strong presence online, with a large following on X and YouTube – where thousands of people have joined events virtually.

Policy Impact

Our work has had impact across the full spectrum of policy, with particular highlights from this period set out below.

In February 2024, the Government announced new laws to deal with disruptive protests including the intention to deal with the issues created by the Supreme Court in the case of *R v Ziegler*. Policy Exchange had addressed this in both *The Just Stop Oil Protests: A legal and policing quagmire* and *Amending the Public Order Bill*. In September 2024, *Might is Right: The 'Right to Protest'* in a new era of disruption and confrontation, resulted in the first ever reappraisal from the Metropolitan Police of their approach to handling these matters. Our report, *Schools Out? Selected documents and analysis of the current school strikes*, published in December 2023, led to the Department for Education issuing new statutory guidance which explicitly stated that "...Leave of absence should not be granted for a pupil to take part in protest activity during school hours."

The influence of our Transport, Infrastructure and Liveable London Unit culminated in October 2023, when the Prime Minister set out that the Government would not be proceeding with the HS2 high-speed rail line from Birmingham to Manchester. Our report, *HS2: The Kindest Cut of All* had revealed that scaling back HS2 could save £3bn per year by 2027/28 and perhaps £44bn or more in total. Policy Exchange received widespread coverage as the authoritative reference point for this debate.

The work of our Equality and Identity Unit continued to demonstrate impact. It was announced in December 2023 that judges had ruled that the UK Government acted lawfully in blocking the Scottish Government's gender self-ID reforms. Policy Exchange's paper *The Scottish Gender Recognition Reform Bill: The Case for a Section 35 Order*, analysed the issues. Later that month, the draft guidance for schools on Gender Questioning Children was released, with several recommendations from *Asleep at the Wheel: An Examination of Gender and Safeguarding in Schools* being implemented by the Government. In May 2024, the Health Secretary, Rt. Hon Victoria Atkins MP implemented a further recommendation from the report when she used emergency legislation to ban the private provision of puberty blockers to children. Following the July 2024 General Election, Labour's Health Secretary, Rt. Hon Wes Streeting MP announced that he would uphold and make permanent the previous Government's ban on puberty blockers.

In April, during Energy Security and Net Zero Oral Parliamentary Questions, the Secretary of State for Energy Security and Net Zero, Rt. Hon Claire Coutinho MP cited the headline figure from our report, *Decarbonising the Grid: Three scenarios for achieving Net Zero Power*, stating that a net zero power grid by 2030 would cost £116bn (link). The report was also featured in an article published by BBC Verify considering Labour's energy targets for 2030, and referred to positively by Shadow Energy Secretary Rt. Hon Ed Miliband MP in an exchange on X.

In education, our April 2024 report, *Disconnect: The Case for a Smartphone Ban in Schools* had immediate impact, with 50 MPs and Peers publishing a joint letter to the Prime Minister, citing our work, and calling for the Government to act. In a Commons debate that followed, three Parliamentarians referenced this work, including a former Health and Social Care Minister who previously held the public health brief. The following September, the Department for Education in Northern Ireland issued new guidance to ban smartphones in schools.

Following the General Election, the Government announced that the Apprenticeship Levy would be reformed, something that the Education Unit called for in *Reforming the Apprenticeship Levy*. Recommendations from our 2022 report, *A Fresh Shot*, whereby pharmacy technicians can deliver flu jabs with 'patient guided direction', came into force from September 2024.

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

Policy Impact (continued)

For the Crime and Justice Unit, this period saw the introduction of bays across the City of Westminster for hired 'e-bikes', following our paper *A Culture of Impunity: The ongoing erosion of disabled people's access to Parliament and Westminster* and changes to how the police deal with requests for assistance from Mental Health agencies, as recommended in *What do we want from the next Prime Minister?*

Future Plans

Following a successful year, Policy Exchange is planning to broaden and deepen its impact through evidence-driven research and building relationships with a wide range of influential domestic and international figures across a range of issues.

Our two new flagship programmes, The Future of the Left and the Future of the Right, will seek to explore, respectively, the tensions and choices involved in governing from the left, and where next in policy terms for a right that is looking to rebuild. Our Portrait of Modern Britain programme will support these endeavours with a series of polling-informed, data-rich reports focusing on ethnicity and religion, on the young, and on core public services.

Policy Exchange's Judicial Power Project will kick-start a sustained programme on the nature of the rule of law, including a new major workstream on the future of human rights law. This will sit alongside our existing work on global security and defence, public services, crime and justice and a continued focus on increasing economic growth and productivity. Supporting all of this work will be our external events programme, in which we intend to host a wide range of inspiring and high-profile speakers from Britain and internationally, from across the political spectrum.

Fundraising

Policy Exchange relies on the support of a broad spread of regular donors for its work. Fundraising for specific research and events is done on a project by project basis, according to Policy Exchange's own research priorities, and its editorial independence is a precondition of any engagement with donors. Policy Exchange does not work with any external professional fundraisers or employ any large scale targeted fundraising activities and therefore does not participate in any fundraising regulatory schemes, relying instead on the quality of its research and its proven track record of effecting policy change, in order to attract support for its ongoing work. Fundraising costs incurred by the Charity during the year mainly comprise salaries.

Financial Review

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

Policy Exchange recorded a surplus of £354,363 (2023: £186,144) on income of £4,316,531 (2023: 4,021,337). Costs increased to £3,962,168 compared with £3,835,193 the previous year, chiefly reflecting higher research expenses.

Reserves Policy

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

Total reserves at 30 September 2024 stood at £2,909,548 of which £520,476 was restricted.

The Trustees review carefully the level of reserves and aim to keep a level of unrestricted reserves equivalent to between four and six months' regular operating costs in order to manage any unexpected shocks. At £2,389,072, unrestricted reserves at 30 September 2024 comfortably exceeded this requirement and the Trustees are therefore satisfied that the Charity's reserves are sufficient.

Structure, Governance and Management

Policy Exchange 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 of England and Wales on 3 March 2003.

The Trustees, who are also Members of the Charity, serve a four year term before being required to seek re-election. None of the Trustees have any beneficial interest in the Charity. The Trustees delegate the day-to-day running of the Charity to the Senior Management Team. The Senior Management Team makes quarterly reports to the Board of Trustees on any significant matters across all areas of the Charity, including changes in staff, policy research and financial issues. The Board of Trustees is responsible for making major decisions of a strategic nature with regard to both Policy Exchange Limited and its trading subsidiary Policy Exchange Events Limited (formerly The Ideas Space Limited).

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

Structure, Governance and Management (continued)

A separate Risk and Remuneration Committee, comprising three Trustees who also serve on the Main Board, meets annually – or more often if required – to review the major risks which might threaten the successful operation of the Charity. Matters around pay and compensation for the Charity's Director are also part of the Committee's remit, which reports directly to the Chairman of Trustees at the relevant meeting of the Full Board of Trustees.

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 and up to the date of signature of the financial statements except where noted:

Karan Bilimoria
Pamela Dow (Retired on 20 May 2024)
Alexander Downer
Andrew Feldman
David Harding
Patricia Hodgson
Greta Jones
Andrew Law
Charlotte Metcalf
David Ord
Daniel Posen
Andrew Roberts
William Salomon
Ommasalma Shah (Appointed on 30 January 2025)
Simon Wolfson
Nigel Wright

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, the arts, the armed services, academia 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.

Risk Management

The Risk and Remuneration Committee identified two particular on-going operational risks for consideration:

- Upholding the rigour and integrity of Policy Exchange's research and event programme. The Trustees recognise that Policy Exchange's reputation for achieving policy impact depends on the quality and depth of its research output. In order to maintain its high standards and record of policy impact, Policy Exchange has developed robust internal systems for conducting its research activities. Individual research programmes are set by the programme heads and are regularly reviewed by the Senior Management Team and, where necessary, by the Board of Trustees. Projects must go through a rigorous internal approval process before being allowed to proceed. Questions of independence, balance and impact are considered alongside the detail of the research itself. Researchers are encouraged to consult widely and Policy Exchange has developed extensive specialist networks with academics, field specialists and Government departments in order to better inform its work and assist with peer review. Emphasis is placed on ensuring that policy recommendations are evidence-based and implementable.
- Financial Risk associated with dips in income. The reserves policy laid out above is intended to provide a cushion against financial volatility, but in addition Policy Exchange continues to pursue a policy of encouraging unrestricted donations for its day to day work, giving it increased flexibility to allocate funds as needed.

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

Statement of disclosure to auditor

So far as each person who was a trustee at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the Trustees individually have taken all the necessary steps that they ought to have taken as Trustees in order to make themselves aware of all relevant audit information and to establish that the Charity's auditor is aware of that information.

On behalf of the board of Trustees

William salomon

.....

William Salomon

Trustee

Dated: 26 Jun 2025

POLICY EXCHANGE LIMITED

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 30 SEPTEMBER 2024

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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

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

POLICY EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF POLICY EXCHANGE LIMITED

Opinion

We have audited the financial statements of Policy Exchange Limited (the 'Charity') for the year ended 30 September 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2024 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of 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 directors' report included within 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 directors' report included within the Trustees' report.

POLICY EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF POLICY EXCHANGE LIMITED

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, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Trustees are responsible for assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the 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.

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

As part of our planning process:

- We enquired of management the systems and controls the charity has in place, the areas of the financial statements that are most susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The charity did not inform us of any known, suspected or alleged fraud.
- We obtained an understanding of the legal and regulatory frameworks applicable to the charity. We determined that the following were most relevant: the Charity SORP, FRS 102, Charities Act 2011 and Companies Act 2006.
- We considered the incentives and opportunities that exist in the charity, including the extent of management bias, which presents a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the charity, together with the discussions held with the charity at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

POLICY EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF POLICY EXCHANGE LIMITED

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations.
- Documenting and verifying all significant related party balances and transactions.
- Reviewing documentation such as the Trustees' Minutes for discussions of irregularities including fraud.
- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Obtaining third-party confirmation of material bank balances.
- Testing key income lines, in particular cut off, for evidence of management bias.
- Performing physical verification of tangible fixed assets
- Assessing the validity of the classification of income, expenditure, assets and liabilities between unrestricted, designated and restricted funds

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the accounts even though we have properly planned and performed our audit in accordance with auditing standards. The primary responsibility for the prevention and detection of irregularities and fraud rests with the trustees of the charity.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

Russell Nathan

Russell Nathan (Senior Statutory Auditor)
for and on behalf of HW Fisher Audit

Chartered Accountants
Statutory Auditor
Acre House
11-15 William Road
London
NW1 3ER
United Kingdom
26 Jun 2025
.....

POLICY EXCHANGE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2024

Current financial year

		Unrestricted funds general 2024	Unrestricted funds designated 2024	Restricted funds 2024	Total 2024	Total 2023
	Notes	£	£	£	£	£
<u>Income and endowments from:</u>						
Donations, gifts and grants	3	1,733,370	-	2,109,125	3,842,495	3,461,148
Incoming resources from charitable activities	4	368,000	-	-	368,000	467,350
Trading income	5	40,417	-	-	40,417	70,835
Investments	6	65,619	-	-	65,619	21,745
Other income	7	-	-	-	-	259
Total income		2,207,406	-	2,109,125	4,316,531	4,021,337
<u>Expenditure on:</u>						
Raising funds	8	219,650	-	-	219,650	262,468
Research	9	1,883,151	-	1,859,367	3,742,518	3,572,725
Total resources expended		2,102,801	-	1,859,367	3,962,168	3,835,193
Net income for the year/ Net movement in funds		104,605	-	249,758	354,363	186,144
Fund balances at 1 October 2023		2,184,467	100,000	270,718	2,555,185	2,369,041
Fund balances at 30 September 2024		2,289,072	100,000	520,476	2,909,548	2,555,185

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.

POLICY EXCHANGE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2024

Prior financial year

		Unrestricted funds general	Unrestricted funds designated	Restricted funds	Total
	Notes	2023 £	2023 £	2023 £	2023 £
<u>Income and endowments from:</u>					
Donations, gifts and grants	3	1,654,923	-	1,806,225	3,461,148
Incoming resources from charitable activities	4	467,350	-	-	467,350
Trading income	5	70,835	-	-	70,835
Investments	6	21,745	-	-	21,745
Other income	7	259	-	-	259
Total income		2,215,112	-	1,806,225	4,021,337
<u>Expenditure on:</u>					
Raising funds	8	262,468	-	-	262,468
Research	9	1,590,006	-	1,982,719	3,572,725
Total resources expended		1,852,474	-	1,982,719	3,835,193
Net income for the year/ Net movement in funds		362,638	-	(176,494)	186,144
Fund balances at 1 October 2022		1,821,829	100,000	447,212	2,369,041
Fund balances at 30 September 2023		2,184,467	100,000	270,718	2,555,185

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.

POLICY EXCHANGE LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2024

	Notes	2024 £	£	2023 £	£
Fixed assets					
Tangible assets	13		250,687		301,101
Investments	14		2		2
			<u>250,689</u>		<u>301,103</u>
Current assets					
Debtors	16	324,303		370,443	
Cash at bank and in hand		2,791,927		2,633,731	
		<u>3,116,230</u>		<u>3,004,174</u>	
Creditors: amounts falling due within one year	17	(457,371)		(750,092)	
Net current assets			2,658,859		2,254,082
Total assets less current liabilities			<u>2,909,548</u>		<u>2,555,185</u>
Income funds					
Restricted funds	19		520,476		270,718
Unrestricted funds					
Designated funds	20	100,000		100,000	
General unrestricted funds		2,289,072		2,184,467	
		<u>2,389,072</u>		<u>2,284,467</u>	
			<u>2,909,548</u>		<u>2,555,185</u>

26 Jun 2025

The financial statements were approved by the Trustees on

William Salomon

.....

William Salomon

Trustee

Company Registration No. 04297905

POLICY EXCHANGE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2024

		2024		2023	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	24		93,378		271,875
Investing activities					
Purchase of tangible fixed assets		(801)		(10,181)	
Investment income received		65,619		21,745	
Net cash generated from investing activities			64,818		11,564
Net cash used in financing activities			-		-
Net increase in cash and cash equivalents			158,196		283,439
Cash and cash equivalents at beginning of year			2,633,731		2,350,292
Cash and cash equivalents at end of year			2,791,927		2,633,731

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2024

1 Accounting policies

Charity information

Policy Exchange Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Acre House, 11-15 William Road, London, NW1 3ER, United Kingdom.

1.1 Accounting convention

The financial statements have been prepared in accordance with the 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 £.

Consolidated accounts have not been prepared as the inclusion of Policy Exchange Events Limited, the charity's only subsidiary, in a set of consolidated accounts would not be material for the purposes of giving a true and fair view

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the accounts, 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 accounts.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

Designated funds comprise funds which have been set aside at the discretion of the Trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the accounts.

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.

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.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

1 Accounting policies

(Continued)

1.5 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 and are primarily associated with constitutional and statutory requirements.

Support costs have been allocated in full to the single charitable activity - Research.

1.6 Tangible fixed assets

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

Tangible fixed assets 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:

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

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 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs. Investments are subsequently held at cost less any impairments.

1.8 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).

1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all its financial instruments.

The charity only has assets and liabilities of a kind that qualify as basic financial instruments. These financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

1.10 Taxation

The charity is a registered charity and is therefore exempt from taxation on income and gains falling within Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to charitable purposes.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

1 Accounting policies

(Continued)

1.11 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.

1.12 Retirement benefits

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

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

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.

There were no critical accounting estimates and judgements.

3 Donations, gifts and grants

	Unrestricted funds general 2024 £	Restricted funds 2024 £	Total 2024 £	Unrestricted funds general 2023 £	Restricted funds 2023 £	Total 2023 £
Donations and gifts	1,733,370	2,109,125	3,842,495	1,654,923	1,806,225	3,461,148

4 Incoming resources from charitable activities

	Corporate events 2024 £	Corporate events 2023 £
Sales within charitable activities	368,000	467,350

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

5 Trading income

	Unrestricted funds general 2024 £	Unrestricted funds general 2023 £
Business forum and book sales	40,417	70,835

6 Investments

	Unrestricted funds general 2024 £	Unrestricted funds general 2023 £
Interest receivable	65,619	21,745

7 Other income

	Total 2024 £	Unrestricted funds general 2023 £
Other income	-	259

8 Raising funds

	Unrestricted funds general 2024 £	Unrestricted funds general 2023 £
<u>Costs of generating voluntary income</u>		
Staging fundraising events	16,058	55,957
Other fundraising costs	11,483	19,960
Staff costs	192,109	186,551
	219,650	262,468

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

9 Research

	2024 £	2023 £
Staff costs	1,571,348	1,624,228
Professional fees, research and events	1,088,956	962,828
Publications, printing and postage	14,240	10,570
Travel and subsistence	50,511	45,509
Website and IT support	50	55
Other costs	592	316
	<u>2,725,697</u>	<u>2,643,506</u>
Share of support costs (see note 10)	982,352	904,100
Share of governance costs (see note 10)	34,469	25,119
	<u>3,742,518</u>	<u>3,572,725</u>
Analysis by fund		
Unrestricted funds - general	1,883,151	1,590,006
Restricted funds	1,859,367	1,982,719
	<u>3,742,518</u>	<u>3,572,725</u>

10 Support costs

	Support costs £	Governance costs £	2024 £	Support costs £	Governance costs £	2023 £
Staff costs	116,621	-	116,621	90,296	-	90,296
Depreciation	51,215	-	51,215	55,034	-	55,034
Other costs	427,965	-	427,965	390,640	-	390,640
Premises	386,551	-	386,551	368,130	-	368,130
Audit fees	-	18,500	18,500	-	17,500	17,500
Accountancy	-	15,969	15,969	-	7,619	7,619
	<u>982,352</u>	<u>34,469</u>	<u>1,016,821</u>	<u>904,100</u>	<u>25,119</u>	<u>929,219</u>
Analysed between						
Charitable activities	<u>982,352</u>	<u>34,469</u>	<u>1,016,821</u>	<u>904,100</u>	<u>25,119</u>	<u>929,219</u>

Governance costs include payments to the auditors of £18,500 (2023: £17,500) for audit fees and £15,969 (2023: £7,619) for other services. Included within premises costs is an expense for £298,499 (2023: £288,040) for lease payments.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

11 Trustees

No Trustees received benefits or have been paid any remuneration from the Charity during the year or prior year.

12 Employees

The average monthly number of employees during the year was:

	2024 Number	2023 Number
Research	18	17
Fundraising	2	2
Administration/Support	5	8
Total	25	27

Employment costs

	2024 £	2023 £
Wages and salaries	1,598,612	1,641,052
Social security costs	189,117	194,288
Other pension costs	92,349	65,735
	1,880,078	1,901,075

The key management personnel of the charity comprises the trustees, the Director, the Managing Director and the Director of Research. The trustees do not receive any remuneration. Remuneration of key management personnel amounted to £340,366 (2023: £301,750) in the year.

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

	2024 Number	2023 Number
60,000 - 69,999	1	3
70,000-79,999	2	-
80,000 - 89,999	2	-
90,000 - 99,999	1	3
100,000-109,999	1	-
110,000 - 119,999	-	1
120,000 - 129,999	1	1
130,000 - 139,999	1	-
150,000 - 179,999	1	1
	10	9

Contributions totaling £53,739 (2023: £43,288) were made to defined contribution pension schemes on behalf of employees whose emoluments exceed £60,000.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

13 Tangible fixed assets

	Short leasehold	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 October 2023	321,730	94,709	95,712	512,151
Additions	-	801	-	801
At 30 September 2024	321,730	95,510	95,712	512,952
Depreciation and impairment				
At 1 October 2023	61,127	84,256	65,667	211,050
Depreciation charged in the year	32,659	7,899	10,657	51,215
At 30 September 2024	93,786	92,155	76,324	262,265
Carrying amount				
At 30 September 2024	227,944	3,355	19,388	250,687
At 30 September 2023	260,603	10,453	30,045	301,101

14 Fixed asset investments

	Investment in subsidiary
	£
Cost or valuation	
At 1 October 2023 & 30 September 2024	2
Carrying amount	
At 30 September 2024	2
At 30 September 2023	2

15 Subsidiaries

Details of the Charity's subsidiaries at 30 September 2024 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Policy Exchange Events Limited	United Kingdom Conference/administration services	Ordinary	100.00	-

These financial statements are separate Charity financial statements for Policy Exchange Limited.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

16 Debtors

	2024	2023
	£	£
Amounts falling due within one year:		
Trade debtors	54,000	122,400
Other debtors	153,479	16,354
Prepayments and accrued income	116,824	231,689
	<u>324,303</u>	<u>370,443</u>

17 Creditors: amounts falling due within one year

	2024	2023
	£	£
Other taxation and social security	52,525	67,313
Trade creditors	196,291	204,270
Other creditors	1,138	11,158
Accruals and deferred income	207,417	467,351
	<u>457,371</u>	<u>750,092</u>

Total deferred income at the year end amounted to £nil (2023: £228,000). At the start of the year, total deferred income was £228,000 (2023: £86,626). £228,000 was released to income within the year (2023: £86,626). £nil (2023: £228,000) was deferred within the year. This amount represents income for subscriptions, donations and conference income that relate to future accounting periods and will be shown in the next financial year.

18 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 £93,349 (2023: 64,633).

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

19 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			Movement in funds			
	Balance at 1 October 2022	Incoming resources	Resources expended	Balance at 1 October 2023	Incoming resources	Resources expended	Balance at 30 September 2024
	£	£	£	£	£	£	£
Economics	-	358,500	(358,500)	-	265,000	(265,000)	-
Security and Extremism	-	316,975	(316,975)	-	893,750	(600,247)	293,503
Education	254,671	90,000	(161,426)	183,245	52,500	(90,577)	145,168
Crime and Justice	-	-	-	-	150,000	(136,224)	13,776
Environment and energy	113,720	20,000	(133,720)	-	50,000	(50,000)	-
Directors	-	581,500	(566,416)	15,084	352,875	(367,959)	-
Immigration, Integration and Demography	78,821	20,000	(26,432)	72,389	-	(4,360)	68,029
Health and Social Policy	-	69,000	(69,000)	-	20,000	(20,000)	-
Foreign Policy	-	350,250	(350,250)	-	325,000	(325,000)	-
	<u>447,212</u>	<u>1,806,225</u>	<u>(1,982,719)</u>	<u>270,718</u>	<u>2,109,125</u>	<u>(1,859,367)</u>	<u>520,476</u>

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).

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

20 Designated funds

The income funds of the charity include designated funds comprising the following unexpended balances held for specific purposes:

	Movement in funds		Movement in funds		
	Balance at 1 October 2022	Incoming resources	Balance at 1 October 2023	Incoming resources	Balance at 30 September 2024
	£	£	£	£	£
Core maintenance	100,000	-	100,000	-	100,000
	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>

Core funds are to be used in relation to core projects including premises expenses and website and IT upgrades.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2024

21 Analysis of net assets between funds

	Unrestricted funds 2024 £	Designated funds 2024 £	Restricted funds 2024 £	Total 2024 £	Unrestricted funds 2023 £	Designated funds 2023 £	Restricted funds 2023 £	Total 2023 £
Fund balances at 30 September 2024 are represented by:								
Tangible assets	250,687	-	-	250,687	301,101	-	-	301,101
Investments	2	-	-	2	2	-	-	2
Current assets/(liabilities)	2,038,383	100,000	520,476	2,658,859	1,883,364	100,000	270,718	2,254,082
	<u>2,289,072</u>	<u>100,000</u>	<u>520,476</u>	<u>2,909,548</u>	<u>2,184,467</u>	<u>100,000</u>	<u>270,718</u>	<u>2,555,185</u>

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

22 Operating lease commitments

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

	2024 £	2023 £
Within one year	278,375	278,375
Between two and five years	1,391,875	1,391,875
In over five years	301,255	580,393
	<u>1,971,505</u>	<u>2,250,643</u>

23 Related party transactions

The total donations recognised as income in the year from the charity's trustees and related parties amounted to £1,071,250 (2023: £1,297,750).

24 Cash generated from operations

	2024 £	2023 £
Surplus for the year	354,363	186,144
Adjustments for:		
Investment income recognised in statement of financial activities	(65,619)	(21,745)
Depreciation and impairment of tangible fixed assets	51,215	55,034
Movements in working capital:		
Decrease/(increase) in debtors	46,140	(41,408)
(Decrease)/increase in creditors	(292,721)	93,850
Cash generated from operations	<u>93,378</u>	<u>271,875</u>

25 Analysis of changes in net funds

The Charity had no debt during the year.



