REGISTRAR'S COPY:
Please return to H.W. Fisher & Co.
www.hwfisher.co.uk
CREATIVITY ENTHUSIASM ENERGY VISION

Charity Registration No. 1096300

Company Registration No. 4297905 (England and Wales)

POLICY EXCHANGE LIMITED

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

THURSDAY
L5A8F7KY
L10 30/06/2016 #85
COMPANIES HOUSE

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

Trustees	Diana Berry David Frum Candida Gertler Greta Jones Edward Lee Charlotte Metcalf Krishna Rao Andrew Roberts George Robinson Robert Rosenkranz Peter Wall Simon Wolfson
Charity number	1096300
Company number	4297905
Principal address	Clutha House 10 Storey's Gate London SW1P 3AY
Registered office	Acre House 11-15 William Road London NW1 3ER
Auditors	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER United Kingdom

POLICY EXCHANGE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
CONTENTS

	Page
Trustees' report	1 - 5
Statement of trustees' responsibilities	6
Independent auditors' report	7
Statement of financial activities	8
Balance sheet	9
Notes to the accounts	10 - 19

POLICY EXCHANGE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2015

The Trustees present their report and accounts for the year ended 30 September 2015.

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

Objects of the Charity

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

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

Structure, Governance and Management

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

The Trustees delegate the day-to-day running of the Charity to the Senior Management Team. The Senior Management Team 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).

Achievements and Performance

For Policy Exchange, 2014/15 was dominated by the May 2015 General Election. We published a number of important new research papers, and continued to market ideas laid out in papers that were published earlier in the Parliament, with a view to coming up with policy ideas that could be taken up by the main political parties in their election manifestos. The measure of our success is that 24 of our ideas – from across all of our research units - were included in the parties' manifestos. This demonstrated the scale of the organisation's influence on the British policy landscape.

As the election campaign approached, we published three Policy Exchange policy manifestos that brought together key policy ideas on particular areas. These were in the areas of education, economics and welfare. The launch of the economics manifesto – cited in the *Financial Times* - saw one of the busiest events of the year, with former BBC Economics Editor Stephanie Flanders chairing a panel discussion that included Lord Wood of Anfield, former Labour leader Ed Miliband's economic adviser, Conservative MP Jesse Norman and former Lib Dem MP and Foreign Office Minister Jeremy Browne. The launch of the welfare manifesto brought another packed house to Policy Exchange, with Labour's former Secretary of State for Welfare and Pensions, David Blunkett, speaking. Both *The Guardian* and *The Independent* covered the launch of the manifesto.

In 2014/15, our Technology Unit was focused particularly on improving the use of data within Government – and particularly local government. In the publication *Small Pieces, Loosely Joined,* Technology Unit head Eddie Copeland explained how greater standardisation of the collection, storage and release of data, as well as greater collaboration between councils on IT generally, could help to reduce costs and improve public services. The main finding – that local authorities could save £10bn by 2020 was covered in the *Daily Telegraph.* In *Big Data in the Big Apple,* Eddie explained the successes and challenges that New York City's government had with their newly-created "Mayor's Office of Data Analytics" (MODA). MODA brought together a collection of data experts under key Mayoral aide Mike Flowers and had considerable practical policy successes through the detailed analysis of major urban problems. Eddie explained how such data analysis could be used in other cities – which sparked significant interest in the concept of data analytics within both national and local government in the UK. Both Digital Minister, Ed Vaizey MP, and Matthew Pencharz, adviser to Mayor Boris Johnson, welcomed the report's findings.

Under Richard Howard, Policy Exchange's Environment and Energy Unit looked at three of the biggest challenges facing the Government in the field of energy. The most significant of these is, of course, affordability. Energy costs were a key feature of the 2015 election campaign, with Labour leader Ed Miliband committing to freezing energy prices – arguably the most popular of his election campaign pledges. Richard's report, *The Customer is always right,* looked at how the Government might reform the energy sector

to keep costs down in the future. Richard appeared alongside Ed Davey, the former Energy Secretary, on Radio 4's *You and Yours* to debate the findings. The report was also cited heavily across the media, including on the BBC News website and in the *Financial Times*, the *Daily Telegraph* and *The Guardian*.

