

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

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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

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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.

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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

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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

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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.

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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

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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.

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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.

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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.

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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.

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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.

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

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

		2022		2021	
	Notes	£	£	£	£
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	
Net cash used in investing activities			(374,000)		(11,506)
Net cash used in financing activities			-		-
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
Cash and cash equivalents at end of year			2,350,292		2,205,754

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	<u>530,041</u>	<u>21,454</u>	<u>551,495</u>	<u>290,411</u>	<u>33,163</u>	<u>323,574</u>

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 £	£	£
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)	-	-
	<u>468,847</u>	<u>1,548,009</u>	<u>(2,680,360)</u>	<u>1,433,255</u>	<u>769,751</u>	<u>1,359,572</u>	<u>(1,682,111)</u>	<u>447,212</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 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 2022 £	Designated funds 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Designated funds 2021 £	Restricted funds 2021 £	Total 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
	<u>1,821,829</u>	<u>100,000</u>	<u>447,212</u>	<u>2,369,041</u>	<u>1,264,742</u>	<u>100,000</u>	<u>769,751</u>	<u>2,134,493</u>

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.