Issuer HW Fisher

Document generated Wed, 25th Jun 2025 18:22:10 BST

Document fingerprint f11249a5ae075d4fe510ee0b1ce50560

Parties involved with this document

Document processed	Party + Fingerprint
Thu, 26th Jun 2025 12:09:18 BST	William Salomon - Signer (b27531e4c9fcd6dfed21678c2e1c77b3)
Thu, 26th Jun 2025 12:44:26 BST	Russell Nathan - Signer (d32305aefbcb8164623cb061d259d6db)

Audit history log

Date	Action
Wed, 25th Jun 2025 18:22:10 BST	Envelope generated by Stephen Best (89.150.28.98)
Wed, 25th Jun 2025 18:22:11 BST	Document generated with fingerprint c451c834810d02e2c2b623f7b89a76d7 (89.150.28.98)
Wed, 25th Jun 2025 18:22:12 BST	Document generated with fingerprint dad597eafe6975c50afaddac70f9c6ea (89.150.28.98)
Wed, 25th Jun 2025 18:22:12 BST	Document generated with fingerprint 0b12df1111197d2ad73e499a106d7cfe (89.150.28.98)
Thu, 26th Jun 2025 11:59:55 BST	Document generated with fingerprint f11249a5ae075d4fe510ee0b1ce50560 (89.150.28.98)
Thu, 26th Jun 2025 12:01:56 BST	Sent the envelope to William Salomon (WSalomon@hansacap.com) for signing (89.150.28.98)
Thu, 26th Jun 2025 12:01:56 BST	Document emailed to WSalomon@hansacap.com
Thu, 26th Jun 2025 12:07:12 BST	William Salomon opened the document email. (148.252.128.190)
Thu, 26th Jun 2025 12:07:12 BST	William Salomon opened the document email. (148.252.128.190)
Thu, 26th Jun 2025 12:07:48 BST	William Salomon opened the document email. (148.252.128.190)
Thu, 26th Jun 2025 12:07:55 BST	William Salomon viewed the envelope (148.252.128.190)
Thu, 26th Jun 2025 12:09:18 BST	William Salomon signed the envelope (148.252.128.190)
Thu, 26th Jun 2025 12:09:18 BST	Sent the envelope to Russell Nathan (rnathan@hwfisher.co.uk) for signing (148.252.128.190)
Thu, 26th Jun 2025 12:09:19 BST	Document emailed to rnathan@hwfisher.co.uk
Thu, 26th Jun 2025 12:43:54 BST	Russell Nathan opened the document email. (31.94.64.21)
Thu, 26th Jun 2025 12:43:54 BST	Russell Nathan opened the document email. (31.94.64.21)

Thu, 26th Jun 2025 12:43:58 BST	Russell Nathan viewed the envelope (31.94.64.21)
Thu, 26th Jun 2025 12:44:26 BST	Russell Nathan signed the envelope (31.94.64.21)
Thu, 26th Jun 2025 12:44:26 BST	This envelope has been signed by all parties (31.94.64.21)

POLICY EXCHANGE LIMITED

England & Wales - Charity number 1096300

Accounts

Charity Registration No. 1096300

Company Registration No. 4297905 (England and Wales)

POLICY EXCHANGE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

POLICY EXCHANGE LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Karan Bilimoria	
	Alexander Downer	
	Andrew Feldman	
	David Harding	
	Patricia Hodgson	
	Greta Jones	
	Andrew Law	
	Charlotte Metcalf	
	David Ord	
	Daniel Posen	(Appointed 29 June 2023)
	Andrew Roberts	
	William Salomon	
	Simon Wolfson	
	Nigel Wright	
Director	Dean Godson	
Charity number	1096300	
Company number	4297905	
Registered office	Acre House 11-15 William Road London United Kingdom NW1 3ER	
Auditor	HW Fisher LLP Acre House 11-15 William Road London United Kingdom NW1 3ER	
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP	
	Natwest Bank PLC 135 Bishopsgate London EC2M 3UR	

POLICY EXCHANGE LIMITED

CONTENTS

	Page
Trustees' report	1 - 8
Statement of Trustees' responsibilities	9
Independent auditor's report	10 - 12
Statement of financial activities	13 - 14
Balance sheet	15
Statement of cash flows	16
Notes to the financial statements	17 - 28

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

The Trustees present their report and financial statements for the year ended 30 September 2023.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's Memorandum and Articles of Association, 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)".

Objectives and activities

The objects of Policy Exchange as set out in its Memorandum and Articles of Association 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.

Policy Exchange is one of the UK's leading independent think tanks. As an educational Charity, our mission is to develop and promote new policy ideas which deliver better public services, a stronger society and a more dynamic economy for all.

The Trustees have considered the Charity Commission's guidance on public benefit and place a number of objectives at the heart of their strategic thinking when considering how best to discharge Policy Exchange's mission:

- Quality of research – the Trustees consider that the authority and credibility of Policy Exchange's research output must be of the highest standard in order to ensure that its work has maximum impact. Policy Exchange does not take commissions. Its research is independent and evidence-based, and draws upon a wide circle of academics, field specialists and practitioners in order to better inform its thinking and conclusions. The Charity recruits senior policy experts from the political, business and academic worlds and is proud of its research heads and advisers who are well established thought leaders in their respective fields.
- Dissemination of ideas – Policy Exchange makes use of a wide range of communication channels to reach as broad an audience as possible. Its communications strategy is constantly reviewed in order to take advantage of new developments and the Charity measures the quality and quantity of its audiences closely as it seeks to reach out to new audiences, both nationally and internationally. Policy Exchange's output takes the form of long and short written reports, comment pieces and articles for the national press, a lively programme of events (which are live streamed), interactive webinars, broadcast media interviews and set pieces. Social media platforms and the Charity's website are central to achieving its aims and Policy Exchange devotes significant and on going resources to keeping them fresh and lively.
- Two way dialogue with policy makers and opinion formers from across the political spectrum – Policy Exchange works closely with key decision makers and policy experts of all political stripes, with whom it also shares its reports and ideas. Impact is measured by the extent to which the Charity's work is able to influence policy change, to the benefit of the wider public.

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

Achievements and performance

Policy Exchange continues to make significant impact across its broad spectrum of research, publishing 58 reports across 18 policy areas during the year – ranging from policing to healthcare; immigration to housing; defence to debates on gender. The charity also continues to attract extensive engagement from prominent figures across the political spectrum, as well as world-leading experts and international Heads of State and policy makers.

This year saw the successful launch of two new policy units. The Prosperity Programme, headed by top economist Roger Bootle, seeks to identify policies to restore economic growth and raise household incomes. The Science and Technology Unit was relaunched under the patronage of former Science Minister Lord Willetts and aims to make the UK the global leader in scientific research and technology-led business. The unit launched its first report, *The Eight Great Technologies 10 Years On*, in June 2023.

Long-term strategic thinking remains at the heart of much of our work. The cross-unit report *Balancing the Books* examined how best to restore public finances and encourage economic growth in the UK. In a similar vein, the Housing, Architecture and Urban Regeneration Unit focused on the economic growth building 100,000 additional homes a year would bring, whilst also advancing its *Building Beautiful* programme through reports such as *A School of Place*. The Health and Social Care Unit continued to find ways in which to improve NHS services, including a major report on the interface between primary and secondary care in the NHS – *Medical Evolution*, while the Education Unit published a comprehensive report on *Reforming the Apprenticeship Levy*. Meanwhile, the Judicial Power Project pursued its programme of work on stopping the small boats and supported the passage of the *Illegal Migration Bill* through authoritative reports such as *Rule 39* and *the Rule of Law*. The Foreign Policy and Defence Unit, and the Extremism Unit, published the landmark report *The Iran Question and British Strategy*. The organisation has also continued to examine how to improve the culture and leadership in policing, with seminal reports such as *Tarnished Jewel*, which analyses the declining public order in the streets around Parliament.

As well as long-term research, Policy Exchange has responded to contemporary political events proactively for maximum impact. For example, a cross-unit report titled *The 'Just Stop Oil' Protests* was published in response to growing numbers of disruptive protests by the group.

The organisation has also successfully reported on key cultural and social questions of the day. The newly launched *Biology Matters* Unit published its groundbreaking report *Asleep at the Wheel* which fundamentally transformed the debate on gender in schools, as well as releasing its quarterly newsletters. *History Matters* also continued its successful newsletters, alongside publishing the influential report *The Elgin Marbles: Keep, Lend or Return?* by Sir Noel Malcolm, one of the world's leading scholars from All Souls College, Oxford. Meanwhile a series of papers have addressed more down-to-earth matters that impact everyday lives. This includes *Ticket to Save* on tax-free public transport incentives and *Litterbugs 2.0*, a follow-up to our first report on this subject almost fifteen years ago.

Policy Exchange's extensive research output is complemented by its dynamic events programme. The organisation hosted 66 events, both public and private, during this period, alongside its regular Business Forums. Through these events, Policy Exchange has built on its strong cross-party credentials, engaging with a range of prominent figures from both the Labour and Conservative parties, as well as leading scholars, experts, and professionals.

The events programme included high-profile keynote speeches on UK domestic issues. Wes Streeting MP, Shadow Secretary of State for Health and Social Care, delivered a keynote speech on doubling medical school places, whilst Rt Hon Chloe Smith MP, then Secretary of State for Work and Pensions, spoke on unleashing the full potential of the labour market. Our panel events also covered a vast breadth of topics including; the post-Brexit immigration system, university funding, fighting crime, energy security, free speech and vaccine development. We have hosted a range of world-leading experts and professionals including; Madeleine Sumption, Director of the Migration Observatory at the University of Oxford; Professor Sir Steve Smith, UK International Education Champion; Sir Mark Rowley QPM, Commissioner of the Metropolitan Police; Professor Dame Jenny Harries, Chief Executive, UK Health Security Agency; and Richard Hughes, Chair of the Office for Budget Responsibility. Our private Extremism Conference at Hatfield House in March was also a great success.

Our public events have involved appearances from 5 current Conservative ministers, and 3 current Labour Shadow ministers, as well as 5 former ministers (Labour and Conservative). This includes; Rt Hon Tom Tugendhat MBE MP, Minister for Security; Rt Hon Robert Jenrick MP, then Minister for Immigration; Wes Streeting MP, Shadow Secretary of State for Health and Social Care; Stephen Kinnock MP, Shadow Minister for Immigration; Rt Hon Ruth Kelly, former Secretary of State for Transport and Education; Rt Hon Priti Patel MP, former Home Secretary; and Rt Hon Sir Sajid Javid MP, former Secretary of State for Health and Social Care.

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

Achievements and Performance (continued)

The organisation has also continued to boost its role on the international policy stage, hosting discussions on global issues ranging from defence, to energy security, to extremism. Our public events have involved appearances from 14 prominent international figures from countries such as the USA, Australia, Italy, France and Indonesia. This includes Hon Scott Morrison, former Prime Minister of Australia; Rt Hon Lord Robertson of Port Ellen KT, former Secretary General of NATO; Lieutenant General Ben Hodges (USA, Ret.), former Commanding General, US Army Europe; and Jacques Audibert, former Foreign Policy Adviser to the Elysée. November saw two keynote speeches from high-profile international figures: Hon John Howard OM AC, former Prime Minister of Australia, discussed the challenges facing Modern Conservatism and US Senator Joni Ernst spoke on US Defence and Energy Security Policy after the Midterm Elections.

In addition to our programme of international speaker events, in September 2023, in partnership with The Hoover Institution, we held a Transatlantic Conference on Global Foreign Policy and Security, with a keynote speech from former US Secretary of State Condoleezza Rice. The conference exemplified Policy Exchange's unique cross party convening power with speakers including General Sir Nick Carter, former Chief of the Defence Staff; former US National Security Advisor Lt Gen H. R. McMaster; historian Lord Roberts of Belgravia, and audience members including serving Cabinet members as well as senior leading Labour Party figures.

As part of the organisation's commitment to supporting the international policy community, in April Policy Exchange awarded the Grotius Prize to Giorgia Meloni, President of the Council of Ministers of the Italian Government. The Prize – which was first awarded in 2020 – is awarded to world leaders in recognition of their work in support of the international rules-based order.

Further to our regular events programme, Policy Exchange continued to hold a jam-packed programme at both the Labour and Conservative Party conferences – our most successful conference season to date. At the Labour Party Conference 2022, Policy Exchange hosted panel discussions covering topics from Ukraine to healthcare to the digital economy. These panel events involved prominent Labour figures such as Rt Hon Lord Wood of Anfield (former Shadow Minister without Portfolio), along with 8 current Labour MPs including Luke Pollard MP, Shadow Minister for the Armed Forces; Rt Hon Jonathan Ashworth MP, then Shadow Secretary of State for Work and Pensions; and Rt Hon Nick Thomas-Symonds MP, then Shadow Secretary of State for International Trade.

At the Conservative Party Conference 2022, speakers included 5 Secretaries of State and 4 Ministers of State such as Rt Hon Brandon Lewis CBE MP, then Lord Chancellor and Secretary of State for Justice; Rt Hon Ben Wallace MP, then Secretary of State for Defence; Rt Hon Jacob Rees-Mogg MP, then Secretary of State for Business, Energy and Industrial Strategy; Rt Hon Kemi Badenoch MP, Secretary of State for International Trade and President of the Board of Trade; Rt Hon Michelle Donelan MP, then Secretary of State for Digital, Culture, Media and Sport.

Finally, to build greater engagement with our strong research and busy events programme, Policy Exchange launched a new website in October 2022. The new website presents an exciting profile of our work and allows members of the public to stay up to date with upcoming events.

Parliamentary Engagement

Over this period, Policy Exchange's work has continued to resonate with all main parties and across both Houses of Parliament. In practical terms, the organisation's research has been cited by cross-party parliamentarians 69 times from October 2022 to September 2023. This is in addition to ten appearances by Policy Exchange's subject experts in front of Select Committees to give Oral Evidence. Committee appearances across this period include sessions with the Foreign Affairs Select Committee, Education Select Committee, Joint Committee on Human Rights (twice), Work and Pensions Select Committee, Constitution Committee, and Women and Equalities Select Committee. The relevance of our research and the quality of the Written Evidence being submitted to Committee Inquiries is demonstrated by the frequency with which we have been called to give Oral Evidence.

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

Parliamentary Engagement (Continued)

Our work has been championed from the Despatch Box not only by backbenchers on both sides of the House, but also by Ministers. In December 2022 the then Housing Minister, Rt Hon Lucy Frazer KC MP cited our *Strong Suburbs* report; in January 2023 Labour's Shadow Home Affairs Spokesperson in the Lords, Lord Coaker referenced our work on public order; in May 2023, the Leader of the Opposition, Sir Keir Starmer KC MP raised the issues around the Apprenticeship Levy that Policy Exchange had highlighted in its report published that week; in June 2023 the then Lords Home Office Minister, Lord Murray of Blidworth cited our work during Committee Stage of the Illegal Migration Bill in the House of Lords. This was swiftly followed by the then Commons Immigration Minister, Rt Hon Robert Jenrick MP during a debate on population growth, and in July the then Pensions Minister, Guy Opperman MP referenced our work on apprenticeships. Examples of parliamentary mentions from backbenchers include those from Rt Hon Sir David Davis MP, Wera Hobhouse MP, Rt Hon Theresa Villiers MP, Lord Wolfson of Tredegar KC, Rt Hon Sir Mike Penning MP, Lord Carlile of Berriew CBE KC, Lord Faulks KC, Rt Hon Sir Simon Clarke MP, and Baroness Worthington to name a few.

Policy Exchange's work has also been at the centre of various Written Parliamentary Questions (WPs) during this period, with WPs from Labour's Rt Hon Jonathan Ashworth MP and Conservative Peers, Lord Shinkwin and Rt Hon Lord Blencathra all referencing Policy Exchange.

The House of Commons Library has frequently used Policy Exchange's output in its topical subject briefings for Parliamentarians ahead of parliamentary debates. Examples include the *Illegal Migration Bill*, *Tackling the Under Supply of Housing in England*, *The Secretary of State's Veto and the Gender Recognition Reform (Scotland) Bill*, *The Structure of the NHS in England*, and *The Definition of 'Sex' in the Equality Act 2010*.

Our research over this period has been endorsed by leading cross-party figures, including Rt Hon Michael Gove MP, Rt Hon Lord Blunkett, Rt Hon Sir Sajid Javid MP, Rt Hon Lord Campbell of Pittenweem CH CBE KC, Rt Hon Sir Brandon Lewis MP, Lord Glasman, Rt Hon Kemi Badenoch MP, Lord Carlile of Berriew CBE KC, Rt Hon Priti Patel MP, Rt Hon Lord Strathclyde CH PC, Lord Sumption KC and Rosie Duffield MP.

Media and Digital Outreach

Policy Exchange's output was featured widely across the media between October 2022 to September 2023. Some highlights from over the year are listed below.

In October 2022, Policy Exchange made the case that the Government should adopt a three-part approach to restoring the public finances, saving up to £25bn annually in our report *Balancing the Books: Charting a credible path to fiscal responsibility*. Policy Exchange's intervention was covered widely across the press, with articles in *The Times*, the *Daily Telegraph*, *The Sun* and the i. Robert Peston also presented the paper live on his ITV television show. The report was covered on the Today programme on BBC Radio 4, the breakfast show on LBC, *The Daily Telegraph* and Politico's *London Playbook* newsletter.

Over Christmas the publication of 'A School of Place: How a New School of Architecture can Revitalise Britain's Built Environment' (2022) was featured on the front page of the *The Daily Telegraph* and widely covered throughout the press, with articles in the *The Times*, the *Daily Mail*, *The Sun*, the *Independent*, the *Daily Express*, the *Evening Standard*, *City A.M.*, *Playbook* and the *Yorkshire Post*. It also featured on the BBC Radio 4 news bulletins and the report's author, Ike Ijeh, was interviewed on Sky News.

This was followed by a number of high-profile reports in the New Year. These included a key intervention demonstrating that the Scottish National Party's (SNP) Gender Recognition Reform Bill, which aimed to change the law regulating legal sex change for those born or resident in Scotland, would fundamentally alter the law relating to equal opportunities across the United Kingdom. The report was covered widely in the press, with articles in *The Times*, *The Daily Telegraph*, the *Daily Mail*, *The Sun*, the *Daily Express*, the *Independent*, the i and an op-ed in *The Spectator*. There was also extensive pick up in the Scottish press, with news reports in *The Scotsman*, the *Herald*, the *Scottish Daily Express*, the *National*, *Holyrood*, and *Scottish Legal News*.

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

Media and Digital Outreach (Continued)

Another report demonstrating that delivering an additional 100,000 new homes each year could add £17.7 billion to the UK economy – the equivalent of over £600 per household – gained coverage in the *Daily Mail*, *The Sun*, the *Daily Express*, the *Daily Mirror*, the *i*, *City A.M.*, Politico's Playbook and Guido Fawkes. Rt Hon Sir Brandon Lewis also wrote an op-ed in support of the report in the *Daily Express*, while the report's author, Policy Exchange's Research Fellow James Vitali had an article published on Conservative Home.

Policy Exchange's Health and Social Care Unit received strong coverage in June with the launch of *Evolution: Measures to improve the interface between primary and secondary care*. The report's findings were covered in the *Daily Mail*, *The Sun*, *The Daily Telegraph* and *Playbook* as well as key trade publications, *GP Online* and *Pulse*.

In July 2023, a new report with authors including Sir John Jenkins, former Ambassador to Saudi Arabia, and Air Marshal Edward Stringer, one of the military's leading strategic thinkers, was published. There were articles in *The Times*, the *Daily Mail*, *The Guardian*, *Playbook* and *Iran International*. Sir John Jenkins also wrote an op-ed in *The Daily Telegraph* in support of the paper.

Policy Exchange continued to enjoy a strong presence online, with a large following on Twitter and YouTube – where thousands of people have joined PX events virtually.

Policy Impact

Policy Exchange's work has had impact across the full gamut of the policy areas we cover, from public services to foreign policy, and from transport to culture.

The Biology Matters Unit has transformed the national debate on gender. Our landmark report, *Asleep at the Wheel*, revealed that fewer than half of schools were reliably informing parents about their children's wish to change gender, and is still cited as the definitive piece of work in this area. The Prime Minister and Leader of the Opposition both released statements responding to the report, which has led to the issuance of new Trans guidance for schools and new guidance on teaching Relationship and Sex Education.

A significant mark of impact in the transport sector was the Prime Minister's decision to cancel the northern leg of High Speed 2 – an argument that had been made and costed in Policy Exchange's report, *The Kindest Cut of All*. National media repeatedly referenced Policy Exchange's influence in informing the decision.

Our report *Double Vision*, launched by Shadow Health Secretary Wes Streeting, provided a road-map to deliver Labour's commitment to double the number of medical school places. Its recommendations were subsequently largely adopted by the Government in the NHS Workforce Plan, with the first tranche of new medical students due to begin in September 2024. Our Health Unit has seen a wide range of other recommendations implemented, including on the interface between primary and secondary care and on vaccines, while our report *Reforming the Apprenticeship Levy*, with a foreword by Lord Blunkett, has recommendations that are reflected both in subsequent Government reforms and Labour's commitments.

Policy Exchange's Judicial Power Project has informed legislative amendments and been repeatedly cited in Parliamentary debates on immigration legislation, including on the Bills concerning the Rwanda plan.

Our work on Foreign Policy continues to be highly influential, most notably our work on the Windsor Agreement, led by our Director, Lord Godson. We hosted the Prime Minister of Italy, Georgia Meloni, to award her the Grotius Prize in recognition of her outstanding support of the rules-based international order against Russia in Ukraine. Our work on national security and defence, led by Air Marshal Edward Stringer (retd) has informed the defence policies of both Labour and the Conservatives, while our report, *The Iran Question and British Strategy*, has gained new relevance with increased tensions in the Middle East.

Our Reengineering Regulation project published a report, *An A-Z of Reform*, identifying 26 specific regulations for improvement. Half of these have since been either adopted or are being consulted on by Government. Meanwhile our housing programme goes from strength to strength, combining the twin aims of *Building More* and *Building Beautiful*. Reports including *Homes for Growth* and *Better Places: The Place-Making Matrix* have been widely cited, and their content has been reflected in both Opposition speeches and Government plans for housing reform.

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

Future Plans

After another successful year, Policy Exchange will seek to build upon its position as the UK's most impactful think tank by continuing groundbreaking policy research and developing strong connections with figures across the domestic and international political spectrum.

Policy Exchange will continue to work on key domestic policy areas such as policing, immigration, and healthcare reform, as well as working on newer areas such as the politicisation of business, and improving the culture and organisation of the civil service. This will come alongside work on global issues such as defence policy, the influence of extremist ideologies, and international law.

Policy Exchange will kick-start a sustained programme of work on economic growth, with papers focusing on property owning democracy, industrial strategy, housing and the economics of crime and tax.

Fundraising

Policy Exchange relies on the support of a broad spread of regular donors for its work. Fundraising for specific research and events is done on a project by project basis, according to Policy Exchange's own research priorities, and its editorial independence is a precondition of any engagement with donors. Policy Exchange does not work with any external professional fundraisers or employ any large scale targeted fundraising activities and therefore does not participate in any fundraising regulatory schemes, relying instead on the quality of its research and its proven track record of effecting policy change, in order to attract support for its on going work. Fundraising costs incurred by the Charity during the year mainly comprise salaries.

Financial review

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

Policy Exchange recorded a surplus of £186,144 on income of £4,021,337 (2022: 3,951,594). Costs increased to £3,835,193 compared with £3,717,046 the previous year, reflecting higher salary costs and an expanded events and party conference programme.

Reserves Policy

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

Total reserves at 30 September 2023 stood at £2,555,185 of which £270,718 was restricted.

The Trustees review carefully the level of reserves and aim to keep an amount of unrestricted reserves equivalent to between four and six months' regular operating costs in order to manage any unexpected shocks. At £2,284,467, unrestricted reserves at 30 September 2023 comfortably exceeded this requirement and the Trustees are therefore satisfied that the Charity's reserves are sufficient.

Structure, governance and management

Policy Exchange 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 of England and Wales on 3 March 2003.