The second challenge is energy efficiency and, here, Richard's *Warmer Homes* looked at how the Government might incentivise greater investment in energy efficiency schemes – ideas that would both bring down household bills, while also reducing the use of carbon. Richard was interviewed on You and Yours when the report was launched and the findings of the paper appeared on the BBC News and in *The Guardian*. Finally, in *Powering Up*, Richard looked at onshore wind power. He argued that onshore wind was more popular than many critics accepted and a more efficient way of generating clean energy. As a result of this paper, onshore wind projects were included as part of the government's renewable subsidy schemes but at a much lower cost.

In recent times, it is fair to say that the issue of crime has fallen down the main parties' list of campaigning and governing priorities. Once a dominant theme, particularly for the Conservatives, politicians no longer seek to define their governing agenda through the issue of crime. But crime and justice remains a crucially important issue to the country - and the public remain very concerned about the issue. Policy Exchange commissioned two reports in 2014/15 from the Labour MP David Lammy, looking closely at the issue of property crime. As David argued, property crime ruins lives and drastically raises the cost of living for those that live in high crime areas. In *Taking its Toll* – described by the political editor of *The Sun* as 'a bombshell of a report' and praised by Bill Bratton (former NYPD Commissioner) - and *Low Crime for All* – featuring in the *Evening Standard* and *City AM* - David encouraged the Police and the Government to take property crime more seriously. In addition, the Crime and Justice Unit published a new report looking at the need for faster and more consistent sanctions for repeat offenders – *Swift and Certain*, by former prison governor Kevin Lockyer. This is something that is known to have worked particularly well in the US state of Hawaii and is an agenda that is currently being heavily pursued by the Justice Secretary, Rt Hon Michael Gove MP.

In the last Parliament, the education system was completely transformed by the reforming Secretary of State, Michael Gove, and then his successor Nicky Morgan. The Academies programme started under Labour was massively expanded and hundreds of new Free Schools were opened. These ideas were heavily encouraged by Policy Exchange over the previous decade. In 2014/15, Policy Exchange produced a new analysis proving that free schools help to raise the standards of other schools locally when they open. In a speech on new Free School numbers, the Prime Minister directly referred to this report. *The Times* also supported the findings of the paper in a leader column, while all national media covered the release of the report. Responding to widespread political concerns about the numbers of pupils leaving school without decent qualifications in Maths and English, the Education Unit looked at how to get more pupils to reach a decent standard. The central recommendation was that schools should help to fund pupils' Maths and English teaching in Further Education colleges. 2014/15 also saw Policy Exchange host a hugely-well attended lecture by the celebrated American educationalist ED Hirsch. The Education Unit published a series of essays on his work – on the importance of accumulating knowledge in the classroom – to coincide with his visit.

Policy Exchange has developed a particular specialism in welfare policy recently, under the Economics and Welfare Unit head Steve Hughes. Over this year, Policy Exchange published four new reports that looked at how to reform the benefits system and also to make work pay for those on the lowest incomes. *Making Contributions Count* made the crucial point that there needs to be a contributory element to the welfare system. The report's recommendation that people pay £5 a month into a contribution pot was covered in *The Times*, *The Independent* and supported by the columnist Mary Riddell writing in the *Daily Telegraph*. *No worker left behind* looked at how to incentivise work for those on low pay. *On the Move* looked at how to encourage greater workforce participation in the regions by encouraging better transport links between urban centres. And *Work 2.0* looked at how the Government could improve the Work Programme – its welfare to work scheme – to help those that had been on welfare longest. The economics unit also published a set of essays analysing the work of French economist, Thomas Picketty.

Policy Exchange's Housing Unit continued to publish ground-breaking new ideas to help alleviate the housing crisis that has developed in parts of the UK recently. Lord Matthew Taylor – the Lib Dem peer – wrote a paper on the need to create new "garden villages", an idea that was announced by the Chancellor in the most recent Budget. Chris Walker, the Housing Unit's head, also wrote a paper on the need to give greater freedoms to Housing Associations so that they could build more houses. This recommendation was publicly endorsed by the Housing Minister, Brandon Lewis MP, and has been welcomed by many of the larger housing associations which are moving to a model of building more private rented homes. *The Sunday Times* and *The Economist* both mentioned the idea as part of a wider analysis on the future of housing associations.

2014/15 saw the launch of a new unit, devoted to the analysis of judicial power – and potential over-reach by judges. The Judicial Power Unit published *Clearing the Fog of Law* – by leading legal academics Professor Richard Ekins and Dr Jonathan Morgan – that explored the problems relating to "judicial mission creep" and the problems of the application of human rights legislation on the battlefield. This was intended to be a practical follow up to last year's report on the *Fog of Law* and it set out specific ideas to help the armed forces operate more effectively in combat zones. The main recommendation - for the government to recognise the primacy of the Geneva Conventions in war by derogating from the ECHR in time of war - was endorsed by five former Chiefs of the General Staff who backed Policy Exchange's proposal in a letter to *The Times*.

The Judicial Power Project was one of two new long-term Policy Exchange projects launched in 2014/15. The other was the Capital City Foundation – a research unit focused on how to improve life in London – which launched in February 2015. The launch at London's iconic Shard building was addressed by both London Mayor Boris Johnson and the world's leading urban economist - Harvard's Professor Edward Glaeser. Glaeser wrote a column in the *Evening Standard* to mark the launch of the new project, setting out some of the challenges facing London's growth prospects. David Lammy's paper *Low Crime for All* and Eddie Copeland's *Big Data in the Big Apple*, were published under the Capital City Foundation banner.

Financial Review

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

Following a record year for income in 2013/14, the year to September 2015 was characterised by a spending down of accumulated restricted reserves in support of a busy research agenda, focused on either side of the May 2015 General Election. The launch of two new research units, the Capital City Foundation at The Shard in February 2015 and the Judicial Power Project in March 2015, both produced strong responses from donors which enabled these areas to hit the ground running. Conversely, some other research areas were affected by a lull in donations around the General Election. A particularly good result was recorded by Policy Exchange's fringe events at the autumn party conferences, enabling the Charity to turn in a surplus of £306,323 from its unrestricted activities. An overall comparison of income and costs with those of the previous year reflects the absence of the Wolfson Economics Prize which is only held every other year.

Policy Exchange goes into the new financial year in good shape. With the launch of further new research units planned for FY2015/6, the charity has the financial flexibility to drive forward a fresh, innovative research programme whilst dealing with any shocks such as the calling of an EU Referendum might produce.

Directors and Trustees

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

Theodore Agnew	(resigned 25.11.14)
Diana Berry	(appointed 17.02.15)
Richard Briance	(resigned 11.05.15)
Simon Brocklebank-Fowler	
Robin Edwards	
Richard Ehrman	(resigned 20.05.15)
Daniel Finkelstein	(resigned 10.10.15)
Virginia Fraser	(resigned 11.05.15)
David Frum	
Candida Gertler	(appointed 25.11.14)
Greta Jones	(appointed 18.06.15)
David Meller	(resigned 25.11.14)
Charlotte Metcalf	(appointed 18.06.15)
Krishna Rao	
Andrew Roberts	(appointed 25.11.14)
George Robinson	
Robert Rosenkranz	
Charles Stewart Smith	
Peter Wall	(appointed 17.02.15)
Simon Wolfson	

Appointment and Training of Trustees

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

All trustees have successful track records in the fields of journalism, commerce, the arts, the armed services 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.

Reserves Policy

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

Following a surge in restricted reserves at the end of the previous financial year, the Trustees were fully committed to spending down a portion of these reserves during the period under review. This was counterbalanced in part by a surplus of £306,232 from unrestricted activities during the year, enabling the charity to cover restricted losses in some research units via a transfer between reserves. Going into the new financial year 2016/7, more than half Policy Exchange's total reserves of £2,510,305 are free. The Trustees designated a total of £766,042 for capital and core projects.

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

Future Plans

With the General Election out of the way, and the destiny of British politics a little clearer than before (the possibility of an EU referendum not withstanding), Policy Exchange has big plans to influence the policy landscape in the coming year.

In the coming year, we plan to launch two new research areas: "Britain in the World" and a new Demography, Immigration and Integration Unit. Our "Britain in the World" project will aim to revitalize the British foreign policy debate in the UK and will be headed by one of the brightest young scholars in this country, Dr John Bew. The Demography, Immigration and Integration unit will be headed by David Goodhart, founding editor of *Prospect* magazine and former head of rival think tank Demos. It will concentrate on issues that are coming to dominate political debate and which continue to engage the general public.

We will focus on the production of world-class, highly influential research for our newly established long term projects – the Capital City Foundation and the Judicial Power Project. We intend that the Judicial Power Project's website and blog become "go-to" resources for anyone interested in the concept of judicial activism and its effects on accountability and democracy. We will be regularly publishing new comment by some of the world's leading thinkers in this area as a way of sparking a debate on this crucial issue. In the run up and aftermath of the London Mayoral Election, we intend that the Capital City Foundation will exert a real influence on London's policy debate.

We have a busy publication plan for our permanent policy units.