The Trustees, who are also Members of the Charity, serve a four year term before being required to seek re-election. None of the Trustees has any beneficial interest in the Company. The Trustees delegate the day-to-day running of the Charity to the Senior Management Team. The Senior Management Team makes quarterly reports to the Board of Trustees on any significant matters across all areas of the Charity, including changes in staff, policy research and financial issues. The Board of Trustees is responsible for making major decisions of a strategic nature with regard to both Policy Exchange Ltd and its trading subsidiary Policy Exchange Events Ltd.

A separate Risk and Remuneration Committee, comprising three Trustees who also serve on the Main Board, meets annually – or more often if required – to review the major risks which might threaten the successful operation of the Charity. Matters around pay and compensation for the Charity's Director are also part of the Committee's remit, which reports directly to the Chairman of Trustees at the relevant meeting of the Full Board of Trustees.

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

Structure, Governance and management (continued)

The Trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Karan Bilimoria	
Pamela Dow	(Retired 20 May 2024)
Alexander Downer	
Andrew Feldman	
David Harding	
Patricia Hodgson	
Greta Jones	
Andrew Law	
Charlotte Metcalf	
David Ord	
Roger Orf	(Retired 16 March 2023)
Daniel Posen	(Appointed 29 June 2023)
Andrew Roberts	
Robert Rosenkranz	(Retired 29 August 2023)
William Salomon	
Peter Wall	(Retired 16 March 2023)
Simon Wolfson	
Nigel Wright	

Risk Management

The Risk and Remuneration Committee identified two particular on-going operational risks for consideration:

- Upholding the rigour and integrity of Policy Exchange's research and event programme. The Trustees recognise that Policy Exchange's reputation for achieving policy impact depends on the quality and depth of its research output. In order to maintain its high standards and record of policy impact, Policy Exchange has developed robust internal systems for conducting its research activities. Individual research programmes are set by the programme heads and are regularly reviewed by the Senior Management Team and, where necessary, by the Board of Trustees. Projects must go through a rigorous internal approval process before being allowed to proceed. Questions of independence, balance and impact are considered alongside the detail of the research itself. Researchers are encouraged to consult widely and Policy Exchange has developed extensive specialist networks with academics, field specialists and Government departments in order to better inform its work and assist with peer review. Emphasis is placed on ensuring that policy recommendations are evidence-based and implementable.
- Financial Risk associated with dips in income. The reserves policy laid out above is intended to provide a cushion against financial volatility, but in addition Policy Exchange continues to pursue a policy of encouraging unrestricted donations for its day to day work, giving it increased flexibility to allocate funds as needed.

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, the arts, the armed services, academia 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.

Auditor

HW Fisher LLP were appointed auditors to the company, a resolution proposing that they be re-appointed will be put to the members.

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

Disclosure of information to auditor

So far as each person who was a trustee at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the Trustees individually have taken all the necessary steps that they ought to have taken as Trustees in order to make themselves aware of all relevant audit information and to establish that the Charity's auditor is aware of that information.

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

...William Salomon.....

William Salomon

Trustee 27 Jun 2024

Dated:

POLICY EXCHANGE LIMITED

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

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

POLICY EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF POLICY EXCHANGE LIMITED

Opinion

We have audited the financial statements of Policy Exchange Limited (the 'Charity') for the year ended 30 September 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of 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 directors' report included within 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 directors' report included within the Trustees' report.

POLICY EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF POLICY EXCHANGE LIMITED

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, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Trustees are responsible for assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the 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.

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

As part of our planning process:

- We enquired of management the systems and controls the charity has in place, the areas of the financial statements that are most susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The charity did not inform us of any known, suspected or alleged fraud.
- We obtained an understanding of the legal and regulatory frameworks applicable to the charity. We determined that the following were most relevant: the Charity SORP, FRS 102, Charities Act 2011 and Companies Act 2006.
- We considered the incentives and opportunities that exist in the charity, including the extent of management bias, which presents a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the charity, together with the discussions held with the charity at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

POLICY EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF POLICY EXCHANGE LIMITED

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations.
- Documenting and verifying all significant related party balances and transactions.
- Reviewing documentation such as the Trustees' Minutes for discussions of irregularities including fraud.
- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Obtaining third-party confirmation of material bank balances.
- Testing key income lines, in particular cut off, for evidence of management bias.
- Performing physical verification of tangible fixed assets
- Assessing the validity of the classification of income, expenditure, assets and liabilities between unrestricted, designated and restricted funds

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the accounts even though we have properly planned and performed our audit in accordance with auditing standards. The primary responsibility for the prevention and detection of irregularities and fraud rests with the trustees of the charity.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

HW Fisher LLP

Russell Nathan (Senior Statutory Auditor)
for and on behalf of HW Fisher LLP

Chartered Accountants
Statutory Auditor
Acre House
11-15 William Road
London
NW1 3ER
United Kingdom
27 Jun 2024
.....

POLICY EXCHANGE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2023

Current financial year

		Unrestricted funds general 2023	Unrestricted funds designated 2023	Restricted funds 2023	Total 2023	Total 2022
	Notes	£	£	£	£	£
<u>Income and endowments from:</u>						
Donations, gifts and grants	3	1,654,923	-	1,806,225	3,461,148	3,419,862
Incoming resources from charitable activities	4	467,350	-	-	467,350	329,500
Trading income	5	70,835	-	-	70,835	111,083
Investments	6	21,745	-	-	21,745	1,239
Other income	7	259	-	-	259	89,910
Total income		2,215,112	-	1,806,225	4,021,337	3,951,594
<u>Expenditure on:</u>						
Raising funds	8	262,468	-	-	262,468	213,091
Research	9	1,590,006	-	1,982,719	3,572,725	3,503,955
Total resources expended		1,852,474	-	1,982,719	3,835,193	3,717,046
Net income/(expenditure) for the year/ Net movement in funds		362,638	-	(176,494)	186,144	234,548
Fund balances at 1 October 2022		1,821,829	100,000	447,212	2,369,041	2,134,493
Fund balances at 30 September 2023		2,184,467	100,000	270,718	2,555,185	2,369,041

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.

POLICY EXCHANGE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2023

Prior financial year

		Unrestricted funds general	Unrestricted funds designated	Restricted funds	Total
	Notes	2022 £	2022 £	2022 £	2022 £
<u>Income and endowments from:</u>					
Donations, gifts and grants	3	2,060,289	-	1,359,573	3,419,862
Incoming resources from charitable activities	4	329,500	-	-	329,500
Trading income	5	111,083	-	-	111,083
Investments	6	1,239	-	-	1,239
Other income	7	89,910	-	-	89,910
Total income		2,592,021	-	1,359,573	3,951,594
<u>Expenditure on:</u>					
Raising funds	8	213,091	-	-	213,091
Research	9	1,821,843	-	1,682,112	3,503,955
Total resources expended		2,034,934	-	1,682,112	3,717,046
Net income/(expenditure) for the year/ Net movement in funds		557,087	-	(322,539)	234,548
Fund balances at 1 October 2021		1,264,742	100,000	769,751	2,134,493
Fund balances at 30 September 2022		1,821,829	100,000	447,212	2,369,041

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.

POLICY EXCHANGE LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	13		301,101		345,954
Investments	14		2		2
			<u>301,103</u>		<u>345,956</u>
Current assets					
Debtors	16	370,443		329,035	
Cash at bank and in hand		2,633,731		2,350,292	
		<u>3,004,174</u>		<u>2,679,327</u>	
Creditors: amounts falling due within one year	17	(750,092)		(656,242)	
Net current assets			2,254,082		2,023,085
Total assets less current liabilities			<u>2,555,185</u>		<u>2,369,041</u>
Income funds					
Restricted funds	19		270,718		447,212
Unrestricted funds					
Designated funds	20	100,000		100,000	
General unrestricted funds		2,184,467		1,821,829	
		<u>2,284,467</u>		<u>1,921,829</u>	
			<u>2,555,185</u>		<u>2,369,041</u>

27 Jun 2024

The financial statements were approved by the Trustees on

William Salomon

 William Salomon
 Trustee

Company Registration No. 4297905

POLICY EXCHANGE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

		2023		2022	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	24		271,875		518,538
Investing activities					
Purchase of tangible fixed assets		(10,181)		(375,239)	
Investment income received		21,745		1,239	
Net cash generated from/(used in) investing activities			11,564		(374,000)
Net cash used in financing activities			-		-
Net increase in cash and cash equivalents			283,439		144,538
Cash and cash equivalents at beginning of year			2,350,292		2,205,754
Cash and cash equivalents at end of year			2,633,731		2,350,292

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies

Charity information

Policy Exchange Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Acre House, 11-15 William Road, London, NW1 3ER, United Kingdom.

1.1 Accounting convention

The financial statements have been prepared in accordance with the the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements 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 £.

Consolidated accounts have not been prepared as the inclusion of Policy Exchange Events Limited, the charity's only subsidiary, in a set of consolidated accounts would not be material for the purposes of giving a true and fair view

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the accounts, 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 accounts.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

Designated funds comprise funds which have been set aside at the discretion of the Trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the accounts.

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.

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.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies

(Continued)

1.5 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 and are primarily associated with constitutional and statutory requirements.

Support costs have been allocated in full to the single charitable activity - Research.

1.6 Tangible fixed assets

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

Tangible fixed assets 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:

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

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 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs. Investments are subsequently held at cost less any impairments.

1.8 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).

1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all its financial instruments.

The charity only has assets and liabilities of a kind that qualify as basic financial instruments. These financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

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.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies

(Continued)

1.11 Retirement benefits

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

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

1.13 Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Financial Activities.

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.

There were no critical accounting estimates and judgements.

3 Donations, gifts and grants

	Unrestricted funds general 2023 £	Restricted funds 2023 £	Total 2023 £	Unrestricted funds general 2022 £	Restricted funds 2022 £	Total 2022 £
Donations and gifts	1,654,923	1,806,225	3,461,148	2,060,289	1,359,573	3,419,862

4 Incoming resources from charitable activities

	Corporate events 2023 £	Corporate events 2022 £
Sales within charitable activities	467,350	329,500

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

5 Trading income

	Unrestricted funds general 2023 £	Unrestricted funds general 2022 £
Business forum and book sales	70,835	111,083

6 Investments

	Unrestricted funds general 2023 £	Unrestricted funds general 2022 £
Interest receivable	21,745	1,239

7 Other income

	Unrestricted funds general 2023 £	Unrestricted funds general 2022 £
Other income	259	45,502
Rental income	-	44,408
	259	89,910

8 Raising funds

	Unrestricted funds general 2023 £	Unrestricted funds general 2022 £
<u>Costs of generating voluntary income</u>		
Staging fundraising events	55,957	47,693
Other fundraising costs	19,960	7,388
Staff costs	186,551	158,010
	262,468	213,091

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

9 Research

	2023 £	2022 £
Staff costs	1,624,228	1,269,024
Professional fees, research and events	962,828	1,035,554
Publications, printing and postage	10,570	20,330
Travel and subsistence	45,509	36,140
Premises	-	360,000
Website and IT support	55	38,755
Other costs	316	192,657
	<u>2,643,506</u>	<u>2,952,460</u>
Share of support costs (see note 10)	904,100	530,041
Share of governance costs (see note 10)	25,119	21,454
	<u>3,572,725</u>	<u>3,503,955</u>
Analysis by fund		
Unrestricted funds - general	1,590,006	1,821,843
Restricted funds	1,982,719	1,682,112
	<u>3,572,725</u>	<u>3,503,955</u>

10 Support costs

	Support costs £	Governance costs £	2023 £	Support costs £	Governance costs £	2022 £
Staff costs	90,296	-	90,296	90,394	-	90,394
Depreciation	55,034	-	55,034	63,930	-	63,930
Other costs	390,640	-	390,640	348,822	-	348,822
Premises	368,130	-	368,130	26,895	-	26,895
Audit fees	-	25,119	25,119	-	21,454	21,454
	<u>904,100</u>	<u>25,119</u>	<u>929,219</u>	<u>530,041</u>	<u>21,454</u>	<u>551,495</u>
Analysed between						
Charitable activities	904,100	25,119	929,219	530,041	21,454	551,495

Governance costs include payments to the auditors of £17,500 (2022: £15,800) for audit fees and £7,619 (2022: £5,654) for other services. Included within premises costs is an expense for £288,040 (2022: £243,056) for lease payments.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

11 Trustees

No Trustees received benefits or have been paid any remuneration (2022- none received) from the Charity during the year.

12 Employees

The average monthly number of employees during the year was:

	2023 Number	2022 Number
Research	17	18
Fundraising	2	2
Administration	8	4
Total	27	24

Employment costs

	2023 £	2022 £
Wages and salaries	1,641,052	1,427,034
Social security costs	194,288	39,029
Other pension costs	65,735	51,365
	1,901,075	1,517,428

The key management personnel of the charity comprises the trustees, the Director, the Managing Director and the Director of Research. The trustees do not receive any remuneration. Remuneration of key management personnel amounted to £301,750 (2022: £466,667) in the year.

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

	2023 Number	2022 Number
60,000 - 69,999	3	-
80,000 - 89,999	-	1
90,000 - 99,999	3	-
110,000 - 119,999	1	2
120,000 - 129,999	1	1

Contributions totalling £43,288 (2022: £30,017) were made to defined contribution pension schemes on behalf of employees whose emoluments exceed £60,000.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

13 Tangible fixed assets

	Short leasehold	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 October 2022	321,730	92,613	87,627	501,970
Additions	-	2,096	8,085	10,181
At 30 September 2023	321,730	94,709	95,712	512,151
Depreciation and impairment				
At 1 October 2022	28,468	71,444	56,104	156,016
Depreciation charged in the year	32,659	12,812	9,563	55,034
At 30 September 2023	61,127	84,256	65,667	211,050
Carrying amount				
At 30 September 2023	260,603	10,453	30,045	301,101
At 30 September 2022	293,262	21,169	31,523	345,954

14 Fixed asset investments

	Investment in subsidiary
	£
Cost or valuation	
At 1 October 2022 & 30 September 2023	2
Carrying amount	
At 30 September 2023	2
At 30 September 2022	2

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

15 Subsidiaries

Details of the Charity's subsidiaries at 30 September 2023 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Policy Exchange Events Limited	United Kingdom Conference/administration services	Ordinary	100.00	-

These financial statements are separate Charity financial statements for Policy Exchange Limited.

16 Debtors

	2023	2022
	£	£
Amounts falling due within one year:		
Trade debtors	122,400	125,200
Other debtors	16,354	46,884
Prepayments and accrued income	231,689	156,951
	<u>370,443</u>	<u>329,035</u>

17 Creditors: amounts falling due within one year

	2023	2022
	£	£
Other taxation and social security	67,313	79,061
Trade creditors	204,270	216,652
Other creditors	11,158	14,826
Accruals and deferred income	467,351	345,703
	<u>750,092</u>	<u>656,242</u>

Total deferred income at the year end amounted to £228,000 (2022: £86,626). At the start off the year , Total deferred income was £86,626 (2022 : £144,726). £86,626 was released to income within the year (2022 £ 144,726). £228,000 (£86,626) was deferred within the year . This amount represents income for subscriptions, donations and conference income that relate to future accounting periods and will be shown in the next financial year.

18 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 £64,633 (2022 - £51,365).

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

19 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			Movement in funds			
	Balance at 1 October 2021	Incoming resources	Resources expended	Balance at 1 October 2022	Incoming resources	Resources expended	Balance at 30 September 2023
	£	£	£	£	£	£	£
Economics	-	72,000	(72,000)	-	358,500	(358,500)	-
Security and Extremism	-	343,750	(343,750)	-	316,975	(316,975)	-
Education	165,428	237,092	(147,849)	254,671	90,000	(161,426)	183,245
Crime and Justice	8,372	-	(8,372)	-	-	-	-
Environment and energy	253,211	50,000	(189,491)	113,720	20,000	(133,720)	-
Directors	216,000	63,061	(279,061)	-	581,500	(566,416)	15,084
Wolfson Economics Prize	21,191	404,666	(425,857)	-	-	-	-
Immigration, Integration and Demography	105,549	-	(26,728)	78,821	20,000	(26,432)	72,389
Health and Social Policy	-	146,504	(146,504)	-	69,000	(69,000)	-
Foreign Policy	-	42,500	(42,500)	-	350,250	(350,250)	-
	<u>769,751</u>	<u>1,359,573</u>	<u>(1,682,112)</u>	<u>447,212</u>	<u>1,806,225</u>	<u>(1,982,719)</u>	<u>270,718</u>

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).

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

20 Designated funds

The income funds of the charity include designated funds comprising the following unexpended balances held for specific purposes:

	Movement in funds		Movement in funds		
	Balance at 1 October 2021	Incoming resources	Balance at 1 October 2022	Incoming resources	Balance at 30 September 2023
	£	£	£	£	£
Core maintenance	100,000	-	100,000	-	100,000
	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>

Core funds are to be used in relation to core projects including premises expenses and website and IT upgrades.

Transfers from designated funds represents the overspend on the research funds being covered by the designated funds.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

21 Analysis of net assets between funds

	Unrestricted funds 2023 £	Designated funds 2023 £	Restricted funds 2023 £	Total 2023 £	Unrestricted funds 2022 £	Designated funds 2022 £	Restricted funds 2022 £	Total 2022 £
Fund balances at 30 September 2023 are represented by:								
Tangible assets	301,101	-	-	301,101	345,954	-	-	345,954
Investments	2	-	-	2	2	-	-	2
Current assets/(liabilities)	1,883,364	100,000	270,718	2,254,082	1,475,873	100,000	447,212	2,023,085
	<u>2,184,467</u>	<u>100,000</u>	<u>270,718</u>	<u>2,555,185</u>	<u>1,821,829</u>	<u>100,000</u>	<u>447,212</u>	<u>2,369,041</u>

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

22 Operating lease commitments

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

	2023 £	2022 £
Within one year	278,375	278,375
Between two and five years	1,391,875	1,391,875
In over five years	580,393	858,768
	<u>2,250,643</u>	<u>2,529,018</u>

23 Related party transactions

The total donations recognised as income in the year from the charity's trustees and related parties amounted to £1,297,750 (2022: £996,964).

24 Cash generated from operations

	2023 £	2022 £
Surplus for the year	186,144	234,548
Adjustments for:		
Investment income recognised in statement of financial activities	(21,745)	(1,239)
Depreciation and impairment of tangible fixed assets	55,034	63,930
Movements in working capital:		
(Increase)/decrease in debtors	(41,408)	229,934
Increase/(decrease) in creditors	93,850	(8,635)
Cash generated from operations	<u>271,875</u>	<u>518,538</u>

25 Analysis of changes in net funds

The Charity had no debt during the year.



Issuer

HW Fisher

Document generated

Thu, 27th Jun 2024 11:42:55 UTC

Document fingerprint

f94d05526f1543f4cfde9c81619c8f20

Parties involved with this document

Document processed	Party + Fingerprint
Thu, 27th Jun 2024 15:29:22 UTC	William Salomon - Signer (f2a0eae1bb9e6dfb68f8b05432cf5f81)
Thu, 27th Jun 2024 19:57:06 UTC	Russell Nathan - Signer (42b8071768624abb257f38531b9ebbdd)

Audit history log

Date	Action
Thu, 27th Jun 2024 11:42:55 UTC	Envelope generated by Stephen Best185.105.75.177
Thu, 27th Jun 2024 11:42:55 UTC	Document generated with fingerprint 3839d8a9423db18f311ebaba1474ecc9185.105.75.177
Thu, 27th Jun 2024 11:42:56 UTC	Document generated with fingerprint 9f9b1b927e409c598e1e2680930a71aa185.105.75.177
Thu, 27th Jun 2024 12:08:38 UTC	Document generated with fingerprint f94d05526f1543f4cfde9c81619c8f20185.105.75.177
Thu, 27th Jun 2024 14:09:25 UTC	Document generated with fingerprint 168e9635f192e2424634e56c2da68481185.105.75.177
Thu, 27th Jun 2024 14:12:11 UTC	Document generated with fingerprint 60cda0daf01be909ac2c102598481df2185.105.75.177
Thu, 27th Jun 2024 14:15:22 UTC	Document generated with fingerprint 4e6886fc7760fab30680fc946ac3f4d9185.105.75.178
Thu, 27th Jun 2024 14:18:36 UTC	Document generated with fingerprint aaacaa3ae0b7106f6bf53de194422d25185.105.75.178
Thu, 27th Jun 2024 14:20:06 UTC	Sent the envelope to William Salomon (WSalomon@hansacap.com) for signing185.105.75.177
Thu, 27th Jun 2024 14:20:06 UTC	Document emailed to WSalomon@hansacap.com3.10.215.81
Thu, 27th Jun 2024 15:05:12 UTC	William Salomon opened the document email.145.224.65.206
Thu, 27th Jun 2024 15:05:12 UTC	William Salomon opened the document email.145.224.65.206
Thu, 27th Jun 2024 15:06:51 UTC	William Salomon opened the document email.145.224.65.206
Thu, 27th Jun 2024 15:28:32 UTC	William Salomon opened the document email.148.252.145.143

Thu, 27th Jun 2024 15:28:35 UTC	William Salomon viewed the envelope148.252.145.143
Thu, 27th Jun 2024 15:29:22 UTC	William Salomon signed the envelope148.252.145.143
Thu, 27th Jun 2024 15:29:22 UTC	Sent the envelope to Russell Nathan (rnathan@hwfisher.co.uk) for signing148.252.145.143
Thu, 27th Jun 2024 15:29:22 UTC	Document emailed to rnathan@hwfisher.co.uk35.178.232.54
Thu, 27th Jun 2024 15:29:22 UTC	William Salomon viewed the envelope148.252.145.143
Thu, 27th Jun 2024 15:29:30 UTC	William Salomon opened the document email.148.252.145.143
Thu, 27th Jun 2024 15:30:26 UTC	William Salomon opened the document email.41.180.248.130
Thu, 27th Jun 2024 15:31:43 UTC	William Salomon opened the document email.41.180.248.130
Thu, 27th Jun 2024 15:31:47 UTC	William Salomon opened the document email.41.180.248.130
Thu, 27th Jun 2024 15:33:08 UTC	William Salomon opened the document email.41.180.248.130
Thu, 27th Jun 2024 15:33:15 UTC	William Salomon viewed the envelope41.180.248.130
Thu, 27th Jun 2024 15:33:21 UTC	William Salomon opened the document email.41.180.248.130
Thu, 27th Jun 2024 15:33:44 UTC	William Salomon opened the document email.41.180.248.130
Thu, 27th Jun 2024 15:34:35 UTC	William Salomon opened the document email.41.180.248.130
Thu, 27th Jun 2024 15:41:15 UTC	William Salomon opened the document email.41.180.248.130
Thu, 27th Jun 2024 19:56:49 UTC	Russell Nathan opened the document email.86.153.78.244
Thu, 27th Jun 2024 19:56:49 UTC	Russell Nathan opened the document email.86.153.78.244
Thu, 27th Jun 2024 19:56:51 UTC	Russell Nathan viewed the envelope86.153.78.244
Thu, 27th Jun 2024 19:57:06 UTC	Russell Nathan signed the envelope86.153.78.244
Thu, 27th Jun 2024 19:57:06 UTC	This envelope has been signed by all parties86.153.78.244
Thu, 27th Jun 2024 19:57:07 UTC	Russell Nathan viewed the envelope86.153.78.244
Thu, 27th Jun 2024 20:06:58 UTC	Russell Nathan viewed the envelope86.153.78.244

POLICY EXCHANGE LIMITED

England & Wales - Charity number 1096300

Accounts

Charity Registration No. 1096300

Company Registration No. 4297905 (England and Wales)

POLICY EXCHANGE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

POLICY EXCHANGE LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Pamela Dow Alexander Downer Andrew Feldman David Harding Patricia Hodgson Greta Jones Andrew Law Charlotte Metcalf David Ord Roger Orf Andrew Roberts Robert Rosenkranz William Salomon Peter Wall Simon Wolfson Nigel Wright
Director	Dean Godson
Charity number	1096300
Company number	4297905
Registered office	Acre House 11-15 William Road London United Kingdom NW1 3ER
Auditor	HW Fisher LLP Acre House 11-15 William Road London United Kingdom NW1 3ER
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP Natwest Bank PLC 135 Bishopsgate London EC2M 3UR

POLICY EXCHANGE LIMITED

CONTENTS

	Page
Trustees' report	1 - 9
Statement of trustees' responsibilities	10
Independent auditor's report	11 - 13
Statement of financial activities	14 - 15
Balance sheet	16
Statement of cash flows	17
Notes to the financial statements	18 - 29

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

The Trustees present their report and financial statements for the year ended 30 September 2022.