- **Energy:** we will be producing a new report looking at the state of London's air quality and how best to improve it; we will also continue to look at how best to improve energy efficiency in the country's homes; and a new report on the structure of the energy industry will look at how to improve governance in this area.

- **Economics and welfare:** *Budgeting for Balance* will look at what action the Government needs to look at to reduce the scale of state spending; in *Whitehall Rules,* we will be looking at how Whitehall working practices should be reformed to save money and raise performance.

- **Technology:** we will be producing a paper that looks at how the Government can and should be encouraging the development of so-called smart cities – with a particular emphasis on the need for the better use of data. This is especially important given the context of much greater devolution in England towards its big cities.

- **Education:** The Education Unit will be publishing new research on childcare, on how to improve technical education, and, a major preoccupation of the Department for Education, how to increase recruitment and retention of teachers.

- **Wellbeing:** Policy Exchange recently announced that Olympic Gold Medallist James Cracknell OBE was joining the organisation as a research fellow. This year we will be publishing his much-anticipated report on how to deal with Britain's obesity crisis.

- **Housing:** with housing a major preoccupation of the country's politicians – and of course the public – we will be publishing a series of papers on "the homes London needs".

- **Crime and Justice:** Police visibility remains a major public concern in every city and particularly in London. Our Crime and Justice unit head Glyn Gaskarth will be publishing a paper looking at how to boost London's frontline Policing,

Public Benefit

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

Risk Management Statement

The main Board reviews at regular board meetings the major strategic, operational and financial risks to which Policy Exchange is exposed, both on a short and long term view, and has established systems and procedures to mitigate those risks. These include the establishment of a Risks and Remuneration Sub-Committee which undertakes more detailed risk assessments and makes recommendations to the board where necessary.

The Trustees continue to monitor carefully the impact of the uncertain economic environment on Policy Exchange's operations. Close scrutiny is placed on the financial wellbeing of the Company in particular, and prominence is given to a full review of the financial reports presented at every board meeting by the Senior Management. Where necessary, additional board meetings may be convened if an urgent issue arises which requires the Trustees' collective attention.

Disclosure of Information to Auditors

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

Approved by the Board of Trustees on 15 June 2016

David Frum
Trustee

George Robinson
Trustee

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

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

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

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;

- observe the methods and principles in the Charities SORP;

- make judgements and estimates that are reasonable and prudent; and

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

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

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

TO THE MEMBERS OF POLICY EXCHANGE LIMITED

We have audited the accounts of Policy Exchange Limited for the year ended 30 September 2015 set out on pages 8 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement on page 6, the trustees, who are also the directors of the charitable company for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

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

Scope of the audit of the accounts

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

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2015, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been prepared in accordance with the Companies Act 2006.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the accounts are prepared is consistent with the accounts.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 accounts 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.

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

Acre House
11-15 William Road
London
NW1 3ER
United Kingdom
Dated: 29.6.2016

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

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2015 £	Total 2014 £
Incoming resources from generated funds						
Voluntary income	2	357,762	20,000	1,573,001	1,950,763	3,433,345
Activities for generating voluntary income		169,203	-	-	169,203	305,970
Investment income	3	9,602	-	-	9,602	11,079
		536,567	20,000	1,573,001	2,129,568	3,750,394
Incoming resources from charitable activities	4	250,980	-	-	250,980	208,100
Other incoming resources	5	18	-	-	18	9,556
Total incoming resources		787,565	20,000	1,573,001	2,380,566	3,968,050
Resources expended	6					
Costs of generating funds						
Costs of generating voluntary income		154,808	-	-	154,808	176,123
Net incoming resources available		632,757	20,000	1,573,001	2,225,758	3,791,927
Charitable activities						
Research		304,652	-	2,151,687	2,456,339	2,822,863
Governance costs		21,782	-	-	21,782	18,979
Total resources expended		481,242	-	2,151,687	2,632,929	3,017,965
Net incoming/(outgoing) resources before transfers		306,323	20,000	(578,686)	(252,363)	950,085
Gross transfers between funds		(628,113)	(95,030)	723,143	-	-
Net (expenditure)/income for the year/ Net movement in funds		(321,790)	(75,030)	144,457	(252,363)	950,085
Fund balances at 1 October 2014		916,851	841,072	1,004,745	2,762,668	1,812,583
Fund balances at 30 September 2015		595,061	766,042	1,149,202	2,510,305	2,762,668

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

Company Registration No 4297905 (England and Wales)

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

AS AT 30 SEPTEMBER 2015

	Notes	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Tangible assets	13		41,963		53,382
Investments	14		2		2
			41,965		53,384
Current assets					
Debtors	15	351,514		235,300	
Cash at bank and in hand		2,390,553		2,759,125	
		2,742,067		2,994,425	
Creditors: amounts falling due within one year	16	(273,727)		(285,141)	
Net current assets			2,468,340		2,709,284
Total assets less current liabilities			2,510,305		2,762,668
Income funds					
Restricted funds	18		1,149,202		1,004,745
Unrestricted funds:					
Designated funds	19		766,042		841,072
Other charitable funds			595,061		916,851
			2,510,305		2,762,668

The accounts were approved by the Board on 15 June 2016

George Robinson
Trustee

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention.

The charity has taken advantage of the exemption in the Companies Act 2006 (section 405 paragraph 2) and also from Financial Reporting Standard No 2 from the requirement to produce consolidated accounts on the grounds that the net assets of the wholly owned subsidiary are not material to the charity.

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

1.2 Incoming resources

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

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

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

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

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

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

1.3 Resources expended

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

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

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

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

1.4 Tangible fixed assets and depreciation

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

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

1.5 Investments

Fixed asset investments are stated at cost.

1 Accounting Policies **(Continued)**

1.6 Pensions

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

2 Voluntary income

	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2015 £	Total 2014 £
Donations and gifts	357,762	20,000	1,573,001	1,950,763	3,433,345

Donations and gifts

Restricted funds:		
Project specific donation/foundation	100,000	505,350
Programme specific donations	1,473,001	2,364,107
	1,573,001	2,869,457

3 Investment income

	2015 £	2014 £
Interest receivable	9,602	11,079

4 Incoming resources from charitable activities

	2015 £	2014 £
Corporate events	250,980	208,100

5 Other incoming resources

	2015 £	2014 £
Other income	18	9,556

6 Total resources expended

	Staff costs	Depreciation	Other costs	Total 2015	Total 2014
	£	£	£	£	£
Costs of generating funds					
Costs of generating voluntary income	**127,517**	-	**27,291**	**154,808**	176,123
Charitable activities					
Research					
Activities undertaken directly	1,357,088	-	804,599	2,161,687	2,414,281
Support costs	56,173	12,439	226,040	294,652	408,582
Total	**1,413,261**	**12,439**	**1,030,639**	**2,456,339**	2,822,863
Governance costs	-	-	**21,782**	**21,782**	18,979
	1,540,778	**12,439**	**1,079,712**	**2,632,929**	3,017,965

Governance costs includes payments to the auditors of £8,150 (2014: £7,750) for audit fees and £819 (2014: £3,578) for other services.

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

The total support costs are broken down in note 8.

7 Costs of generating voluntary income

	2015	2014
	£	£
Other costs comprise:		
Events	17,637	19,291
Other costs	9,654	11,174
	27,291	30,465

8 Activities undertaken directly

	2015	2014
	£	£
Other costs relating to research comprise:		
Professional fees, research & events	331,462	425,162
Publications, printing & postage	79,005	23,529
Travel and subsistence	39,851	133,848
Premises	87,629	12,420
Website and IT support	29,760	-
Other costs	236,892	194,514
Wolfson prize awards and donation	-	299,650
	804,599	1,089,123

9 Support costs

	2015	2014
	£	£
Other costs	**151,536**	230,847
Premises	**74,504**	162,043
Staff costs	**56,173**	-
Depreciation	**12,439**	15,692
	294,652	408,582

10 Governance costs

	2015	2014
	£	£
Other governance costs comprise:		
Audit and accountancy fees	8,969	10,830
Bookkeeping	12,813	7,651
	21,782	18,481

11 Trustees

No trustees received benefits (2014: none recieved) from the charity during the year. There were also no catering costs incurred in relation to trustee meetings (2014: no costs).

12 Employees

Number of employees

The average monthly number of employees during the year was:

	2015 Number	2014 Number
Research	21	20
Fundraising	2	3
Administration	8	8
	31	31

Employment costs	2015 £	2014 £
Wages and salaries	1,353,676	1,286,874
Social security costs	146,743	141,073
Other pension costs	40,359	42,869
	1,540,778	1,470,816

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

	2015 Number	2014 Number
60,000 - 69,999	4	1
70,000 - 79,999	1	1
80,000 - 89,999	2	1
90,000 - 99,999	1	1
100,000 - 109,999	1	1

Contributions totalling £33,746 (2014: £17,064) were made to defined contribution pension schemes on behalf of employees whose emoluments exceed £60,000.