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 financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102)" (as amended for accounting periods commencing from 1 January 2016).

Objects of the Charity and Mission

The objects of Policy Exchange as set out in its Memorandum and Articles of Association 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.

Policy Exchange is one of the UK's leading independent think tanks. As an educational charity, our mission is to develop and promote new policy ideas which deliver better public services, a stronger society and a more dynamic economy for all.

The Trustees have considered the Charity Commission's guidance on public benefit and place a number of objectives at the heart of their strategic thinking when considering how best to discharge Policy Exchange's mission:

- **Quality of research** – the Trustees consider that the authority and credibility of Policy Exchange's research output must be of the highest standard in order to ensure that its work has maximum impact. Policy Exchange does not take commissions. Its research is independent and evidence-based, and draws upon a wide circle of academics, field specialists and practitioners in order to better inform its thinking and conclusions. The Charity recruits senior policy experts from the political, business and academic worlds and is proud of its research heads and advisers who are well established thought leaders in their respective fields.
- **Dissemination of ideas** – Policy Exchange makes use of a wide range of communications channels to reach as broad an audience as possible. Its communications strategy is constantly reviewed in order to take advantage of new developments and the Charity measures the quality and quantity of its audiences closely as it seeks to reach out to new audiences, both nationally and internationally. Policy Exchange's output takes the form of long and short written reports, comment pieces and articles for the national press, a lively programme of events (which are live streamed), interactive webinars, broadcast media interviews and set pieces. Social media platforms and the Charity's website are central to achieving its aims and Policy Exchange devotes significant and on going resources to keeping them fresh and lively.
- **Two way dialogue with policy makers and opinion formers from across the political spectrum** – Policy Exchange works closely with key decision makers and policy experts of all political stripes, with whom it also shares its reports and ideas. Impact is measured by the extent to which the Charity's work is able to influence policy change, to the benefit of the wider public.

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Structure, Governance and Management

Policy Exchange 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 of England and Wales on 3 March 2003.

The Trustees, who are also Members of the Charity, serve a four year term before being required to seek re-election. None of the Trustees has any beneficial interest in the Company. The Trustees delegate the day-to-day running of the Charity to the Senior Management Team. The Senior Management Team makes quarterly reports to the Board of Trustees on any significant matters across all areas of the Charity, including changes in staff, policy research and financial issues. The Board of Trustees is responsible for making major decisions of a strategic nature with regard to both Policy Exchange Ltd and its trading subsidiary Policy Exchange Events Ltd (formerly The Ideas Space Ltd).

A separate Risk and Remuneration Committee, comprising three Trustees who also serve on the Main Board, meets annually – or more often if required – to review the major risks which might threaten the successful operation of the Charity. Matters around pay and compensation for the Charity's Director are also part of the Committee's remit, which reports directly to the Chairman of Trustees at the relevant meeting of the Full Board of Trustees.

Achievements and Performance

In what proved a year of significant change both domestically and abroad – from Russia's invasion of Ukraine, to the death of HRH Queen Elizabeth II – Policy Exchange remained at the forefront of the national (and international) conversation on the major public policy questions of the day. This impact has been realised in the organisation's research output, which includes 47 reports on topics ranging from childcare reforms to road pricing; from reforms to primary care to judicial power.

The collective efforts and impact of this output was recognised by Prospect Magazine, where Policy Exchange was awarded two separate prizes at the *Annual Think Tank Awards* in February 2022. This included the 'Advocacy' prize, for which the Magazine's editor, Alan Rusbridger, commented that Policy Exchange "is very much part of the national debate and clearly very influential". Policy Exchange's Health and Social Care Unit meanwhile was awarded the 'Health, Medicine and Science' prize for its "measurable impact on policy development and shaping government thinking on a range of areas including public health and ministerial accountability for the NHS." Among the judging panel was Lord Stevens of Birmingham, former Chief Executive of NHS England.

Also recognised by that award was the impact of the Wolfson Economics Prize, which Policy Exchange awarded for the fourth time in 2021. The £250,000 Prize invited entries to reimagine the hospital of the future. In November 2021, the winner – Ab Rogers Design – was announced at a reception hosted at the

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Royal Institute of British Architects. The Judging Panel, chaired by Lord Kakkar, marked entries from more than 250 organisations, including submissions from NHS trusts, architectural practices, clinicians and patients.

In June 2022, Policy Exchange awarded the Grotius Prize to Kaja Kallas, the Prime Minister of Estonia, at an event which featured opening remarks from the then Prime Minister Rt Hon Boris Johnson MP. The Prize – which was first awarded in 2020 – is awarded to world leaders in recognition of their work in support of the international rules-based order.

Policy Exchange's prodigious research output has included many seminal contributions to the author's respective policy areas. Policy Exchange's unique Space Unit made the case for a revolutionised approach to British space policy; outlining a clear roadmap to Britain becoming an international space power. The Defence Unit also explored the viability of a UK semi-conductor strategy.

As well as long-term strategic thinking, Policy Exchange responded to contemporary political events swiftly for maximum impact. Two reports written by the Health unit and the Crime and Justice asking 'what do we want from the next Prime Minister', both listing policy ideas ready for candidates in the Conservative leadership contest to use as part of their campaign. Policy Exchange has also tackled important contemporary cultural questions head on; with publications within the 'History Matters' project that informs debate regarding the 'cancellation' of statues, and the issue of ethnic integration following on from the publication of the results of the 2021 Office for National Statistics.

Policy Exchange's diverse research output has been complemented by the strong performance of its events programme. Policy Exchange hosted 42 events in the period, as well as the Annual Summer Party, hosted in the grounds of Westminster Abbey at which the then Chancellor of the Exchequer, Rt Hon Rishi Sunak MP was guest of honour.

Panellists or keynote speakers at Policy Exchange events have included over 21 appearances from current and former Ministers and Shadow Ministers, including Rt Hon Steve Barclay MP in his first stint as Secretary of State for Health and Social Care, Rt Hon Ben Wallace, Secretary of State for Defence, Rt Hon Michelle Donelan MP, then Minister of State for Higher and Further Education. From Labour, our events have included Rt Hon Hazel Blears, Former Secretary of State for Communities and Local Government and Chair of the Social Investment Business, the Rt Hon Khalid Mahmood, Member of Parliament for Birmingham Perry Bar and Senior fellow at the Policy Exchange, and the Rt Hon Lord Darling of Roulanish, Former Chancellor of the Exchequer and Former Secretary of State for Transport.

Policy Exchange has also welcomed prominent experts from a variety of fields, including journalist (Andrew Neil), medicine (Professor Sir Stephen Powis, National Medical Director of NHS England); and leading academics (Professor Sir Dieter Helm of the University of Oxford). Policy Exchange also hosted the (former) Chief of Staff of the British Army, General Sir Mark Carleton-Smith, alongside the Chief of Staff for the United States Army, General James McConville at an event in May 2022.

In addition to this event programme, Policy Exchange continued to host a successful fringe programme at

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

both the Conservative and Labour Party Conferences with a packed programme totalling 20 events. At the Labour Party Conference in 2021, this included our biggest ever presence with nine events with nine Shadow Ministers – including Labour's shadow Foreign Secretary Lisa Nandy MP, as well as 11 other Labour MPs.

At the Conservative Party Conference, Policy Exchange hosted speakers including Rt Hon Nadhim Zahawi, then Secretary for Education, Rt Hon Sajid Javid, then Secretary for Health and Social Care, and Rt Hon Michael Gove, Secretary of State for Levelling Up, Housing and Communities. In total we hosted 11 Ministers, 13 MPs and four members of the House of Lords.

Beyond Policy Exchange's domestic reach and influence, the organisation has continued to boost its reputation as a forum for the discussion of the leading global issues of the times. This was exemplified by Policy Exchange being the partner of choice for the Indian Council of World Affairs' inaugural India-UK Strategic Futures Forum in New Delhi, featuring an "in conversation" between the then Foreign Secretary, Rt Hon Liz Truss and her Indian counterpart Dr Jaishankar, moderated by our director Dean Godson.

In the period, Policy Exchange hosted two former US Secretaries of State: Condoleezza Rice and Mike Pompeo; the co-founder of Microsoft, Bill Gates; New Zealand's Leader of the Opposition, Christopher Luxon MP and Hon Angus Taylor MP, Australian Minister for Energy and Emissions Reduction. Nikki Haley, former US ambassador to the UN and current Republican US Presidential Candidate, delivered the Colin Cramphorn Memorial Lecture at Policy Exchange on Western deterrence.

We also hosted Jacques Audibert, a former foreign policy advisor to the Elysée, and Nazanin Boniadi, the Iranian born Ambassador for Amnesty UK, to speak on the future of the Iran crisis. John Howard, former Prime Minister of Australia, delivered a keynote speech on the challenges facing modern conservatism. These events received coverage on broadcast media, including BBC News and Sky News alongside leading broadsheets, including *The Guardian* and *Daily Telegraph*.

The year also saw Policy Exchange relocate to a prime location close to the Houses of Parliament and the Treasury. The new offices come fully equipped with a modern events space, making the office an attractive location for Ministers and Shadow Ministers to launch policy announcements and deliver keynote speeches.

Parliamentary Engagement

Over the period, the Senior Management Team was enhanced with the creation of a dedicated 'Director of Government and Parliamentary Affairs' role. The success of this position can be seen in an increase in the number of appearances by our researchers before Select Committees, including the Department for Digital, Culture, Media & Sport on rejuvenating the High Street, and an APPG on Healthcare infrastructure. Richard Ekins, a senior fellow at the Policy Exchange, made a contribution at the Public Bill Committee considering the Judicial Review and Courts Bill which was covered by the Financial Times. Hansard has meanwhile recorded 35 mentions of Policy Exchange in debates in both chambers of the House over the year, on topics ranging from freedom of speech in higher education to access to GPs services and dentistry.

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Media and Digital Outreach

Policy Exchange's output was featured widely across the media between October 2021 – September 2022. Some highlights from over the year are listed below.

In November 2021, Policy Exchange published *'The Northern Ireland Protocol: The Origins of the Current Crisis'* by Roderick Crawford, the first authoritative chronology to set out how the UK's hands have been tied throughout Brexit by flawed decisions made in 2017. The paper received coverage in *The Times*, *Guardian*, *Daily Mail*, *Daily Express*, *Financial Times*, BBC, Sky, Reuters, *Politico*, *Evening Standard*, *Scotsman*, *Belfast Telegraph* and *News Letter*. Later that month, our unmatched convening power led to us hosting Bill Gates, the founder of Microsoft, in conversation with Rt Hon Jeremy Hunt MP. The event was covered widely, with articles in *The Guardian*, *The Independent*, *Sky News*, *ITV*, *The Daily Mail* and *The Evening Standard* amongst others.

In February 2022, Policy Exchange published a major study entitled *Stopping the Small Boats: A "Plan B"*, which was prominently covered in the media. This report, which was written by a wide-ranging team of Policy Exchange experts, sets out a legal, workable plan of action to address the Channel crisis.

The Health Unit also delivered strong press coverage. In March, Policy Exchange published a pragmatic proposal for reforms to general practice in a report entitled *At Your Service*, addressing integration, workforce, digital transformation and scaled provision. Policy Exchange's proposals were reported in *The Yorkshire Post* (as the splash), *The Daily Mail*, *i* newspaper, and in GP trade publication, *Pulse*. The authors also out their case in a short op-ed for the *Health Service Journal*. In May, the Unit published *'Devolve to Evolve? The Future of Specialised Services within Integrated Care'*. The report received widespread coverage – making the front page of *The Daily Telegraph* which led on analysis of the 'astonishing' rise in central bureaucracy during the pandemic. The Unit's analysis found that the workforce of the bodies rose from 7,883 to 14,515 over the period, with the number of senior officials rising by 125 per cent. The Leader column on the *Telegraph* referred to the story, as did several regular columnists including Iain Dale, Allison Pearson, and Liam Halligan. The report was also covered by *BBC News*, *The Times*, *The Daily Mail*, *The Sun*, *LBC*, and trade publications including *Pulse*.

In September 2022, ahead of the next change of national leadership, Policy Exchange published a series of widely covered 'manifesto' papers, *What do we want from the next Prime Minister?* in areas including Health and Social Care, Reform of Government and Policing, all of which received significant coverage – including on the front page of *The Daily Telegraph* and *The Daily Mail*. Our report *Policing Can Win: The New Met Commissioner's First 100 Days* has similarly had a significant public impact. This report received significant coverage including the front page of *The Daily Telegraph* and *The Daily Mail* as well as coverage in *The Times*, *The Daily Express*, *The Sun* and *The Guardian*, amongst many others. The author of the report, David Spencer, was prominent on broadcast media. He was interviewed by *LBC*, *TalkTV*, *GB News*, and *BBC Radio 5 Live* (Nicky Campbell).

Policy Exchange has also significantly enhanced its digital offering. A new website was launched in October 2022, offering enhanced branding and new ways to engage with our research, including a digital online

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

reader for our reports. Analysis of our metrics shows that between Q2 of 2021 and Q2 of 2022 we attracted well over half a million page views to our website, an increase on the same period in the previous year.

In October 2021 we returned to physical party conferences. For both Labour and Conservatives we brought a hybrid model allowing remote panelists and audience members to participate. This built on the investments we made with our studio during the pandemic and was widely regarded as the most technologically advanced fringe offering.

Total views driven by our YouTube channel almost doubled during this period. Policy Exchange has also relaunched its 'Agenda' podcast series, starting with a series on the war in Ukraine, with guests including former Home Secretary Amber Rudd, the journalist and author, Ben Judah and Lieutenant General Ben Hodges. This series gained over 15,000 views across our platforms.

Policy Impact

Policy Exchange saw other structural changes to its research programme over the period. This began with the re-launch of its Economics Unit, bolstered by the leadership of Senior Fellow Rt Hon Ruth Kelly, former Economic Secretary to the Treasury as well as Secretary of State at the Departments of Transport, Communities and Local Government and Education. The creation of the unit has also been bolstered by the creation of a new 'Economics Advisory Council', including current Senior fellows such as Dr Graham Gudgin, Dr Gerard Lyons and Warwick Lightfoot, as well as top experts in economic policy -including a No.10 former Chief Data Scientist, a former Pensions Minister, and a former economics advisor to the Prime Minister of Canada.

Policy Exchange launched its 'Re-Engineering Regulation' project, which looks at the opportunities in the public and private sectors to improve regulation in the wake of Brexit. The Advisory Panel for this project is headed by Lord Sedwill, former Cabinet Secretary.

This work has had demonstrable impact upon both the UK Government and opposition parties. Policy Exchange's Energy and Environment Unit's long-standing work on promoting the technological concept of 'Small Modular Reactors' was recognised when the Government announced plans to tender a contract for twenty small modular reactors in Britain by 2050. This was complemented by the adoption of SEV zero emissions cars at the COP26 summit in November 2022, another longstanding proposition of the Unit.

Policy Exchange's Defence and Foreign Affairs meanwhile was influential in the creation of a new office within the Ministry of Defence called the 'Secretary of State's Office for Net Assessment and Challenge'. The year also saw the announcement of a new UK national shipbuilding strategy, as advocated for in our 2020 report 'A Global Maritime Power'. The announcement in July 2022 of a significant reduction in headcount at NHS England – on the grounds of operational efficiency – and to enable greater resource to be deployed to new, regional 'integrated care systems' can be linked to the Health and Social Care Unit's call for a reduction in duplication in the work of NHS England and the Department for Health and Social Care. The public sector more broadly has also been impacted by the fairer hiring policies for the Civil Service advocated by Policy Exchange which have opened up senior roles more widely to applicants with private sector backgrounds.

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Policy Exchange has also had significant impact on matters of social integration. The Policy Exchange 'History Matters' project and its report, 'Politicising Plants' challenged recent developments at the Royal Botanic Gardens in Kew over their plan to 'decolonise' their collections, contravening their statutory remit. The ongoing research of the Judicial Power Project contributed to work of Rt Hon Suella Braverman, then Attorney General, who cited eight different reports written by Policy Exchange in a single speech delivered to the Public Law Project. Policy Exchange's Education Unit meanwhile continues to contribute effectively to the ongoing debate around free speech in higher education; as the Free Speech bill has progressed through the House of Commons. This is alongside the continuing impact of the Augur review, launched by Theresa May at the Policy Exchange in 2019, which made the case for controls on numbers of students in higher education and lifetime allowances, which has culminated in a series of reforms to higher education funding announced in March of 2022.

Future Plans

After a successful year, Policy Exchange will seek to build upon the strong platforms developed in recent years.

Policy Exchange will be launching new programmes in relation to Science and Technology, looking specifically at the potential consequences and opportunities of Artificial Intelligence for Britain. Policy Exchange will also be developing its contribution to Industrial policy, adapting to the new international realities of trade protectionism, and what this means for Britain.

The organisation's future work will balance a mixture of contributions to technical policy questions, especially around defence, regulation and healthcare but also with new engagement with pressing contemporary debates relating to the social fabric, including the launch of a new 'Biology Matters' Unit which will consider matters relating to sex-based rights. This breadth of work will ensure Policy Exchange maintains a focus on all four key conceptual priorities which define its work: People, Place, Prosperity & Patriotism.

Fundraising

Policy Exchange relies on the support of a broad spread of regular donors for its work. Fundraising for specific research and events is done on a project by project basis, according to Policy Exchange's own research priorities, and its editorial independence is a precondition of any engagement with donors. Policy Exchange does not work with any external professional fundraisers or employ any large scale targeted fundraising activities and therefore does not participate in any fundraising regulatory schemes, relying instead on the quality of its research and its proven track record of effecting policy change, in order to attract support for its on going work. Fundraising costs incurred by the Charity during the year mainly comprise salaries.

Financial Review

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

Policy Exchange recorded a surplus of £234,548 on income of £3,951,594 (2021: 3,396,554). Costs increased to £3,717,046 compared with £3,189,868 the previous year. The increase in both income and costs was due in large part to the staging of the fourth Wolfson Economics Prize.

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Reserves Policy

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

Total reserves at 30 September 2022 stood at £2,369,041 of which £1,921,829 (81% of total reserves) was unrestricted and £100,000 was designated for core projects including website updates, IT upgrades and premises improvements.

The Trustees review carefully the level of unrestricted reserves and aim to keep a level of unrestricted reserves equivalent to between four and six months' regular operating costs in order to manage any unexpected shocks. At £1,921,829, unrestricted reserves at 30 September 2022 comfortably exceeded this requirement and the Trustees are therefore satisfied that the Charity's reserves are sufficient.

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 and up to the date of signature of the financial statements except where noted:

Pamela Dow
Alexander Downer
Andrew Feldman
David Harding
Patricia Hodgson
Greta Jones
Andrew Law
Charlotte Metcalf
David Ord
Roger Orf
Andrew Roberts
Robert Rosenkranz
William Salomon
Peter Wall
Simon Wolfson
Nigel Wright

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, the arts, the armed services, academia 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.

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Statement of disclosure to auditor

So far as each person who was a trustee at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the Trustees individually have taken all the necessary steps that they ought to have taken as trustees in order to make themselves aware of all relevant audit information and to establish that the Charity's auditor is aware of that information.

Risk Management

The Risk and Remuneration Committee identified three particular on-going operational risks for consideration:

- **Upholding the rigour and integrity of Policy Exchange's research and event programme.** The Trustees recognise that Policy Exchange's reputation for achieving policy impact depends on the quality and depth of its research output. In order to maintain its high standards and record of policy impact, Policy Exchange has developed robust internal systems for conducting its research activities. Individual research programmes are set by the programme heads and are regularly reviewed by the Senior Management Team and, where necessary, by the Board of Trustees. Projects must go through a rigorous internal approval process before being allowed to proceed. Questions of independence, balance and impact are considered alongside the detail of the research itself. Researchers are encouraged to consult widely and Policy Exchange has developed extensive specialist networks with academics, field specialists and Government departments in order to better inform its work and assist with peer review. Emphasis is placed on ensuring that policy recommendations are evidence-based and implementable.
- **Financial Risk associated with dips in income.** The reserves policy laid out above is intended to provide a cushion against financial volatility, but in addition Policy Exchange continues to pursue a policy of encouraging unrestricted donations for its day to day work, giving it increased flexibility to allocate funds as needed.

On behalf of the board of Trustees

William Salomon

William Salomon

Trustee

Dated: 28 Jun 2023

POLICY EXCHANGE LIMITED

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 30 SEPTEMBER 2022

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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

POLICY EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF POLICY EXCHANGE LIMITED

Opinion

We have audited the financial statements of Policy Exchange Limited (the 'charity') for the year ended 30 September 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2022 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

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of 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 directors' report included within 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 directors' report included within the trustees' report.

POLICY EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF POLICY EXCHANGE LIMITED

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, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the 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.

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

As part of our planning process:

- We enquired of management the systems and controls the charity has in place, the areas of the financial statements that are most susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The charity did not inform us of any known, suspected or alleged fraud.
- We obtained an understanding of the legal and regulatory frameworks applicable to the charity. We determined that the following were most relevant: the Charity SORP, FRS 102, Charities Act 2011 and Companies Act 2006.
- We considered the incentives and opportunities that exist in the charity, including the extent of management bias, which presents a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the charity, together with the discussions held with the charity at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations.
- Documenting and verifying all significant related party balances and transactions.
- Reviewing documentation such as the Trustees' Minutes for discussions of irregularities including fraud.
- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Obtaining third-party confirmation of material bank balances.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

POLICY EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF POLICY EXCHANGE LIMITED

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.

HW Fisher LLP

Russell Nathan (Senior Statutory Auditor)

for and on behalf of HW Fisher LLP

Chartered Accountants

Statutory Auditor

Acre House

11-15 William Road

London

NW1 3ER

United Kingdom

..28 Jun 2023...

POLICY EXCHANGE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Current financial year

		Unrestricted funds general 2022	Unrestricted funds designated 2022	Restricted funds 2022	Total 2022	Total 2021
	Notes	£	£	£	£	£
Income and endowments from:						
Donations, gifts and grants	3	2,060,289	-	1,359,573	3,419,862	2,962,895
Incoming resources from charitable activities	4	329,500	-	-	329,500	160,000
Trading income	5	111,083	-	-	111,083	97,802
Investments	6	1,239	-	-	1,239	249
Other income	7	89,910	-	-	89,910	175,608
Total income		2,592,021	-	1,359,573	3,951,594	3,396,554
Expenditure on:						
Raising funds	8	213,091	-	-	213,091	185,935
Research	9	1,821,843	-	1,682,112	3,503,955	3,003,933
Total resources expended		2,034,934	-	1,682,112	3,717,046	3,189,868
Net income/(expenditure) for the year/ Net movement in funds		557,087	-	(322,539)	234,548	206,686
Fund balances at 1 October 2021		1,264,742	100,000	769,751	2,134,493	1,927,807
Fund balances at 30 September 2022		1,821,829	100,000	447,212	2,369,041	2,134,493

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.

POLICY EXCHANGE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Prior financial year

		Unrestricted funds general 2021 £	Unrestricted funds designated 2021 £	Restricted funds 2021 £	Total 2021 £
	Notes				
Income and endowments from:					
Donations, gifts and grants	3	1,414,886	-	1,548,009	2,962,895
Incoming resources from charitable activities	4	160,000	-	-	160,000
Trading income	5	97,802	-	-	97,802
Investments	6	249	-	-	249
Other income	7	175,608	-	-	175,608
Total income		1,848,545	-	1,548,009	3,396,554
Expenditure on:					
Raising funds	8	185,935	-	-	185,935
Research	9	323,574	-	2,680,359	3,003,933
Total resources expended		509,509	-	2,680,359	3,189,868
Gross transfers between funds		(1,383,254)	(50,000)	1,433,254	-
Net income/(expenditure) for the year/ Net movement in funds		(44,218)	(50,000)	300,904	206,686
Fund balances at 1 October 2020		1,308,960	150,000	468,847	1,927,807
Fund balances at 30 September 2021		1,264,742	100,000	769,751	2,134,493

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.

POLICY EXCHANGE LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	13		345,954		34,645
Investments	14		2		2
			345,956		34,647
Current assets					
Debtors	16	329,035		558,969	
Cash at bank and in hand		2,350,292		2,205,754	
		2,679,327		2,764,723	
Creditors: amounts falling due within one year	17	(656,242)		(664,877)	
Net current assets			2,023,085		2,099,846
Total assets less current liabilities			2,369,041		2,134,493
Income funds					
Restricted funds	19		447,212		769,751
<u>Unrestricted funds</u>					
Designated funds	20	100,000		100,000	
General unrestricted funds		1,821,829		1,264,742	
			1,921,829		1,364,742
			2,369,041		2,134,493

28 Jun 2023

The financial statements were approved by the Trustees on

William Salomon

William Salomon

Trustee

Company Registration No. 4297905

POLICY EXCHANGE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	24		518,538		77,407
Investing activities					
Purchase of tangible fixed assets		(375,239)		(11,755)	
Investment income received		1,239		249	
		<u> </u>		<u> </u>	
Net cash used in investing activities			(374,000)		(11,506)
Net cash used in financing activities			-		-
			<u> </u>		<u> </u>
Net increase in cash and cash equivalents			144,538		65,901
Cash and cash equivalents at beginning of year			2,205,754		2,139,853
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			<u>2,350,292</u>		<u>2,205,754</u>

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

Charity information

Policy Exchange Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Acre House, 11-15 William Road, London, NW1 3ER, United Kingdom.

1.1 Accounting convention

The financial statements have been prepared in accordance with the the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements 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 £.

Policy Exchange Events Limited is not included in consolidated financial statements as its inclusion is not material for the purpose of giving a true and fair view.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the accounts, 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 accounts.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Designated funds comprise funds which have been set aside at the discretion of the Trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the accounts.

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.

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.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies (Continued)

1.5 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 and are primarily associated with constitutional and statutory requirements.

Support costs have been allocated in full to the single charitable activity - Research.

1.6 Tangible fixed assets

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

Tangible fixed assets 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:

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

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 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs.

1.8 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).

1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all its financial instruments.

The charity only has assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of fixed asset investments that are initially recognised at transaction value and subsequently recognised at their fair value.

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.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies (Continued)

1.11 Retirement benefits

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

1.12 Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Financial Activities.

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.

There were no critical accounting estimates and judgements.

3 Donations, gifts and grants

	Unrestricted funds general 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds general 2021 £	Restricted funds 2021 £	Total 2021 £
Donations and gifts	2,060,289	1,359,573	3,419,862	1,414,886	1,548,009	2,962,895

4 Incoming resources from charitable activities

	Corporate events 2022 £	Corporate events 2021 £
Sales within charitable activities	329,500	160,000

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

5 Trading income

	Unrestricted funds general 2022 £	Unrestricted funds general 2021 £
Business forum and book sales	111,083	97,802

6 Investments

	Unrestricted funds general 2022 £	Unrestricted funds general 2021 £
Interest receivable	1,239	249

7 Other income

	Unrestricted funds general 2022 £	Unrestricted funds general 2021 £
Other income	45,502	-
Rental income	44,408	175,608
	89,910	175,608

8 Raising funds

	Unrestricted funds general 2022 £	Unrestricted funds general 2021 £
<u>Costs of generating voluntary income</u>		
Staging fundraising events	47,693	31,759
Other fundraising costs	7,388	(9,838)
Staff costs	158,010	164,014
	213,091	185,935

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

9 Research

	2022 £	2021 £
Staff costs	1,269,024	1,164,739
Professional fees, research and events	1,035,554	991,345
Publications, printing and postage	20,330	42,822
Travel and subsistence	36,140	32,753
Premises	360,000	374,649
Website and IT support	38,755	38,324
Other costs	192,657	35,727
	<u>2,952,460</u>	<u>2,680,359</u>
Share of support costs (see note 10)	530,041	290,411
Share of governance costs (see note 10)	21,454	33,163
	<u>3,503,955</u>	<u>3,003,933</u>
Analysis by fund		
Unrestricted funds - general	1,821,843	323,574
Restricted funds	1,682,112	2,680,359
	<u>3,503,955</u>	<u>3,003,933</u>

10 Support costs

	Support costs £	Governance costs £	2022 £	Support costs £	Governance costs £	2021 £
Staff costs	90,394	-	90,394	95,154	-	95,154
Depreciation	63,930	-	63,930	61,253	-	61,253
Other costs	348,822	-	348,822	104,843	-	104,843
Premises	26,895	-	26,895	29,161	-	29,161
Audit fees	-	21,454	21,454	-	33,163	33,163
	<u>530,041</u>	<u>21,454</u>	<u>551,495</u>	<u>290,411</u>	<u>33,163</u>	<u>323,574</u>
Analysed between						
Charitable activities	530,041	21,454	551,495	290,411	33,163	323,574

Governance costs includes payments to the auditors of £14,466 (2021: £18,384) for audit fees and £5,189 (2021: £10,529) for other services.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

11 Trustees

No trustees received benefits or have been paid any remuneration (2021- none received) from the charity during the year.

12 Employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
Research	18	17
Fundraising	2	2
Administration	4	5
Total	24	24

Employment costs

	2022 £	2021 £
Wages and salaries	1,309,322	1,228,693
Social security costs	156,741	135,377
Other pension costs	51,365	59,837
	1,517,428	1,423,907

Included in Wages and Salaries is £nil (2021: £22,500) relating to a termination payment payable to an employee under a settlement agreement. This amount was paid within the year.

The key management personnel of the charity comprises the trustees, the Director, the Managing Director and the Director of Research. The trustees do not receive any remuneration. Remuneration of key management personnel amounted to £466,667 (2021: £521,244) in the year.

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

	2022 Number	2021 Number
60,000 - 69,999	-	1
80,000 - 89,999	1	1
100,000 - 109,999	-	1
110,000 - 129,999	2	1
150,000 - 159,999	1	1

Contributions totaling £30,017 (2021: £32,883) were made to defined contribution pension schemes on behalf of employees whose emoluments exceed £60,000.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

13 Tangible fixed assets

	Short leasehold	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 October 2021	262,836	76,825	50,110	389,771
Additions	321,730	15,788	43,632	381,150
Disposals	(262,836)	-	(6,115)	(268,951)
At 30 September 2022	321,730	92,613	87,627	501,970
Depreciation and impairment				
At 1 October 2021	250,578	55,741	48,807	355,126
Depreciation charged in the year	40,726	15,703	7,501	63,930
Eliminated in respect of disposals	(262,836)	-	(204)	(263,040)
At 30 September 2022	28,468	71,444	56,104	156,016
Carrying amount				
At 30 September 2022	293,262	21,169	31,523	345,954
At 30 September 2021	12,258	21,084	1,303	34,645

14 Fixed asset investments

	Investment in subsidiary
	£
Cost or valuation	
At 1 October 2021 & 30 September 2022	2
Carrying amount	
At 30 September 2022	2
At 30 September 2021	2

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

15 Subsidiaries

Details of the charity's subsidiaries at 30 September 2022 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Policy Exchange Events Limited	United Kingdom Conference/administration services	Ordinary	100.00	-

These financial statements are separate charity financial statements for Policy Exchange Limited.

16 Debtors

	2022	2021
Amounts falling due within one year:	£	£
Trade debtors	125,200	163,402
Other debtors	46,884	246,074
Prepayments and accrued income	156,951	149,493
	<u>329,035</u>	<u>558,969</u>

17 Creditors: amounts falling due within one year

	2022	2021
	£	£
Other taxation and social security	79,061	52,663
Trade creditors	216,652	308,305
Other creditors	14,826	92,408
Accruals and deferred income	345,703	211,501
	<u>656,242</u>	<u>664,877</u>

Total deferred income at the year end amounted to £86,626 (2021: £144,746). This amount represents income for subscriptions, donations and sublease rental income that relate to future accounting periods and will be shown in the next financial year.

18 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 £51,365 (2021 - £59,837).

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

19 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 2020	Movement in funds			Balance at 1 October 2021	Movement in funds			Balance at 30 September 2022
	£	Incoming resources	Resources expended	Transfers from Unrestricted funds		Incoming resources	Resources expended	Resources expended	
	£	£	£	£	£	£	£	£	£
Economics	-	35,000	(495,148)	460,148	-	72,000	(72,000)	-	-
Security and Extremism	-	450,000	(480,397)	30,397	-	343,750	(343,750)	-	-
Education	124,252	160,000	(118,824)	-	165,428	237,092	(147,849)	254,671	-
Crime and Justice	8,372	-	-	-	8,372	-	(8,372)	-	-
Environment and energy	134,731	452,000	(333,520)	-	253,211	50,000	(189,491)	113,720	-
Directors	79,743	221,000	(490,015)	405,272	216,000	63,061	(279,061)	-	-
Wolfson Economics Prize	7,076	173,509	(159,394)	-	21,191	404,666	(425,857)	-	-
Cities	-	10,000	(57,911)	47,911	-	-	-	-	-
Immigration, Integration and Demography	105,549	-	(17,947)	17,947	105,549	-	(26,728)	78,821	-
Health and Social Policy	9,124	26,500	(102,317)	66,693	-	146,503	(146,503)	-	-
Technology Policy	-	-	(60,549)	60,549	-	-	-	-	-
Foreign Policy	-	20,000	(364,338)	344,338	-	42,500	(42,500)	-	-
	468,847	1,548,009	(2,680,360)	1,433,255	769,751	1,359,572	(1,682,111)	447,212	

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).

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

20 Designated funds

The income funds of the charity include designated funds comprising the following unexpended balances held for specific purposes:

	Balance at 1 October 2020	Transfers	Balance at 1 October 2021	Movement in funds Incoming resources	Balance at 30 September 2022
	£	£	£	£	£
Core maintenance	150,000	(50,000)	100,000	-	100,000
	<u>150,000</u>	<u>(50,000)</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>

Core funds are to be used in relation to core projects including premises expenses and website and IT upgrades.

Transfers from designated funds represents the overspend on the research funds being covered by the designated funds.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

21	Analysis of net assets between funds	Unrestricted funds		Designated funds		Restricted funds		Total		Unrestricted funds		Designated funds		Restricted funds		Total	
		2022	£	2022	£	2022	£	2022	£	2021	£	2021	£	2021	£	2021	£
	Fund balances at 30 September 2022 are represented by:																
	Tangible assets	345,954		-		-		345,954		34,645		-		-		34,645	
	Investments	2		-		-		2		2		-		-		2	
	Current assets/(liabilities)	1,475,873		100,000		447,212		2,023,085		1,230,095		100,000		769,751		2,099,846	
		1,821,829		100,000		447,212		2,369,041		1,264,742		100,000		769,751		2,134,493	

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

22 Operating lease commitments

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

	2022 £	2021 £
Within one year	278,375	97,741
Between two and five years	1,391,875	-
In over five years	858,768	-
	<u>2,529,018</u>	<u>97,741</u>

Lessor

The prior year operating lease represents the sublease of office floor space to third parties.

	2022 £	2021 £
Within one year	-	36,018
	<u>-</u>	<u>36,018</u>

23 Related party transactions

The total donations recognised as income in the year from the charity's trustees and related parties amounted to £996,964 (2021: £779,009).

24 Cash generated from operations

	2022 £	2021 £
Surplus for the year	234,548	206,686
Adjustments for:		
Investment income recognised in statement of financial activities	(1,239)	(249)
Depreciation and impairment of tangible fixed assets	63,930	61,253
Movements in working capital:		
Decrease/(increase) in debtors	229,934	(154,814)
(Decrease) in creditors	(8,635)	(35,469)
Cash generated from operations	<u>518,538</u>	<u>77,407</u>

25 Analysis of changes in net funds

The charity had no debt during the year.

POLICY EXCHANGE LIMITED

England & Wales - Charity number 1096300

Accounts

Charity Registration No. 1096300

Company Registration No. 4297905 (England and Wales)

POLICY EXCHANGE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

POLICY EXCHANGE LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Pamela Dow	
	Alexander Downer	
	Andrew Feldman	
	David Harding	
	Patricia Hodgson	
	Greta Jones	
	Andrew Law	(Appointed 22 January 2021)
	Charlotte Metcalf	
	David Ord	
	Roger Orf	
	Andrew Roberts	
	Robert Rosenkranz	
	William Salomon	
	Peter Wall	
	Simon Wolfson	
	Nigel Wright	
Director	Dean Godson	
Charity number	1096300	
Company number	4297905	
Registered office	Acre House 11-15 William Road London United Kingdom NW1 3ER	
Auditor	HW Fisher LLP Acre House 11-15 William Road London United Kingdom NW1 3ER	
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP	
	Natwest Bank PLC 135 Bishopsgate London EC2M 3UR	

POLICY EXCHANGE LIMITED

CONTENTS

	Page
Trustees' report	1 - 7
Statement of trustees' responsibilities	8
Independent auditor's report	9 - 11
Statement of financial activities	12 - 13
Balance sheet	14
Statement of cash flows	15
Notes to the financial statements	16 - 29

POLICY EXCHANGE LIMITED
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

The Trustees present their report and financial statements for the year ended 30 September 2021.

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 financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102)" (as amended for accounting periods commencing from 1 January 2016).

Objects of the Charity and Mission

The objects of Policy Exchange 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.

Policy Exchange is one of the UK's leading independent think tanks. As an educational charity, our mission is to develop and promote new policy ideas which deliver better public services, a stronger society, and a more dynamic economy for all.

The Trustees have considered the Charity Commission's guidance on public benefit and place a number of objectives at the heart of their strategic thinking when considering how best to discharge Policy Exchange's mission:

- **Quality of research** – the Trustees consider that the authority and credibility of Policy Exchange's research output must be of the highest standard in order to ensure that its work has maximum impact. Policy Exchange does not take commissions. Its research is independent and evidence-based, and draws upon a wide circle of academics, field specialists and practitioners in order to better inform its thinking and conclusions. The Charity recruits senior policy experts from the political, business and academic worlds and is proud of its research heads and advisers who are well established thought leaders in their respective fields.
- **Dissemination of ideas** – Policy Exchange makes use of a wide range of communications channels to reach as broad an audience as possible. Its communications strategy is constantly reviewed in order to take advantage of new developments and the Charity measures the quality and quantity of its audiences closely as it seeks to reach out to new audiences, both nationally and internationally. Policy Exchange's output takes the form of long and short written reports, blogs and articles for the national press, a lively programme of events (which are live streamed), interactive webinars and broadcast media interviews and set pieces. Social media platforms and the Charity's website are central to achieving its aims and Policy Exchange devotes significant and ongoing resources to keeping them fresh and lively.
- **Two way dialogue with policy makers and opinion formers from across the political spectrum** – Policy Exchange works closely with key decision makers and policy experts of all political stripes, with whom it also shares its reports and ideas. Impact is measured by the extent to which the Charity's work is able to influence policy change, to the benefit of the wider public.

Structure, Governance and Management

Policy Exchange 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 of England and Wales on 3 March 2003.

POLICY EXCHANGE LIMITED
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

The Trustees, who are also Members of the Charity, serve a four year term before being required to seek re-election. None of the Trustees has any beneficial interest in the Company. The Trustees delegate the day-to-day running of the Charity to the Director, Dean Godson, who is in turn supported by a Senior Management Team. The Director makes quarterly reports to the Board of Trustees on any significant matters across all areas of the Charity, including changes in staff, policy research and financial issues. The Board of Trustees is responsible for making major decisions of a strategic nature with regard to both Policy Exchange Ltd and its trading subsidiary Policy Exchange Events Ltd (formerly The Ideas Space Ltd).

A separate Risk and Remuneration Committee, comprising three Trustees who serve on the Main Board, meets annually – or more often if required – to review the major risks which might threaten the successful operation of the Charity. Matters around pay and compensation for the Charity's Director are also part of the Committee's remit, which reports directly to the Chairman of Trustees at the relevant meeting of the Full Board of Trustees.

Achievements and performance

Policy Exchange's programme of research and events in 2020/21 has reaffirmed our place at the heart of the national policy conversation. Our work covered a wide range of issues, from addressing the waiting list backlog in the NHS; Planning reform; Knife Crime; economic recovery from the Pandemic; and Britain's future role in the Indo-Pacific; to reform of Government; developing the market for electric vehicles; 'Green' finance; Islamism; and creating digital identities. In recognition of our contributions to policy and public debate, Policy Exchange won the Advocacy Award at the Prospect Think Tank Awards of 2020.

Despite the pandemic, we led an extremely active events programme too. Keynote and international speakers included the Prime Minister, Rt Hon Boris Johnson MP; the serving Australian Prime Minister Hon Scott Morrison AC; Deputy US National Security Adviser Matthew Pottinger; future Indo-Pacific Adviser to US President Joe Biden Dr Kurt Campbell; former French Socialist Prime Minister Manuel Valls; and HE Harsh Vardhan Shringla, Foreign Secretary of India.

Policy Exchange produced 45 publications and hosted 64 events over the course of the year including the 2020 party conference season.

Reports and their influence

Health policy remained a priority during the reporting period. Policy Exchange published *Saving a Lost Decade*, a major piece of research on the future of public health policy. It assessed the options facing the Government following the decision to restructure Public Health England and received widespread praise from the health community. The Health and Social Care Unit also published a paper assessing the initial phase of the vaccine rollout as well as a major report on the recovery of elective care which set out over thirty policy recommendations to tackle the waiting list in elective care.

The Economics and Social Policy Unit continued to work on the policy response to the Covid-19 crisis and has contributed to the wider work of Policy Exchange by publishing papers on issues such as the macro-economic management of the economy and the housing market. The report *Monetary Response to the Coronavirus Crisis* was extensively covered by the Economics Editor of *The Guardian*, Larry Elliott, who speculated in his column that the approach described in the report was an indication of the future direction of the Bank of England. The Unit also published a response to the Government's Spending Review and called for a pro-growth economic strategy as the best way to address Britain's fiscal position.

The Housing Unit's key contribution to the ongoing debate on UK housing policy was a report with the recommendation of 'Street Votes'. This would give whole streets a say over their redevelopment and was previously submitted to the Government's Planning White Paper consultation. It received endorsements from political figures across the spectrum.

POLICY EXCHANGE LIMITED
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

In the field of education and skills, Policy Exchange's David Goodhart published his latest book, *Head, Hand, Heart* and was made a Financial Times 'Book of the Year'. It has been one of the key influences behind Government thinking on moving the focus away from higher education and achieving a better spread of reward and status in the labour market. David also co-authored *Technical Breakthrough: Delivering Britain's Higher-level Skills*. The paper argues that most of the renewed investment in technical skills should be delivered by universities and especially new universities like Nottingham Trent. It makes an imaginative pitch for a repurposing of parts of higher education, similar to the reinvention of 'applied universities', the old polytechnics in new form. Policy Exchange's report on *Academic Freedom in the UK* formed the basis for the Department for Education's White Paper and was cited six times in the White Paper with five of the seven policy recommendations directly adopted or adapted.

The Energy and Environment Unit published a range of influential reports in 2020/21, including *The Future of UK-EU Energy Cooperation*, *The Future of the North Sea*, *Charging Up* and *Capital Shift*. It also published *Powering Net Zero*, which set out why 'local electricity pricing' holds the key to a Net Zero Energy System. The report, *Crossed Wires* considered the growing challenge of connecting offshore wind farms to the UK's onshore electricity network. The Unit also launched Policy Exchange's new journal, *Environmental Affairs*. The first edition, *The Geopolitics of Climate Change*, explored the rising geopolitical impact of environmental policy and was launched with a keynote speech delivered by General David Petraeus, former Commander of United States Central Command. Among other eminent figures in the field, the journal featured articles by General Petraeus; Hon Malcolm Turnbull AC; Rt Hon Lord Hague of Richmond.

The Judicial Power Project published a range of papers including the research note, *Overseas Operation Bill*, endorsed by the former head of the SAS, Lt Gen Graeme Lamb KBE, CMG, DSO. It set out ten ways in which the Government's Overseas Operations Bill could be amended to improve its effectiveness and to minimise the risk of unintended consequences. The Project also published a symposium on Supreme Court reform, in which distinguished legal commentators engaged with the question of how and by whom appellate authority should be exercised. The report, *Reforming the Lord Chancellor's Role in Senior Judicial Appointments*, endorsed by Rt Hon Jack Straw, made the case for reforming judicial appointments, in which judges effectively appoint other judges. In addition, the Judicial Power Project published a major study of judicial interference with the Government's control of the UK's borders. It made a lengthy submission in response to the Government consultation on judicial review reform and offered a critique of the Law Commission's misconceived consultation into hate crimes.

The History Matters Project, chaired by Sir Trevor Phillips, has been at the heart of discussion on decolonisation of museums, curricula, and other institutions in the public space. The project documented hundreds of instances of 'decolonisation' through its regular newsletters, five of which were published during the reporting period. Policy Exchange also published *Protecting Local Heritage: How to bring democracy to the renaming of streets*, and another with a foreword by the Rt Hon Sir Nicholas Soames in response to a panel discussion at Churchill College, Cambridge. The paper highlights and analyses the many historically inaccurate claims that were made at the panel discussion.

As technology touches on all areas of policy, the Technology Unit's work ranged from finance to health policy. In October the Unit published, *Verified: The UK's Digital ID Dilemmas*, a major new report on digital identity. It argues that the Government needs to develop better systems to allow people to create and use 'digital identities' to prove their identity online, which could prevent billions of pounds of fraud a year. In December, the Technology Policy Unit continued supporting the work of Policy Exchange's Reform of Government Commission, and in July the Unit published a report outlining how the U.K. can pursue a new direction in innovation policy.

Finally, the Britain in the World Project published several influential reports including on the UK's maritime sector, Japan's new security policy and post-Brexit opportunities for the UK. It also published *A Washington Strategy for British diplomacy* which urged the Government to recognise 'the need for radical diplomatic change in a post-Brexit and post-Trump world'. The paper made a strong impact in diplomatic circles in both the UK and Washington DC, and was noted by the new Biden Administration.

POLICY EXCHANGE LIMITED
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

Impact on government policy

A range of Policy Exchange proposals were adopted by the Government over the course of 2020/21. The Prime Minister's 10-Point Plan for a Green Industrial Revolution included many echoes of Policy Exchange's research in this area over more than a decade. These included a commitment to nuclear Small Modular Reactors (SMRs), reflecting our pioneering work in a 2018 paper and the report *Small Modular Reactors*; the Government bringing forward the phase-out date for petrol and diesel cars to 2030, which we recommended in our 2019 report *Modernising the UK*; various commitments to invest in public transport, echoing recommendations in reports such as *Driving Down Emissions* published in 2017 and *Up In the Air* published in 2016; and the creation of a national infrastructure bank to support green infrastructure implementing proposals from Policy Exchange's 2009 paper, *Delivering a 21st Century Infrastructure for Britain*.

The announcement by the Government of a review into the transport connectivity in all parts of the United Kingdom mirrored a specific recommendation from the 2019 report *Modernising the United Kingdom*.

The impact of our research was also evident in the Government's publication of the Integrated Review. It argues for a 'tilt' to the Indo-Pacific, reflecting the framework and strategy recommended by Policy Exchange's Indo-Pacific Commission and the report *A Very British Tilt: Towards a new UK strategy in the Indo-Pacific*. The Commission's work was led by Rt Hon Stephen Harper, the former Canadian Prime Minister, and with a Foreword by Hon Shinzo Abe, former Prime Minister of Japan. The Integrated Review also recommends the UK taking a leading role in the shaping of a new international order, as argued by John Bew in his 2019 paper, *Making Global Britain Work*; putting the space domain at the core of the Government's strategic vision for this country, as recommended by the work of Policy Exchange's Space Policy Unit and the adoption of Net Assessment as a cross-government capability, as recommended by *A Question of Power: Towards Better UK Strategy Through Net Assessment*. Key other themes in the Integrated Review, such as the notion of 'strategic competition' with our global adversaries, can be closely linked to Policy Exchange's research output.

Elsewhere in domestic policy, the Queen's Speech put into legislative terms the planning reforms Policy Exchange has been proposing for the past three years, notably 'building beautiful' to win local consent for new developments.

The Health and Social Care Unit called for the creation of a 'New Institute for Health Improvement housed in the Department of Health and Social Care, reporting to Ministers and the Chief Medical Officer'; for the Government to improve transparency around covid-19 vaccination deployment data; for investment in diagnostics to bring the UK in line with OECD comparator countries with the setup of surgical hubs; and for a long-term multi-year settlement for elective recovery. These recommendations were all adopted by Government.