13 Tangible fixed assets

	Short leasehold	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 October 2014	15,478	64,676	101,090	181,244
Additions	-	1,020	-	1,020
At 30 September 2015	**15,478**	**65,696**	**101,090**	**182,264**
Depreciation				
At 1 October 2014	12,382	56,090	59,390	127,862
Charge for the year	1,548	2,550	8,341	12,439
At 30 September 2015	**13,930**	**58,640**	**67,731**	**140,301**
Net book value				
At 30 September 2015	**1,548**	**7,056**	**33,359**	**41,963**
At 30 September 2014	3,096	8,586	41,700	53,382

14 Fixed asset investments

	Subsidiary undertakings
	£
Market value at 1 October 2014 and at 30 September 2015	**2**
Historical cost:	
At 30 September 2015	2
At 30 September 2014	2

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

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Policy Exchange Events Ltd	England	Ordinary	100

14 Fixed asset investments **(Continued)**

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

	Capital and reserves	Profit for the year
	£	£
Policy Exchange Events Ltd	(86)	286

The principal activity of the company is the provision of conference and administration services.

15 Debtors

	2015	2014
	£	£
Trade debtors	**236,200**	147,600
Amounts owed by group undertakings	**3,019**	3,019
Other debtors	**63,511**	40,338
Prepayments and accrued income	**48,784**	44,343
	351,514	235,300

16 Creditors: amounts falling due within one year

	2015	2014
	£	£
Trade creditors	**31,690**	31,401
Taxes and social security costs	**39,785**	43,626
Other creditors	**1,835**	1,364
Accruals and deferred income	**200,417**	208,750
	273,727	285,141

17 Pension and other post-retirement benefit commitments

Defined contribution

	2015	2014
	£	£
Contributions payable by the company for the year	40,359	42,869

18 Restricted funds

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

			Movement in funds			
	Balance at 1 October 2014	Incoming resources	Resources expended	Transfers from Designated funds	Transfers from Unrestricted funds	Balance at 30 September 2015
	£	£	£	£	£	£
Economics	-	226,273	(416,926)	83,030	107,623	-
Security and Constitution	294,032	304,528	(222,324)	-	-	**376,236**
Education	17,192	66,900	(273,210)	10,000	179,118	-
Crime and justice	-	10,750	(122,899)	-	112,149	-
Social Policy	45,914	-	(36,791)	-	1	**9,124**
Environment	-	103,550	(185,400)	-	81,850	-
Technology Policy	-	83,000	(166,886)	-	83,886	-
Directors	437,351	413,000	(515,744)	-	-	**334,607**
Wolfson Economics Prize	24,655	-	(15,620)	-	-	**9,035**
Cities	68,757	365,000	(119,107)	-	-	**314,650**
BME	116,844	-	(11,294)			**105,550**
Health			(65,486)	2,000	63,486	-
	1,004,745	1,573,001	(2,151,687)	95,030	628,113	**1,149,202**

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 2015.

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. During the year under financial review, academics and specialists from around the world were invited to consider how to "deliver a new Garden City which is visionary, economically viable, and popular?"

19 Designated funds

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

	Balance at 1 October 2014	Movement in funds: Incoming resources	Resources expended	Transfers	Balance at 30 September 2015
	£	£	£	£	£
Research	348,432	20,000	-	(95,030)	**273,402**
Core costs	492,640	-	-	-	**492,640**
	841,072	20,000	-	(95,030)	**766,042**

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 a major update of the website.

20 Analysis of net assets between funds

	Unrestricted funds	Designated funds	Restricted funds	Total
	£	£	£	£
Fund balances at 30 September 2015 are represented by:				
Tangible fixed assets	41,963	-	-	**41,963**
Investments	2	-	-	**2**
Current assets	826,823	766,042	1,149,202	**2,742,067**
Creditors: amounts falling due within one year	(273,727)	-	-	**(273,727)**
	595,061	766,042	1,149,202	**2,510,305**

21 Commitments under operating leases

At 30 September 2015 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2015	2014
	£	£
Expiry date:		
Within one year	**124,739**	-
Between two and five years	-	124,739
	124,739	124,739

22 Related parties

Policy Exchange Events Limted is the wholly owned subsidiary of Policy Exchange Limited. At 30 September 2015 Policy Exchange Events Limited owed Policy Exchange Ltd £3,019 (2014: £3,019).