Future Plans

Policy Exchange will continue to develop and promote new policy ideas which deliver better public services, a stronger society, and a more dynamic economy.

Policy Exchange has embarked on a major project to review UK regulation following our departure from the European Union. Led by the former Head of the Civil Service Lord Sedwill, a high-level panel will examine ways in which regulation can be better geared to achieve practical improvements to people's everyday lives, including public sector workers from police officers to teachers, whose time and energy is spent dealing with suffocating regulation rather than the tasks the public would expect.

The History Matters project is drawing up a set of universally applicable principles which will provide heads of institutions with a clearly defined procedure through which, once they have demonstrated that there may be a basis for change, they can determine the best approach to take regarding any proposed change. The project is also looking at the changing curatorial narratives at the Imperial War Museum in London over the past two decades, in particular focussing on the museum's failure to engage with the post-war conflicts adequately.

POLICY EXCHANGE LIMITED
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

The Skills, Social Mobility and Levelling Up Unit is soon to publish a paper on rethinking social mobility for the 'Levelling Up' era, authored by Alun Francis, a leading innovator in the field of further education.

We also have packed programmes for the upcoming party conferences, including Lisa Nandy, Shadow Foreign Secretary, appearing with Sebastian Payne, author of the widely acclaimed *Broken Heartlands* at Labour's Conference, and an 'in conversation' event with Rt Hon Sajid Javid MP, Health Secretary, and Fraser Nelson, Editor of *The Spectator*, at Conservative Party Conference.

Digital Outreach

Over this pandemic period we experienced consistent growth across all platforms. Our website saw a 15% increase in traffic compared to the same period last year, with over 700,000 page views. 60% of our audience were from the UK and 40% were international, with 10% from the US. Our social media channels continued to grow, with the biggest increases being YouTube and LinkedIn.

Our digital platform for events remains a market leader for UK Think Tanks. In October 2020 we had a successful online presence at both Virtual Labour and Conservative party conferences. Having taken steps to build our own studio system, we are well placed to transition to a programme of hybrid events in the future.

Looking ahead, the rollout of multiple podcast series is planned in order to help us reach new audiences.

Fundraising

Policy Exchange relies on the support of a broad spread of regular donors for its work. Fundraising for specific research and events is done on a project by project basis, according to Policy Exchange's own research priorities, and its editorial independence is a precondition of any engagement with donors. Policy Exchange does not work with any external professional fundraisers or employ any large scale targeted fundraising activities and therefore does not participate in any fundraising regulatory schemes, relying instead on the quality of its research and its proven track record of effecting policy change, in order to attract support for its ongoing work. Fundraising costs incurred by the Charity during the year mainly comprise salaries.

Financial Review

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

Policy Exchange was pleased to record a surplus of £206,686 on slightly raised income of £3,396,554 (2020: 3,348,991). Costs remained almost exactly in line with the previous year at £3,189,868.

Reserves Policy

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

Total reserves at 30 September 2021 stood at £2,134,493 of which £1,264,742 were general unrestricted and £100,000 were designated unrestricted, therefore overall £1,364,742 (64%) were unrestricted. Designated reserves dropped from £150,000 at the start of the year to £100,000 at the year end, following the release of previous sums allocated for specific projects. Residual Designated Funds comprise sums earmarked by the Trustees for core projects, including ongoing website and future relocation costs.

POLICY EXCHANGE LIMITED
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

The Trustees review carefully the level of unrestricted reserves and aim to keep a level of unrestricted reserves equivalent to between four and six months' regular operating costs in order to manage any unexpected shocks. At £1,364,742, unrestricted reserves at 30 September 2021 comfortably exceeded this requirement and the Trustees are therefore satisfied that the Charity's reserves are sufficient.

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 and up to the date of signature of the financial statements except where noted:

Diana Berry	(retired 15.04.21)
Pamela Dow	(appointed 10.12.18) (on Leave of Absence)
Alexander Downer	
Andrew Feldman	
David Harding	
Patricia Hodgson	
Greta Jones	
Andrew Law	(appointed 22.01.21)
Edward Lee	(retired 05.06.21)
Charlotte Metcalf	
David Ord	
Roger Orf	
Andrew Roberts	
George Robinson	(retired 15.04.21)
Robert Rosenkranz	
William Salomon	
Peter Wall	
Simon Wolfson	
Nigel Wright	

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, the arts, the armed services, academia 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.

Statement of disclosure to auditor

So far as each person who was a trustee at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the Trustees individually have taken all the necessary steps that they ought to have taken as trustees in order to make themselves aware of all relevant audit information and to establish that the Charity's auditor is aware of that information.

POLICY EXCHANGE LIMITED
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

Risk Management

The Risk and Remuneration Committee identified three particular ongoing operational risks for consideration:

- **Upholding the rigour and integrity of Policy Exchange's research and event programme.** The Trustees recognise that Policy Exchange's reputation for achieving policy impact depends on the quality and depth of its research output. In order to maintain its high standards and record of policy impact, Policy Exchange has developed robust internal systems for conducting its research activities. Individual research programmes are set by the programme heads and are regularly reviewed by the Senior Management Team and, where necessary, by the Board of Trustees. Projects must go through a rigorous internal approval process before being allowed to proceed. Questions of independence, balance and impact are considered alongside the detail of the research itself. Researchers are encouraged to consult widely and Policy Exchange has developed extensive specialist networks with academics, field specialists and Government departments in order to better inform its work and assist with peer review. Emphasis is placed on ensuring that policy recommendations are evidence-based and implementable.
- **Financial Risk associated with dips in income.** The reserves policy laid out above is intended to provide a cushion against financial volatility, but in addition Policy Exchange continues to pursue a policy of encouraging unrestricted donations for its day to day work, giving it increased flexibility to allocate funds as needed.
- The Trustees have specifically considered the effect of the **Covid-19 pandemic** on the Charity's activities and have worked with the Senior Management Team to review possible risks and actions to mitigate them. The Charity has adapted its research programme to focus on the crisis and has invested in new systems for staging webinars (see earlier). An active media outreach has helped to keep the Charity's profile strong during the various lockdowns.

On behalf of the board of Trustees

William Salomon
.....

William Salomon

Trustee

Dated: 27 Jun 2022

POLICY EXCHANGE LIMITED

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 30 SEPTEMBER 2021

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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

POLICY EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF POLICY EXCHANGE LIMITED

Opinion

We have audited the financial statements of Policy Exchange Limited (the 'charity') for the year ended 30 September 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2021 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

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of 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 directors' report included within 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 directors' report included within the trustees' report.

POLICY EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF POLICY EXCHANGE LIMITED

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, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the 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.

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

As part of our planning process:

- We enquired of management the systems and controls the charity has in place, the areas of the financial statements that are most susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The charity did not inform us of any known, suspected or alleged fraud.
- We obtained an understanding of the legal and regulatory frameworks applicable to the charity. We determined that the following were most relevant: the Charity SORP, FRS 102, Charities Act 2011 and Companies Act 2006.
- We considered the incentives and opportunities that exist in the charity, including the extent of management bias, which presents a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the charity, together with the discussions held with the charity at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations.
- Documenting and verifying all significant related party balances and transactions.
- Reviewing documentation such as the Trustees' Minutes for discussions of irregularities including fraud.
- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Obtaining third-party confirmation of material bank balances.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

POLICY EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF POLICY EXCHANGE LIMITED

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.

HW Fisher LLP

Russell Nathan (Senior Statutory Auditor)

for and on behalf of HW Fisher LLP

Chartered Accountants

Statutory Auditor

Acre House

11-15 William Road

London

NW1 3ER

United Kingdom

27 Jun 2022

.....

POLICY EXCHANGE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Current financial year

		Unrestricted funds general 2021 £	Unrestricted funds designated 2021 £	Restricted funds 2021 £	Total 2021 £	Total 2020 £
	Notes					
<u>Income and endowments from:</u>						
Donations, gifts and grants	3	1,414,886	-	1,548,009	2,962,895	2,997,455
Incoming resources from charitable activities	4	160,000	-	-	160,000	157,000
Trading income	5	97,802	-	-	97,802	26,387
Investments	6	249	-	-	249	2,634
Other income	7	175,608	-	-	175,608	165,515
Total income		1,848,545	-	1,548,009	3,396,554	3,348,991
<u>Expenditure on:</u>						
Raising funds	8	185,935	-	-	185,935	174,528
Research	9	323,574	-	2,680,359	3,003,933	3,042,539
Total resources expended		509,509	-	2,680,359	3,189,868	3,217,067
Net incoming/(outgoing) resources before transfers		1,339,036	-	(1,132,350)	206,686	131,924
Net incoming/(outgoing) resources before transfers		1,339,036	-	(1,132,350)	206,686	131,924
Gross transfers between funds		(1,383,254)	(50,000)	1,433,254	-	-
Net (expenditure)/income for the year/ Net movement in funds		(44,218)	(50,000)	300,904	206,686	131,924
Fund balances at 1 October 2020		1,308,960	150,000	468,847	1,927,807	1,795,883
Fund balances at 30 September 2021		1,264,742	100,000	769,751	2,134,493	1,927,807

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.

POLICY EXCHANGE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Prior financial year

		Unrestricted funds general 2020 £	Unrestricted funds designated 2020 £	Restricted funds 2020 £	Total 2020 £
	Notes				
<u>Income and endowments from:</u>					
Donations, gifts and grants	3	1,906,149	-	1,091,306	2,997,455
Incoming resources from charitable activities	4	157,000	-	-	157,000
Trading income	5	26,387	-	-	26,387
Investments	6	2,634	-	-	2,634
Other income	7	165,515	-	-	165,515
Total income		2,257,685	-	1,091,306	3,348,991
<u>Expenditure on:</u>					
Raising funds	8	174,528	-	-	174,528
Research	9	550,157	-	2,492,382	3,042,539
Total resources expended		724,685	-	2,492,382	3,217,067
Net incoming/(outgoing) resources before transfers		1,533,000	-	(1,401,076)	131,924
Gross transfers between funds		(1,567,213)	(56,228)	1,623,441	-
Net (expenditure)/income for the year/ Net movement in funds		(34,213)	(56,228)	222,365	131,924
Fund balances at 1 October 2019		1,343,173	206,228	246,482	1,795,883
Fund balances at 30 September 2020		1,308,960	150,000	468,847	1,927,807

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.

POLICY EXCHANGE LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	14		34,645		84,143
Investments	15		2		2
			<u>34,647</u>		<u>84,145</u>
Current assets					
Debtors	17	558,969		404,155	
Cash at bank and in hand		2,205,754		2,139,853	
		<u>2,764,723</u>		<u>2,544,008</u>	
Creditors: amounts falling due within one year	18	(664,877)		(700,346)	
Net current assets			2,099,846		1,843,662
Total assets less current liabilities			<u>2,134,493</u>		<u>1,927,807</u>
Income funds					
Restricted funds	20		769,751		468,847
<u>Unrestricted funds</u>					
Designated funds	21	100,000		150,000	
General unrestricted funds		1,264,742		1,308,960	
		<u>1,364,742</u>		<u>1,458,960</u>	
			<u>2,134,493</u>		<u>1,927,807</u>

22 Jun 2022

The financial statements were approved by the Trustees on

William Salomon
William Salomon
Trustee

Company Registration No. 4297905

POLICY EXCHANGE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

		2021		2020	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	25		77,407		418,263
Investing activities					
Purchase of tangible fixed assets		(11,755)		(13,486)	
Investment income received		249		2,634	
Net cash used in investing activities			(11,506)		(10,852)
Net cash used in financing activities			-		-
Net increase in cash and cash equivalents			65,901		407,411
Cash and cash equivalents at beginning of year			2,139,853		1,732,442
Cash and cash equivalents at end of year			2,205,754		2,139,853

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

Charity information

Policy Exchange Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Acre House, 11-15 William Road, London, NW1 3ER, United Kingdom.

1.1 Accounting convention

The financial statements have been prepared in accordance with the the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements 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 £.

Policy Exchange Events Limited is not included in consolidated financial statements as its inclusion is not material for the purpose of giving a true and fair view.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

As stated in the Trustees' Report, the trustees have considered the effect of the Covid-19 outbreak. The trustees consider that the outbreak has caused some disruption to the charity's operations and the level of significance will be dependent upon the length of time of the disruption. The trustees of Policy Exchange Limited, along with the senior management team, continue to monitor the situation carefully and have put plans in place to mitigate the risk to the companies' operations. Further details of this can be seen in the Risk Management section of the Trustees' Report. The trustees have a reasonable expectation that Policy Exchange Limited can continue as a going concern 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.

Designated funds comprise funds which have been set aside at the discretion of the Trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the accounts.

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.

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.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

1.5 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 and are primarily associated with constitutional and statutory requirements.

Support costs have been allocated in full to the single charitable activity - Research.

1.6 Tangible fixed assets

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

Tangible fixed assets 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:

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

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 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs.

1.8 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).

1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all its financial instruments.

The charity only has assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of fixed asset investments that are initially recognised at transaction value and subsequently recognised at their fair value.

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.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies (Continued)

1.11 Retirement benefits

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

1.12 Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Financial Activities.

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.

There were no critical accounting estimates and judgements.

3 Donations, gifts and grants

	Unrestricted funds general 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds general 2020 £	Restricted funds 2020 £	Total 2020 £
Donations and gifts	1,414,886	1,548,009	2,962,895	1,873,378	1,091,306	2,964,684
Grants receivable	-	-	-	32,771	-	32,771
	<u>1,414,886</u>	<u>1,548,009</u>	<u>2,962,895</u>	<u>1,906,149</u>	<u>1,091,306</u>	<u>2,997,455</u>

During the year, £nil (2020: £32,771) was received under the CJRS as a government grant.

4 Incoming resources from charitable activities

	Corporate events 2021 £	Corporate events 2020 £
Sales within charitable activities	<u>160,000</u>	<u>157,000</u>

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

5 Trading income

	Unrestricted funds general 2021 £	Unrestricted funds general 2020 £
Business forum and book sales	97,802	26,387

6 Investments

	Unrestricted funds general 2021 £	Unrestricted funds general 2020 £
Interest receivable	249	2,634

7 Other income

	Unrestricted funds general 2021 £	Unrestricted funds general 2020 £
Other income	-	1,143
Rental income	175,608	164,372
	175,608	165,515

8 Raising funds

	Unrestricted funds general 2021 £	Unrestricted funds general 2020 £
<u>Costs of generating voluntary income</u>		
Staging fundraising events	31,759	9,967
Other fundraising costs	(9,838)	(1,747)
Staff costs	164,014	166,308
	185,935	174,528

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

9 Research

	2021 £	2020 £
Staff costs	1,164,739	1,065,807
Professional fees, research and events	991,345	788,193
Publications, printing and postage	42,822	22,222
Travel and subsistence	32,753	38,360
Premises	374,649	411,661
Website and IT support	38,324	31,795
Other costs	35,727	20,344
	<u>2,680,359</u>	<u>2,378,382</u>
Grant funding of activities (see note 10)	-	114,000
Share of support costs (see note 11)	290,411	537,277
Share of governance costs (see note 11)	33,163	12,880
	<u>3,003,933</u>	<u>3,042,539</u>
Analysis by fund		
Unrestricted funds - general	323,574	550,157
Restricted funds	2,680,359	2,492,382
	<u>3,003,933</u>	<u>3,042,539</u>

10 Grants payable

	2020 £
Grants to institutions:	
Other	114,000
	<u>114,000</u>

Grants payable relate to a 3 year project with the Woolf Institute, Cambridge on "British Islam and English Law". This work was published in January 2022.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

11 Support costs

	Support costs	Governance costs	2021	Support costs	Governance costs	2020
	£	£	£	£	£	£
Staff costs	95,154	-	95,154	96,798	-	96,798
Depreciation	61,253	-	61,253	56,497	-	56,497
Other costs	104,843	-	104,843	276,191	-	276,191
Premises	29,161	-	29,161	107,791	-	107,791
Audit fees	-	33,163	33,163	-	12,880	12,880
	290,411	33,163	323,574	537,277	12,880	550,157
Analysed between						
Charitable activities	290,411	33,163	323,574	537,277	12,880	550,157

Governance costs includes payments to the auditors of £18,384 (2020: £10,316) for audit fees and £10,529 (2020: £2,564) for other services.

12 Trustees

No trustees received benefits or have been paid any remuneration (2020- none received) from the charity during the year.

13 Employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Research	17	16
Fundraising	2	2
Administration	5	6
Total	24	24
Employment costs	2021 £	2020 £
Wages and salaries	1,228,693	1,139,643
Social security costs	135,377	126,906
Other pension costs	59,837	62,364
	1,423,907	1,328,913

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

13 Employees

(Continued)

Included in Wages and Salaries is £22,500 (2020: £nil) relating to a termination payment payable to an employee under a settlement agreement. This amount was paid within the year.

The key management personnel of the charity comprises the trustees, the Director, the Managing Director, the Director of Policy and Communications, and the Director of Research. The trustees do not receive any remuneration. Remuneration of key management personnel amounted to £521,244 (2020: £379,250) in the year.

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

	2021 Number	2020 Number
60,000 - 69,999	1	-
70,000 - 79,999	1	-
100,000 - 109,999	1	2
110,000 - 119,999	1	-
150,000 - 159,999	1	1

Contributions totalling £32,883 (2020: £24,250) were made to defined contribution pension schemes on behalf of employees whose emoluments exceed £60,000.

14 Tangible fixed assets

	Short leasehold £	Computer equipment £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 October 2020	262,836	65,070	50,110	378,016
Additions	-	11,755	-	11,755
At 30 September 2021	262,836	76,825	50,110	389,771
Depreciation and impairment				
At 1 October 2020	201,551	45,177	47,145	293,873
Depreciation charged in the year	49,027	10,564	1,662	61,253
At 30 September 2021	250,578	55,741	48,807	355,126
Carrying amount				
At 30 September 2021	12,258	21,084	1,303	34,645
At 30 September 2020	61,285	19,893	2,965	84,143

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

15 Fixed asset investments

	Investment in subsidiary £
Cost or valuation	
At 1 October 2020 & 30 September 2021	2
Carrying amount	
At 30 September 2021	2
At 30 September 2020	2

16 Subsidiaries

Details of the charity's subsidiaries at 30 September 2021 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Policy Exchange Events Limited	United Kingdom Conference/administration services	Ordinary	100.00	-

These financial statements are separate charity financial statements for Policy Exchange Limited.

17 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	163,402	137,249
Other debtors	246,074	118,310
Prepayments and accrued income	149,493	148,596
	558,969	404,155

18 Creditors: amounts falling due within one year

	2021 £	2020 £
Other taxation and social security	52,663	36,948
Trade creditors	308,305	227,889
Other creditors	92,408	79,814
Accruals and deferred income	211,501	355,695
	664,877	700,346

Total deferred income at the year end amounted to £144,746 (2020: £271,649). This amount represents income for subscriptions, donations and sublease rental income that relate to future accounting periods and will be shown in the next financial year.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

19 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 £59,837 (2020 - £62,364).

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

20 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 2019	Movement in funds			Balance at 1 October 2020	Movement in funds			Balance at 30 September 2021
	£	Incoming resources	Resources expended	Transfers from Designated funds	Transfers from Unrestricted funds	Incoming resources	Resources expended	Transfers from Unrestricted funds	£
Economics	-	55,000	(542,294)	-	487,294	35,000	(495,148)	460,148	-
Security and Extremism	-	176,479	(645,908)	7,698	461,731	450,000	(480,397)	30,397	-
Education	10,455	219,544	(105,747)	-	-	160,000	(118,824)	-	165,428
Crime and Justice	9,052	-	(680)	-	-	-	-	-	8,372
Environment and energy	102,386	180,049	(147,704)	-	-	452,000	(333,520)	-	253,211
Directors	-	174,000	(408,232)	-	313,975	221,000	(490,015)	405,272	216,000
Wolfson Economics Prize	7,076	-	-	-	-	173,509	(159,394)	-	21,191
Cities	-	-	(101,088)	48,530	52,558	10,000	(57,911)	47,911	-
Immigration, Integration and Demography	105,549	-	(30,529)	-	30,529	-	(17,947)	17,947	105,549
Health and Social Policy	9,124	77,700	(79,834)	-	2,134	26,500	(102,317)	66,693	-
Technology Policy	2,840	22,500	(98,928)	-	73,588	-	(60,549)	60,549	-
Foreign Policy	-	186,034	(331,438)	-	145,404	20,000	(364,338)	344,338	-
	246,482	1,091,306	(2,492,382)	56,228	1,567,213	1,548,009	(2,680,360)	1,433,255	769,751

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 2021. Transfers into restricted funds ensure either zero balances at year end, or sums needed to complete work still underway.

The Wolfson Prize Fund relates to a competition launched in October 2012. The competition is sponsored by the Charles Wolfson Charitable Trust and administered by Policy Exchange.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

21 Designated funds

The income funds of the charity include designated funds comprising the following unexpended balances held for specific purposes:

	Balance at 1 October 2019	Transfers	Balance at 1 October 2020	Transfers	Balance at 30 September 2021
	£	£	£	£	£
Research	56,228	(56,228)	-	-	-
Core maintenance	150,000	-	150,000	(50,000)	100,000
	<u>206,228</u>	<u>(56,228)</u>	<u>150,000</u>	<u>(50,000)</u>	<u>100,000</u>

Research funds are to be used for projects associated with a number of different research areas. Core funds are to be used in relation to core projects including premises expenses and website and IT upgrades.

Transfers from designated funds represents the overspend on the research funds being covered by the designated funds.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

22	Analysis of net assets between funds	Unrestricted funds 2021 £	Designated funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Designated funds 2020 £	Restricted funds 2020 £	Total 2020 £
	Fund balances at 30 September 2021 are represented by:								
	Tangible assets	34,645	-	-	34,645	84,143	-	-	84,143
	Investments	2	-	-	2	2	-	-	2
	Current assets/(liabilities)	1,230,095	100,000	769,751	2,099,846	1,224,815	150,000	468,847	1,843,662
		<u>1,264,742</u>	<u>100,000</u>	<u>769,751</u>	<u>2,134,493</u>	<u>1,308,960</u>	<u>150,000</u>	<u>468,847</u>	<u>1,927,807</u>

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

23 Operating lease commitments

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

	2021 £	2020 £
Within one year	97,741	390,962
Between two and five years	-	97,741
	<u>97,741</u>	<u>488,703</u>

Lessor

The operating lease represents the sublease of office floor space to third parties. The lease was negotiated over terms of 5 years with a break clause after two years. There are no options in place for either party to extend the lease terms. There are no contingent rent or escalation clauses. There are no significant restrictions imposed by lease arrangements.

At the reporting end date the charity had contracted with tenants for the following minimum lease payments:

	2021 £	2020 £
Within one year	36,018	144,073
Between two and five years	-	36,018
	<u>36,018</u>	<u>180,091</u>

Non-adjusting post balance sheet event

On nearing termination of the above leases, the entity entered into a lease that commenced on 29 October 2021. This lease contains an 11-month rent free period, with an annual rental charge thereafter of £278,375 paid in quarterly installments. The lease term of 10 years will be subject to a break clause after 5 years, with rent reviews occurring every 5 years.

24 Related party transactions

The total donations recognised as income in the year from the charity's trustees and related parties amounted to £779,009 (2020: £499,000). One donation of £80,000 was part of a three year donation of £240,000 received in the prior year, the coming year amount of £80,000 has been recognised in deferred income.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

25	Cash generated from operations	2021 £	2020 £
	Surplus for the year	206,686	131,924
	Adjustments for:		
	Investment income recognised in statement of financial activities	(249)	(2,634)
	Depreciation and impairment of tangible fixed assets	61,253	56,497
	Movements in working capital:		
	(Increase) in debtors	(154,814)	(37,934)
	(Decrease)/increase in creditors	(35,469)	270,410
	Cash generated from operations	77,407	418,263
26	Analysis of changes in net funds		
	The charity had no debt during the year.		

POLICY EXCHANGE LIMITED

England & Wales - Charity number 1096300

Accounts

Charity Registration No. 1096300

Company Registration No. 4297905 (England and Wales)

POLICY EXCHANGE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

POLICY EXCHANGE LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Pamela Dow	
	Alexander Downer	
	Andrew Feldman	
	David Harding	(Appointed 2 April 2020)
	Patricia Hodgson	
	Greta Jones	
	Andrew Law	(Appointed 22 January 2021)
	Charlotte Metcalf	
	David Ord	(Appointed 2 April 2020)
	Roger Orf	
	Andrew Roberts	
	Robert Rosenkranz	
	William Salomon	(Appointed 2 April 2020)
	Peter Wall	
	Simon Wolfson	(Appointed 2 April 2020)
	Nigel Wright	
Director	Dean Godson	
Charity number	1096300	
Company number	4297905	
Registered office	Acre House 11-15 William Road London United Kingdom NW1 3ER	
Auditor	HW Fisher LLP Acre House 11-15 William Road London United Kingdom NW1 3ER	
Bankers	Natwest Bank PLC 135 Bishopsgate London EC2M 3UR	
	Barclays Bank PLC 1 Churchill Place London E14 5HP	

POLICY EXCHANGE LIMITED

CONTENTS

	Page
Trustees' report	1 - 8
Statement of trustees' responsibilities	9
Independent auditor's report	10 - 11
Statement of financial activities	12 - 13
Balance sheet	14
Statement of cash flows	15
Notes to the financial statements	16 - 30

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The Trustees present their report and financial statements for the year ended 30 September 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 Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102)" (effective 1 January 2019).

Objects of the Charity and Mission

The objects of Policy Exchange 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.

Policy Exchange is one of the UK's leading independent think tanks. As an educational charity, our mission is to develop and promote new policy ideas which deliver better public services, a stronger society and a more dynamic economy for all.

The Trustees have considered the Charity Commission's guidance on public benefit and place a number of objectives at the heart of their strategic thinking when considering how best to discharge Policy Exchange's mission:

- **Quality of research** – the Trustees consider that the authority and credibility of Policy Exchange's research output must be of the highest standard in order to ensure that its work has maximum impact. Policy Exchange does not take commissions. Its research is independent and evidence-based, and draws upon a wide circle of academics, field specialists and practitioners in order to better inform its thinking and conclusions. The Charity recruits senior policy experts from the political, business and academic worlds and is proud of its research heads and advisers who are well established thought leaders in their respective fields.
- **Dissemination of ideas** – Policy Exchange makes use of a wide range of communications channels to reach as broad an audience as possible. Its communications strategy is constantly reviewed in order to take advantage of new developments and the Charity measures the quality and quantity of its audiences closely as it seeks to reach out to new audiences, both nationally and internationally. Policy Exchange's output takes the form of long and short written reports, blogs and articles for the national press, a lively programme of events (which are live streamed), interactive webinars and broadcast media interviews and set pieces. Social media platforms and the Charity's website are central to achieving its aims and Policy Exchange devotes significant and on going resources to keeping them fresh and lively.
- **Two way dialogue with policy makers and opinion formers from across the political spectrum** – Policy Exchange works closely with key decision makers and policy experts of all political stripes, with whom it also shares its reports and ideas. Impact is measured by the extent to which the Charity's work is able to influence policy change, to the benefit of the wider public.

Structure, Governance and Management

Policy Exchange 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 of England and Wales on 3 March 2003.

The Trustees, who are also Members of the Charity, serve a four year term before being required to seek re-election. None of the Trustees has any beneficial interest in the Company. The Trustees delegate the day-to-day running of the Charity to the Senior Management Team. The Senior Management Team makes quarterly reports to the Board of Trustees on any significant matters across all areas of the Charity, including changes in staff, policy research and financial issues. The Board of Trustees is responsible for making major decisions of a strategic nature with regard to both Policy Exchange Limited and its trading subsidiary Policy Exchange Events Limited (formerly The Ideas Space Limited).

A separate Risk and Remuneration Committee, comprising three Trustees who serve on the Main Board, meets annually – or more often if required – to review the major risks which might threaten the successful operation of the Charity. Matters around pay and compensation for the Charity's Director are also part of the Committee's remit, which reports directly to the Chairman of Trustees at the relevant meeting of the Full Board of Trustees.

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Achievements and performance

2019/20 was another unpredictable year, which saw a General Election, the ratification of the EU-UK Withdrawal Agreement and the UK's exit from the EU, followed shortly by the emergence of a global pandemic. As well as consuming much of the policy debate in the UK, this led to important changes in how Policy Exchange operates. Policy Exchange adjusted swiftly to the disruption caused by the coronavirus crisis, shifting our output to contribute to the most pressing policy issues of the day, while establishing an in-house events studio to allow us to shift our high-quality events programme over to online webinars.

Over 2019/20, Policy Exchange research covered a wide range of issues, including social care reform; FinTech; powering to Net Zero; rethinking the planning system; public sector fraud; the Constitution; and the skills shortage. We hosted a range of speakers at Policy Exchange events, including Rt Hon Boris Johnson MP in his first address at any UK think tank as Prime Minister; Health Secretary Rt Hon Matt Hancock MP; former First Secretary of State Rt Hon Lord Mandelson; US Secretary of State Hon Michael R. Pompeo; Julianne Smith, former Deputy National Security Advisor to Vice-President Joe Biden; former Commander in Chief of US Central Command General David Petraeus; German Health Minister Jens Spahn; Secretary of State for International Trade Rt Hon Liz Truss MP; former Chancellor of the Exchequer Rt Hon Lord Darling of Roulanish; former Governors of the Bank of England Mark Carney and Lord King of Lothbury; General Sir Nick Carter, Chief of the Defence Staff; and National Crime Agency Director General Lynne Owens CBE QPM among others.

Policy Exchange produced 53 publications, as well as hosting 41 events over the course of 2019/20 and the 2020 Party Conference season.

Reports and their influence

Policy Exchange's *McDonnellomics* report addressed the economic policy debate stimulated in 2019 by the then Shadow Chancellor, John McDonnell. Published in October 2019, the study assessed the macro-economic agenda being put forward by the Shadow Chancellor, and was covered by *The Financial Times* and *The Daily Telegraph*. As the pandemic took hold, Policy Exchange produced papers on various topics relating to the economic dimension of the COVID-19 crisis. In March 2020, *Limiting the Economic Impact of the Covid-19 Virus*, an analysis of the Chancellor of the Exchequer Rt Hon Rishi Sunak MP's policy response to the coronavirus crisis, was published. This was followed in April by *Speed, Scale and Simplicity*, a comprehensive review of the UK Government's economic measures deployed to tackle the crisis; and *Helping Britain's Start-ups* – a paper examining the need to protect and further stimulate the culture of business start-ups and innovation in the UK. In *A Pro-Growth Economic Strategy* and *Why the Government should spend more on capital* (both June 2020) Policy Exchange looked beyond day-to-day crisis management at how best to ensure a rapid recovery for the economy, through credible fiscal activism, monetary policy and supply-side reform, and higher spending on infrastructure investment. These reports were covered, among others, by *Politico*, *The Daily Telegraph*, and *The Sun*.

Health policy naturally emerged as a priority during the reporting period. Policy Exchange published *The People's NHS* in December 2019, which showed that the Government was in tune with the general public's thinking on the key problems facing the Health Service, in particular the shortage of doctors and nurses. Building on previous Policy Exchange research on social care, April 2020 saw the publication of *Ending The Divide*, which argued that the coronavirus crisis proves the artificiality of the funding divide between the NHS and social care, and looked at how the pandemic could be a watershed moment for social care reform. The initial report was followed by a joint polling project with the Institute for Public Policy Research (IPPR), which detected a new national consensus emerging on the future of social care funding and reform. This was reported by *The Sun* and *The Telegraph*.

Analysis of how Whitehall operates in a crisis – in particular why it turned to Military Planners – formed the basis of *Operation COVID-19*, a report published in June 2020 with a Foreword by General (Ret.) Sir Peter Wall. *Covid-19 across Ireland*, published in May 2020 with a Foreword by Lord Caine of Temple Newsam, former Special Adviser to six Secretaries of State for Northern Ireland, looked at what available data at the time could tell us about how Northern Ireland and the Irish Republic were faring in the crisis.

Policy Exchange's key contribution in 2019/20 to the ongoing debate on UK housing policy was a report published in January 2020, *Rethinking the Planning System for the 21st century*. The report drew on a 12-member advisory panel with expertise from across the housing sector, and made the case for a radical simplification of the planning system. Professor Ed Glaeser of Harvard University, a leading thinker on urban renewal, wrote the Foreword for the report, which was published alongside a collection of essays, *Planning Anew*, on reforming the planning system. The report was covered by *The Sun*, the BBC's *Today* programme, and *The Times*. Policy Exchange continued to make the case for the importance of 'building beautiful', publishing a collection of essays in October 2019 from thinkers across a range of sectors from law to architecture, which fed into the Government's Building Better, Building Beautiful Commission. Policy Exchange also argued in *Revitalising Key Worker Housing* (November 2019) that as part of reforms to Affordable Housing policy, the Key Worker Housing initiative should be brought back.

In the field of education and skills, Policy Exchange revisited previous research into school inspections in a report examining Ofsted's new Inspection Framework, *The Watchmen Revisited*, published in February 2020 and accompanied by a Foreword by the former

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Education Secretary, Rt Hon Baroness Morgan of Cotes. Policy Exchange also published two reports on Higher Education, *Academic Freedom in the UK* in November 2019 and *Universities at the Crossroads* in February 2020. These reports examined the status of free speech in Higher Education Institutions and set out the steps that university leaders must take to put their institutions on a robust footing, and were covered by *The Times*, *The Mail* and *The Daily Telegraph*. The recommendations in the *Academic Freedom* study were later adopted wholesale by the Government. As coronavirus restrictions left many people unable to work, Policy Exchange published *A training opportunity in the crisis* in May 2020, which argued that the pandemic underlined the need for an education and training system that is better aligned with the economic and social needs of the UK. This was followed by the publication of *The Training We Need Now* in June 2020, a collection of essays on technical training, lifelong learning and apprenticeships.

A collection of essays published in January 2020, *Visions of ARPA*, explored how the Conservatives could deliver upon their 2019 manifesto commitment to create an Advanced Research Projects Agency. It included essays from a range of experts, including two former science ministers, academics, and an engineer and was prefaced by Dr William Schneider Jr, former Chair of the US Defense Science Board.

Policy Exchange published a range of reports covering the field of Energy and Environment in 2019/20, from re-forestation to electric vehicles. *Bigger, Better Forests*, published in December 2019 with a Foreword by the BBC's John Humphrys, set out how to make re-forestation as effective as possible in light of the cross-party support for this issue. In July 2020, *Route '35*, which called for a California-style Zero Emission Vehicle mandate, was published along with a Foreword by Transport Secretary Rt Hon Grant Shapps MP and coverage in *The Financial Times* and *CityAM*. In response to the emergence of COVID-19, Policy Exchange analysed the growing threat of zoonotic diseases, calling for a new WMD-style inspection regime to police high-risk ecological disruption. This analysis was published in an April 2020 report, *Outbreaks and Spillovers*, which included a Foreword by former Foreign Secretary Rt Hon Lord Hague of Richmond and was covered by *The Times*. In September 2020, Policy Exchange published a paper titled *The Future of UK-EU Energy Cooperation*, which made recommendations on how the two parties could work together on energy after Brexit.

Another Brexit-related report was published in July 2020, examining the opportunities and challenges facing negotiators ahead of talks on a UK-US Free Trade Agreement. *The Art of a US-UK trade deal* received media coverage in *Politico* and in *The Telegraph*. Looking forward to the future of post-Brexit Britain, Policy Exchange also announced the launch of the Indo-Pacific Commission in July 2020. Led by the former Canadian Prime Minister Rt Hon Stephen Harper and joined by diplomats, politicians and military and civil leaders drawn from the United Kingdom, the United States and across the Indo-Pacific region, the Commission will explore a new strategic approach to the region as part of the UK's emerging Global Britain strategy.

In the wake of the 2019 General Election, Policy Exchange published *The First Hundred Days*, a briefing paper highlighting how the Government could implement the pledges in its 2019 manifesto; and *Whitehall Reimagined*, which explored how to use the opportunity of the stability created by the election result to reform the Civil Service.

Policy Exchange published a range of Judicial Power Project papers in 2019/20. Two reports relating to prorogation, *Putting Royal Assent in Doubt?* and *The Case of Prorogation*, were published in October 2019, followed by *The Fixed-term Parliament Act and the Next Election*, also published in October. *Lawfare*, which sets out new measures on how the next Government must protect our soldiers from excessive litigation, was published in November 2019 with a Foreword by General (Ret.) David Petraeus. On the subject of the Constitution, three reports were published between December 2019 and February 2020, *Protecting the Constitution*, *The Future for Constitutional Reform*, and *The Law of the Constitution before the Court*. In *Legislating for the relaxation of the lockdown*, published May 2020 and covered by *The Telegraph*, Policy Exchange examined what lessons can be learned from the first stage of the coronavirus crisis and applied to legislating for the next stage. Two reports exploring how the law has been misapplied in the past, *Mishandling the Law: Gerry Adams and the Supreme Court* and *Against Executive Amendment of the Human Rights Act 1998*, were published in May and June 2020, followed by *Reforming the Supreme Court* in July 2020, which included a Foreword from Lord Thomas of Cwmgiedd, former Lord Chief Justice of England and Wales. In September 2020 the Judicial Power Project published a research note in relation to the Overseas Operations (Service Personnel and Veterans) Bill, written by Policy Exchange Senior Fellow John Larkin QC, former Attorney General for Northern Ireland.

In the area of crime and policing, Policy Exchange published *Policing a pandemic* in March 2020, which highlighted the key challenges the virus created for the police force, including maintaining law and order over periods of heightened restrictions and dealing with new, coronavirus-related crimes. The report was covered by *The Times*, *ITV*, *Politics Home*, *The House* and *Conservative Home*. Policy Exchange built on this work by publishing *Daylight Robbery* in July 2020, which looked into the scale and nature of public sector fraud, with a particular focus on how criminals have changed their behaviour in light of the pandemic. Former Home Secretary Rt Hon Lord Blunkett wrote the Foreword and the report was endorsed by Rt Hon Sajid Javid MP, with coverage from the BBC, the *Daily Express*, and the *Mirror*.

In light of the case of Usman Khan, an Islamist terrorist who committed an attack at the Fishmongers' Hall in central London in 2019 following his supposed rehabilitation and release from prison, Policy Exchange argued that we must place public safety at the heart of criminal justice and the prisons system in a report published in January 2020, *Justice that protects*. The following month, Policy

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Exchange published the report *The Trial: the strange case of Trevor Phillips - How the accusation of Islamophobia is used to stifle free speech*, which included a Foreword by Labour front bencher Khalid Mahmood MP and an Afterword by Kyai Haji Yahya Cholil Staquf, General Secretary of the Nahdlatul Ulama Supreme Council of Indonesia, the world's largest Muslim organisation.

Policy Exchange launched the History Matters Project in June 2020, chaired by Trevor Phillips, and bringing together a senior panel of historians, thinkers and experts in public policy to reflect on how history is publicly debated; how it is presented in our institutions; how it is taught in our schools and universities; and how it can be used to create a shared sense of belonging and identity that befits 21st century Britain. This project is part of the New Politics Monitor, which seeks to monitor the drift towards ever more abrasive forms of political discourse. As an ongoing part of the project, Policy Exchange publishes regular newsletters on the subject, of which four were released in 2019/20.

As technology touches on all areas of policy, our work in this area has ranged from finance to health policy. January 2020 saw the publication of *FinTech For All*, which received cross-party support and featured a Foreword by three Conservative MPs from the 2019 intake and an Afterword by the former Chancellor of the Exchequer, Rt Hon Lord Darling of Roulanish. In response to the pandemic, Policy Exchange explored the impact digital contact tracing could have on our ability to tackle the COVID-19 crisis in a report published in April 2020, *Exiting the Lockdown*, that took into particular account the way in which Asian countries have used new technology to suppress outbreaks of disease in the past.

Impact on government policy

A range of Policy Exchange proposals were adopted by the political parties in their manifestos for the 2019 General Election and as government policy over the course of 2019/20. Policies from 24 different Policy Exchange reports featured in the manifestos of the Conservative Party, Labour Party, Liberal Democrats and Green Party. For example, both the Conservative and Labour Party manifestos included recommendations from Policy Exchange's 21st Century Social Care (2019) report, while the Liberal Democrats manifesto echoed calls in *Rekindling British Policing* (2019), to restore community policing and properly resource the National Crime Agency. The Green Party advocated for high quality design for new homes respecting local architectural heritage, a key Policy Exchange recommendation from *Building Beautiful* (2019).

Prior to the election UK Research and Innovation (UKRI) announced £18m of funding to develop a concept design for Small Modular Reactors (SMRs) in November 2019. This echoes Policy Exchange's recommendation in its 2019 report, *Small Modular Reactors*, which called for the Government to fund design studies for SMRs. In the same month, the Government also announced that the National Space Council would now be listed as a Cabinet-level committee, chaired by the Prime Minister, which Policy Exchange recommended in July 2019, in the report *Space: What do we want from the next Prime Minister?*.

Following the election and the UK's withdrawal from the EU, Policy Exchange has influenced the Government's strategy towards post-Brexit Britain with regards to domestic and trade policy. In February 2020, the Government confirmed that farmers would be given the option of a lump-sum payment rather than a gradual phase-out of production subsidy payments as part of post-Brexit replacement of the Common Agricultural System's production subsidy policy. This directly implements a recommendation in Policy Exchange's 2017 report, *Farming Tomorrow*.

The Government also announced its intention to accede to the CPTPP in June 2020, following the recommendations of Policy Exchange's *Trading Tigers* (2018) report, which highlighted how this could be done.

With regards to the coronavirus pandemic, in September 2020, the Government announced its support for creating a worldwide network of zoonotic research hubs to spot pandemics before they start. This strongly reflects Policy Exchange's recommendation in its May 2020 report, *Outbreaks and Spillovers*, for a new international monitoring regime led by a strengthened co-ordinating body like the United Nations. Policy Exchange has also been a strong advocate for the use of fiscal policy, not monetary policy, to help the economy through this crisis, with an emphasis on infrastructure investment. This was highlighted in *A Pro-Growth Economic Strategy* and *Why the Government should spend more on capital* (both June 2020), and has been the defining feature of the Chancellor's response to the COVID-19 crisis.

Over the course of 2019/20, a range of policies have been adopted from Policy Exchange's *Modernising the UK* (2019) report. In the 2020 Budget, the Government announced the creation of a new 'Rapid Charging Fund' to develop a comprehensive network of rapid charging stations for electric vehicles, echoing Policy Exchange's calls for the Government to create an interoperable ultra-fast charging network for EVs throughout the UK. Another Policy Exchange recommendation from this report, which called for the Government to work with car makers to encourage the creation of battery 'Gigafactories', was adopted in August 2020 when the Government announced the £1bn 'Automotive Transformation Fund', which will support UK manufacturers to develop supply chains for electric vehicles. Furthermore, in September 2020, the Government announced a £40 million 'Green Recovery Challenge Fund' to support environmental projects which create and retain jobs as part of its wider economic recovery plan. This follows from another Policy Exchange recommendation in *Modernising the UK* (2019), which called for the creation of a 'Rural Skills Transition

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Fund' to help rural areas lead the way in moving to a Net Zero future through conservation skills development. Policy Exchange also recommended the Government accelerate the delivery of full-fibre and gigabit capable broadband to every home and business across the UK by 2025, which featured in the Queen's Speech in October 2019.

Emergency legislation in February 2020, the *Terrorist Offenders (Restrictions of Early Release) Act*, blocked automatic early release of terrorism offenders, as called for by Policy Exchange's *Justice that Protects* (2020) report. The report also argued that sentences for terrorism offenders are too lenient, and called for better assessments of the threat posed by those being released, alongside a more stringent approach to monitoring. This was reflected in the *Counter-Terrorism and Sentencing Act* (first reading May 2020), which legislated for longer sentences for terrorism offenders, and stricter monitoring once these offenders have left custody.

The Overseas Operations (Service Personnel and Veterans) Act (first reading March 2020), drew on recommendations put forward by Policy Exchange's Judicial Power Project, including protecting veterans from vexatious legal claims that undermine the Armed Forces, ending the endless cycle of investigations, and requiring consent to prosecute by the Attorney General. This was covered in two Policy Exchange reports, *Protecting those who serve* (2019) and *The ECHR and the future of Northern Ireland's past* (2020).

Almost every element of the Government's Planning White Paper *Planning for the Future* (August 2020) was drawn from the Policy Exchange report, *Rethinking the Planning System for the 21st Century* (2020) – even the name. This includes the simple two type zoning system, simplifying local engagement and democracy, the goal to streamline and speed up applications, and the motives and language used.

Party Conferences 2020

Our broad programme of research was explored in virtual events at both the Labour and Conservative Party conferences. Policy Exchange hosted approximately 30,000 online viewers, watching live and after the event on 5 different platforms.

At the Labour Party Conference, Policy Exchange hosted a wide-ranging series of discussions, including on foreign and defence policy, higher education, building beautiful, and Labour's agenda for the Red Wall. Speakers included Rt Hon John McDonnell MP, former Australian Prime Minister Hon Kevin Rudd, Jon Cruddas MP, Stephen Kinnock MP, Khalid Mahmood MP, Juliet Samuel, Sebastian Payne, Dr Rachel Dickinson and Alun Francis.

At the Conservative Party Conference, we hosted events on a variety of issues, including upscaling the UK's digital infrastructure, academic freedom, the NHS, meritocracy, the Union, and Human Rights law. Speakers included Rt Hon Matt Hancock MP, Rt Hon Robert Jenrick MP, Rt Hon Dr Thérèse Coffey MP, Rt Hon Anne-Marie Trevelyan MP, Baroness Finn, Ben Houchen, Dame Patricia Hodgson, Tom Tugendhat MP, Kate Andrews, and Patrick McGuinness CMG OBE.

Events highlight

Policy Exchange hosted a range of events over this period to accompany our reports, including:

- *Launch of "Margaret Thatcher: Herself Alone"* – Rt Hon Boris Johnson MP, Charles Moore - October 2019
- *The National Design Guide: A Vision for Building Beautifully Designed Homes* – Speech by Rt Hon Robert Jenrick MP (Secretary of State for Housing, Communities and Local Government), hosted with Create Streets – October 2019
- *Security and Crime after Brexit: keeping Britain safe* - Rt Hon Brandon Lewis MP (Minister of State for Security), Lord Evans of Weardale KCB DL (former Director-General of the Security Service), Baroness Falkner of Margravine (former member of the Joint Lords & Commons National Security Strategy Committee), Khalid Mahmood MP (Shadow Minister for Europe in the Labour Foreign & Commonwealth Affairs team), Lynne Owens CBE QPM (Director General of the National Crime Agency), Rt Hon Lord West of Spithead GCB DSC (former First Sea Lord, former Security Minister) – October 2019
- *The Future of the Special Relationship* – Hon Michael R. Pompeo (United States Secretary of State) in conversation with Rt Hon Dominic Raab MP (Secretary of State for Foreign, Commonwealth and Development Affairs and First Secretary of State) - January 2020
- *Everything is different now: the UK economy and the Coronavirus crisis* – Rt Hon Lord Darling of Roulanish (former Chancellor of the Exchequer), Lord King of Lothbury (former Governor of the Bank of England), Lord Macpherson of Earl's Court (former Permanent Secretary at HM Treasury), Dr Gerard Lyons (former Economic Adviser to London Mayor Boris Johnson; and Senior Fellow, Policy Exchange), chaired by Juliet Samuel (Senior Fellow at Policy Exchange and *Daily Telegraph* columnist) – April 2020
- *Global Britain and the CPTPP: Advancing UK trade and investment in the Asia-Pacific* – Rt Hon Liz Truss MP (Secretary of State for International Trade), Hon Tony Abbott AC (former Prime Minister of Australia), Rt Hon Stephen J. Harper (22nd Prime Minister of Canada), Rt Hon Lord Mandelson (former First Secretary of State, former European Commissioner for Trade), Hon Chan Chun Sing (Minister for Trade and Industry of Singapore), chaired by Juliet Samuel (Senior Fellow at Policy Exchange and *Daily Telegraph* columnist) – July 2020

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

- *The Future of Public Health* – Speech by Rt Hon Matt Hancock MP (Secretary of State for Health and Social Care) – August 2020
- *Future Defence: The Integrated Operating Concept* – Rt Hon Ben Wallace MP (Secretary of State for Defence), General Sir Nick Carter (Chief of the Defence Staff), chaired by General (Ret.) David Petraeus (former Commander of United States Central Command) – September 2020

Digital Outreach

The Policy Exchange website is our digital shop window, and the site attracted over 622,651 page views in 2019/20, from more than 270,000 unique users. This represents a 20% increase on the same period last year. 64% of our website traffic comes from the UK, with 9% from the US. We look forward to growing this further with the launch of our new Policy Exchange Website in 2021.

On Social Media, our Twitter presence has grown from 45,000 to 49,000 over the course of 2019/20. We have seen a significant uptick in growth on the platform with 2.5 million impressions over this period. Much of this growth has been driven by our enhanced digital events offering, following the creation of our in-house studio. On YouTube, our subscriber base continues to grow with over 4,700 subscribers (compared to 3,500 in October 2019) and we have seen the number of views of Policy Exchange events on this platform increase by over 60% to almost 150,000 views over the course of 2019/20. This is in addition to the 80,000 views of events on Facebook and Twitter. LinkedIn has seen steady growth over this period as we invest in the platform and find new ways to interact with stakeholders. We currently have just under 8,000 followers.

Future Plans

Policy Exchange will continue to develop and promote new policy ideas which deliver better public services, a stronger society and a more dynamic economy. The Health and Social Care Unit is conducting a major piece of research on the future for public health policy, while the Economics and Social Policy Unit is investigating the consequences of the coronavirus crisis on the labour market. The technology unit is also expecting to publish a major new report on digital identity, and in the security space, we are planning a new project aimed at revealing the latest thinking in Islamist circles, in order to help inform UK policymakers in the counter-extremism field.

The Policy Exchange Indo-Pacific Commission, which was announced in July 2020, published the report in Q4 of 2020, which will set out a new approach for British foreign policy in the region. This will examine questions of trade, diplomacy, politics, defence and security that centre on the Indo-Pacific, and make recommendations ahead of the publication of the Government's Integrated Review of Security, Defence, Development and Foreign Policy.

Policy Exchange launched the Wolfson Economics Prize in early 2021, looking at how best to design and plan new hospitals to radically improve patient experiences, clinical outcomes, staff wellbeing, and integration with wider health and social care. Entrants will have to submit an essay of up to 10,000 words for a chance to win £250,000.

Policy Exchange will continue to provide a speaking platform for UK and international thought leaders, with speakers from across the policy spectrum. Before the end of 2020, events were held with Northern Irish First Minister Rt Hon Arlene Foster MLA, Deputy National Security Advisor to the President of the United States Matthew Pottinger, and Foreign Secretary of India H. E. Harsh Vardhan Shringla.

Fundraising

Policy Exchange relies on the support of a broad spread of regular donors for its work. Fundraising for specific research and events is done on a project by project basis, according to Policy Exchange's own research priorities, and its editorial independence is a precondition of any engagement with donors. Policy Exchange does not work with any external professional fundraisers or employ any large scale targeted fundraising activities and therefore does not participate in any fundraising regulatory schemes, relying instead on the quality of its research and its proven track record of effecting policy change, in order to attract support for its on going work. Fundraising costs incurred by the Charity during the year mainly comprise salaries.

Financial Review

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

Policy Exchange was pleased to record a surplus of £131,923 on slightly reduced income of £3,348,990 (2019: 3,392,349). The surplus was largely due to a fall in research and event costs as a result of a switch to online events due to the coronavirus restrictions.

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Reserves Policy

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

Total reserves at 30 September 2020 stood at £1,927,807 of which £1,308,960 were general unrestricted and £150,000 were designated unrestricted, therefore overall £1,458,960 (76%) were unrestricted. The trustees have expended some sums previously allocated to specific projects, leaving a balance on designated funds of £150,000 (2019: £206,228), following the release of sums previously allocated. Residual Designated Funds comprise sums earmarked by the Trustees for core projects, including on going website and event space improvements.

The Trustees review carefully the level of unrestricted reserves and aim to keep a level of unrestricted reserves equivalent to between four and six months' regular operating costs in order to manage any unexpected shocks. At £1,458,960, unrestricted reserves at 30 September 2020 comfortably exceeded this requirement and the Trustees are therefore satisfied that the Charity's reserves are sufficient.

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 and up to the date of signature of the financial statements except where noted:

Diana Berry	(retired 15.04.21)
Pamela Dow	(appointed 10.12.18) (on Leave of Absence)
Alexander Downer	
Andrew Feldman	
Candida Gertler	(retired 05.12.19)
David Harding	(appointed 02.04.20)
Patricia Hodgson	
Greta Jones	
Andrew Law	(appointed 22.01.21)
Edward Lee	(retired 05.06.21)
Charlotte Metcalf	
David Ord	(appointed 02.04.20)
Roger Orf	
Andrew Roberts	
George Robinson	(retired 15.04.21)
Robert Rosenkranz	
William Salomon	(appointed 02.04.20)
Peter Wall	
Simon Wolfson	(appointed 02.04.20)
Nigel Wright	

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, the arts, the armed services, academia 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.

POLICY EXCHANGE LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Statement of disclosure to auditor

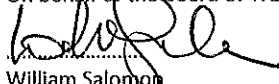
So far as each person who was a trustee at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the Trustees individually have taken all the necessary steps that they ought to have taken as trustees in order to make themselves aware of all relevant audit information and to establish that the Charity's auditor is aware of that information.

Risk Management

The Risk and Remuneration Committee identified three particular on going operational risks for consideration:

- **Upholding the rigour and integrity of Policy Exchange's research and event programme.** The Trustees recognise that Policy Exchange's reputation for achieving policy impact depends on the quality and depth of its research output. In order to maintain its high standards and record of policy impact, Policy Exchange has developed robust internal systems for conducting its research activities. Individual research programmes are set by the programme heads and are regularly reviewed by the Senior Management Team and, where necessary, by the Board of Trustees. Projects must go through a rigorous internal approval process before being allowed to proceed. Questions of independence, balance and impact are considered alongside the detail of the research itself. Researchers are encouraged to consult widely and Policy Exchange has developed extensive specialist networks with academics, field specialists and Government departments in order to better inform its work and assist with peer review. Emphasis is placed on ensuring that policy recommendations are evidence-based and implementable.
- **Financial Risk associated with dips in income.** The reserves policy laid out above is intended to provide a cushion against financial volatility, but in addition Policy Exchange continues to pursue a policy of encouraging unrestricted donations for its day to day work, giving it increased flexibility to allocate funds as needed.
- The Trustees have specifically considered the effect of the Covid-19 pandemic on the Charity's activities and have worked with the Senior Management Team to review possible risks and actions to mitigate them. The Charity has adapted its research programme to focus on the crisis and has invested in new systems for staging webinars (see earlier). An active media outreach has helped to keep the Charity's profile strong during the various lockdowns.

On behalf of the board of Trustees



William Salomon

Trustee

Dated: 24th June 2021

POLICY EXCHANGE LIMITED

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

POLICY EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF POLICY EXCHANGE LIMITED

Opinion

We have audited the financial statements of Policy Exchange Limited (the 'charity') for the year ended 30 September 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 30 September 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 have 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 are 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.

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 directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

POLICY EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF POLICY EXCHANGE LIMITED

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 directors' report included within 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, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the 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.

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.



Russell Nathan (Senior Statutory Auditor)

for and on behalf of HW Fisher LLP

Chartered Accountants

Statutory Auditor

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

24/6/21

POLICY EXCHANGE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Current financial year

		Unrestricted funds general 2020 £	Unrestricted funds designated 2020 £	Restricted funds 2020 £	Total 2020 £	Total 2019 £
	Notes					
Income from:						
Donations, gifts and grants	3	1,906,149	-	1,091,306	2,997,455	2,925,045
Incoming resources from charitable activities	4	157,000	-	-	157,000	253,440
Trading income	5	26,387	-	-	26,387	2,349
Investments	6	2,634	-	-	2,634	3,535
Other income	7	165,515	-	-	165,515	207,980
Total income		2,257,685	-	1,091,306	3,348,991	3,392,349
Expenditure on:						
Raising funds	8	174,528	-	-	174,528	206,094
Research	9	550,157	-	2,492,382	3,042,539	3,107,538
Total resources expended		724,685	-	2,492,382	3,217,067	3,313,632
Net incoming/(outgoing) resources before transfers		1,533,000	-	(1,401,076)	131,924	78,717
Gross transfers between funds		(1,567,213)	(56,228)	1,623,441	-	-
Net (expenditure)/income for the year/ Net movement in funds		(34,213)	(56,228)	222,365	131,924	78,717
Fund balances at 1 October 2019		1,343,173	206,228	246,482	1,795,883	1,717,166
Fund balances at 30 September 2020		1,308,960	150,000	468,847	1,927,807	1,795,883

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.

POLICY EXCHANGE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Prior financial year

		Unrestricted funds general 2019 £	Unrestricted funds designated 2019 £	Restricted funds 2019 £	Total 2019 £
	Notes				
Income from:					
Donations, gifts and grants	3	1,830,595	-	1,094,450	2,925,045
Incoming resources from charitable activities	4	253,440	-	-	253,440
Trading income	5	2,349	-	-	2,349
Investments	6	3,535	-	-	3,535
Other income	7	207,980	-	-	207,980
Total income		2,297,899	-	1,094,450	3,392,349
Expenditure on:					
Raising funds	8	206,094	-	-	206,094
Research	9	658,490	-	2,449,048	3,107,538
Total resources expended		864,584	-	2,449,048	3,313,632
Net incoming/(outgoing) resources before transfers		1,433,315	-	(1,354,598)	78,717
Gross transfers between funds		(943,207)	(222,605)	1,165,812	-
Net (expenditure)/income for the year/ Net movement in funds		490,108	(222,605)	(188,786)	78,717
Fund balances at 1 October 2018		853,065	428,833	435,268	1,717,166
Fund balances at 30 September 2019		1,343,173	206,228	246,482	1,795,883

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.

POLICY EXCHANGE LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	14		84,143		127,154
Investments	15		2		2
			<u>84,145</u>		<u>127,156</u>
Current assets					
Debtors	17	404,155		366,221	
Cash at bank and in hand		2,139,853		1,732,442	
		<u>2,544,008</u>		<u>2,098,663</u>	
Creditors: amounts falling due within one year	18	(700,346)		(429,936)	
Net current assets			<u>1,843,662</u>		<u>1,668,727</u>
Total assets less current liabilities			<u><u>1,927,807</u></u>		<u><u>1,795,883</u></u>
Income funds					
Restricted funds	20		468,847		246,482
<u>Unrestricted funds</u>					
Designated funds	21	150,000		206,228	
General unrestricted funds		1,308,960		1,343,173	
			<u>1,458,960</u>		<u>1,549,401</u>
			<u><u>1,927,807</u></u>		<u><u>1,795,883</u></u>

The financial statements were approved by the Trustees on 24.06.2021


 William Salomon
 Trustee

Company Registration No. 4297905

POLICY EXCHANGE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

		2020		2019	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	25		418,263		147,672
Investing activities					
Purchase of tangible fixed assets		(13,486)		(13,720)	
Interest received		2,634		3,535	
Net cash used in investing activities			(10,852)		(10,185)
Financing activities					
Payment of obligations under finance leases		-		(13,010)	
Net cash used in financing activities			-		(13,010)
Net increase in cash and cash equivalents			407,411		124,477
Cash and cash equivalents at beginning of year			1,732,442		1,607,965
Cash and cash equivalents at end of year			2,139,853		1,732,442

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

Charity information

Policy Exchange Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Acre House, 11-15 William Road, London, NW1 3ER, United Kingdom.

1.1 Accounting convention

The financial statements have been prepared in accordance with the the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements 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 £.

Policy Exchange Events Limited is not included in consolidated financial statements as its inclusion is not material for the purpose of giving a true and fair view.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

As stated in the Trustees' Report, the trustees have considered the effect of the Covid-19 outbreak. The trustees consider that the outbreak has caused some disruption to the charity's operations and the level of significance will be dependent upon the length of time of the disruption. The trustees of Policy Exchange Limited, along with the senior management team, continue to monitor the situation carefully and have put plans in place to mitigate the risk to the companies' operations. Further details of this can be seen in the Risk Management section of the Trustees' Report. The trustees have a reasonable expectation that Policy Exchange Limited can continue as a going concern 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.

Designated funds comprise funds which have been set aside at the discretion of the Trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the accounts.

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.

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.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

1.5 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 and are primarily associated with constitutional and statutory requirements.

Support costs have been allocated in full to the single charitable activity - Research.

1.6 Tangible fixed assets

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

Tangible fixed assets 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:

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

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 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs.

1.8 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).

1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all its financial instruments.

The charity only has assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of fixed asset investments that are initially recognised at transaction value and subsequently recognised at their fair value.

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.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

1.11 Retirement benefits

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

1.12 Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Financial Activities.

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.

There were no critical accounting estimates and judgements.

3 Donations, gifts and grants

	Unrestricted funds general 2020 £	Restricted funds 2020 £	Total 2020 £	Unrestricted funds general 2019 £	Restricted funds 2019 £	Total 2019 £
Donations and gifts	1,873,378	1,091,306	2,964,684	1,830,595	1,094,450	2,925,045
Grants receivable	32,771	-	32,771	-	-	-
	<u>1,906,149</u>	<u>1,091,306</u>	<u>2,997,455</u>	<u>1,830,595</u>	<u>1,094,450</u>	<u>2,925,045</u>

During the year, £32,771, (2019: £nil) was received under the CJRS as a government grant.

4 Incoming resources from charitable activities

	Corporate events 2020 £	Corporate events 2019 £
Sales within charitable activities	<u>157,000</u>	<u>253,440</u>

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

5 Trading income

	Unrestricted funds general 2020 £	Unrestricted funds general 2019 £
Business forum and book sales	26,387	2,349

6 Investments

	Unrestricted funds general 2020 £	Unrestricted funds general 2019 £
Interest receivable	2,634	3,535

7 Other income

	Unrestricted funds general 2020 £	Unrestricted funds general 2019 £
Other income	1,143	10,282
Rental income	164,372	197,698
	165,515	207,980

8 Raising funds

	Unrestricted funds general 2020 £	Unrestricted funds general 2019 £
<u>Costs of generating voluntary income</u>		
Staging fundraising events	9,967	25,749
Other fundraising costs	(1,747)	11,828
Staff costs	166,308	168,517
	174,528	206,094

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

9 Research

	2020 £	2019 £
Staff costs	1,065,807	1,141,528
Professional fees, research and events	788,193	721,821
Publications, printing and postage	22,222	30,860
Travel and subsistence	38,360	58,829
Premises	411,661	374,426
Website and IT support	31,795	27,480
Other costs	20,344	37,104
	<u>2,378,382</u>	<u>2,392,048</u>
Grant funding of activities (see note 10)	114,000	57,000
Share of support costs (see note 11)	537,277	643,249
Share of governance costs (see note 11)	12,880	15,241
	<u>3,042,539</u>	<u>3,107,538</u>
Analysis by fund		
Unrestricted funds - general	550,157	658,490
Restricted funds	2,492,382	2,449,048
	<u>3,042,539</u>	<u>3,107,538</u>

10 Grants payable

	2020 £	2019 £
Grants to institutions:		
Other	114,000	57,000
	<u>114,000</u>	<u>57,000</u>

Grants payable relate to a 3 year project with the Woolf Institute, Cambridge on "Regulating Islam: A Strategic Review of English Law". This work is due to be published in late 2021.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

11 Support costs

	Support costs	Governance costs	2020	Support costs	Governance costs	2019
	£	£	£	£	£	£
Staff costs	96,798	-	96,798	63,542	-	63,542
Depreciation	56,497	-	56,497	73,671	-	73,671
Other costs	276,191	-	276,191	357,527	-	357,527
Premises	107,791	-	107,791	148,509	-	148,509
Audit fees	-	12,880	12,880	-	15,241	15,241
	<u>537,277</u>	<u>12,880</u>	<u>550,157</u>	<u>643,249</u>	<u>15,241</u>	<u>658,490</u>
Analysed between						
Charitable activities	<u>537,277</u>	<u>12,880</u>	<u>550,157</u>	<u>643,249</u>	<u>15,241</u>	<u>658,490</u>

Governance costs includes payments to the auditors of £10,316 (2019- £12,105) for audit fees and £2,564 (2019- £3,136) for other services.

12 Trustees

No trustees received benefits or have been paid any remuneration (2019- none received) from the charity during the year.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

13 Employees

Number of employees

The average monthly number of employees during the year was:

	2020 Number	2019 Number
Research	16	15
Fundraising	2	2
Administration	6	6
	<u>24</u>	<u>23</u>

Employment costs

	2020 £	2019 £
Wages and salaries	1,139,643	1,179,592
Social security costs	126,906	134,727
Other pension costs	62,364	59,268
	<u>1,328,913</u>	<u>1,373,587</u>

The key management personnel of the charity comprises the trustees, the Director, the Managing Director, the Director of Policy and Communications, and the Director of Research. The trustees do not receive any remuneration. Remuneration of key management personnel amounted to £379,250 (2019: £379,252) in the year.

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

	2020 Number	2019 Number
60,000 - 69,999	-	1
70,000 - 79,999	-	1
80,000 - 89,999	-	1
100,000 - 109,999	2	1
150,000 - 159,999	1	2
	<u>3</u>	<u>5</u>

Contributions totalling £24,250 (2019: £32,862) were made to defined contribution pension schemes on behalf of employees whose emoluments exceed £60,000.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

14 Tangible fixed assets

	Short leasehold	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 October 2019	262,836	51,584	50,110	364,530
Additions	-	13,486	-	13,486
At 30 September 2020	262,836	65,070	50,110	378,016
Depreciation and impairment				
At 1 October 2019	152,525	39,414	45,437	237,376
Depreciation charged in the year	49,026	5,763	1,708	56,497
At 30 September 2020	201,551	45,177	47,145	293,873
Carrying amount				
At 30 September 2020	61,285	19,893	2,965	84,143
At 30 September 2019	110,311	12,170	4,673	127,154

15 Fixed asset investments

	Investment in subsidiary
	£
Cost or valuation	
At 1 October 2019 & 30 September 2020	2
Carrying amount	
At 30 September 2020	2
At 30 September 2019	2

16 Subsidiaries

Details of the charity's subsidiaries at 30 September 2020 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Policy Exchange Events Limited	United Kingdom Conference/administration services	Ordinary	100.00	-

These financial statements are separate charity financial statements for Policy Exchange Limited.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

17 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	137,249	47,063
Amounts owed by subsidiary undertakings	-	2,416
Other debtors	118,310	69,298
Prepayments and accrued income	148,596	247,444
	<u>404,155</u>	<u>366,221</u>

18 Creditors: amounts falling due within one year

	2020	2019
	£	£
Other taxation and social security	36,948	33,517
Trade creditors	227,889	157,268
Other creditors	79,814	75,328
Accruals and deferred income	355,695	163,823
	<u>700,346</u>	<u>429,936</u>

Total deferred income at the year end amounted to £271,649 (2019: £44,834). This amount represents income for subscriptions, donations and sublease rental income that relate to future accounting periods and will be shown in the next financial year.

19 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 £62,364 (2019 - £59,268).

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

20 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					Movement in funds					
	Balance at 1 October 2018	Incoming resources	Resources expended	Transfers from Designated funds	Transfers from Unrestricted funds	Balance at 1 October 2019	Incoming resources	Resources expended	Transfers from Designated funds	Transfers from Unrestricted funds	Balance at 30 September 2020
	£	£	£	£	£	£	£	£	£	£	£
Economics	-	452,750	(713,030)	-	260,280	-	55,000	(542,294)	-	487,294	-
Security and Extremism	200,964	339,500	(699,251)	158,787	-	-	176,479	(645,908)	7,698	461,731	-
Education	-	155,000	(144,545)	-	-	10,455	219,544	(105,747)	-	-	124,252
Crime and Justice	9,052	-	-	-	-	9,052	-	(680)	-	-	8,372
Environment and energy	100,522	27,200	(25,336)	-	-	102,386	180,049	(147,704)	-	-	134,731
Directors	-	10,000	(427,154)	-	417,154	-	174,000	(408,232)	-	313,975	79,743
Wolfson Economics Prize	7,076	-	-	-	-	7,076	-	-	-	-	7,076
Cities	140	50,000	(71,318)	21,178	-	-	-	(101,088)	48,530	52,558	-
Immigration, Integration and Demography	105,550	-	(135,771)	-	135,770	105,549	-	(30,529)	-	30,529	105,549
Health and Social Policy	9,124	-	(406)	-	406	9,124	77,700	(79,834)	-	2,134	9,124
Technology Policy	2,840	-	-	-	-	2,840	22,500	(98,928)	-	73,588	-
Foreign Policy	-	60,000	(232,237)	-	172,237	-	186,034	(331,438)	-	145,404	-
	<u>435,268</u>	<u>1,094,450</u>	<u>(2,449,048)</u>	<u>179,965</u>	<u>985,847</u>	<u>246,482</u>	<u>1,091,306</u>	<u>(2,492,382)</u>	<u>56,228</u>	<u>1,567,213</u>	<u>468,847</u>

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

20 Restricted funds

(Continued)

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 2020. Transfers into restricted funds ensure either zero balances at year end, or sums needed to complete work still underway.

The Wolfson Prize Fund relates to a competition launched in October 2012. The competition is sponsored by the Charles Wolfson Charitable Trust and administered by Policy Exchange.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

21 Designated funds

The income funds of the charity include designated funds comprising the following unexpended balances held for specific purposes:

	Balance at 1 October 2018	Transfers	Balance at 1 October 2019	Transfers	Balance at 30 September 2020
	£	£	£	£	£
Research	236,193	(179,965)	56,228	(56,228)	-
Core maintenance	192,640	(42,640)	150,000	-	150,000
	<u>428,833</u>	<u>(222,605)</u>	<u>206,228</u>	<u>(56,228)</u>	<u>150,000</u>

Research funds are to be used for projects associated with a number of different research areas. Core funds are to be used in relation to core projects including premises expenses and website and IT upgrades.

Transfers from designated funds represents the overspend on the research funds being covered by the designated funds.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

22 Analysis of net assets between funds

	Unrestricted funds 2020 £	Designated funds 2020 £	Restricted funds 2020 £	Total 2020 £	Unrestricted funds 2019 £	Designated funds 2019 £	Restricted funds 2019 £	Total 2019 £
Fund balances at 30 September 2020 are represented by:								
Tangible assets	84,143	-	-	84,143	127,154	-	-	127,154
Investments	2	-	-	2	2	-	-	2
Current assets/(liabilities)	1,224,815	150,000	468,847	1,843,662	1,216,017	206,228	246,482	1,668,727
	<u>1,308,960</u>	<u>150,000</u>	<u>468,847</u>	<u>1,927,807</u>	<u>1,343,173</u>	<u>206,228</u>	<u>246,482</u>	<u>1,795,883</u>

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

23 Operating lease commitments

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

	2020 £	2019 £
Within one year	390,962	390,962
Between two and five years	97,741	488,703
	<u>488,703</u>	<u>879,665</u>

Lessor

The operating lease represent sublease of office floor space to third parties. The lease was negotiated over terms of 5 years and has a break clause after two years. There are no options in place for either party to extend the lease terms. There are no contingent rent or escalation clauses. There are no significant restrictions imposed by lease arrangements.

At the reporting end date the charity had contracted with tenants for the following minimum lease payments:

	2020 £	2019 £
Within one year	144,073	144,073
Between two and five years	36,018	180,091
	<u>180,091</u>	<u>324,164</u>

24 Related party transactions

The total donations recognised as income in the year from the charity's trustees and related parties amounted to £499,000 (2019 : £170,000). One donation of £300,000 received is part of a three year donation and subsequent years of £200,000 are recognised in deferred income.

In the previous year, Policy Exchange Limited paid £60,666 to Dr. John Bew for consultancy services. Dr. John Bew is the son of Greta Jones, who is a trustee of Policy Exchange Limited. No such costs arose this year.

POLICY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

25	Cash generated from operations	2020 £	2019 £
	Surplus for the year	131,924	78,717
	Adjustments for:		
	Investment income recognised in statement of financial activities	(2,634)	(3,535)
	Depreciation and impairment of tangible fixed assets	56,497	73,671
	Movements in working capital:		
	(Increase)/decrease in debtors	(37,934)	11,681
	Increase/(decrease) in creditors	270,410	(12,862)
	Cash generated from operations	418,263	147,672
26	Analysis of changes in net funds		
	The charity had no debt during the year.		