

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 2019**

# POLICY EXCHANGE LIMITED

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Diana Berry	
	Pamela Dow	(Appointed 10 December 2018)
	Alexander Downer	
	Andrew Feldman	
	Candida Gertler	(Appointed 5 December 2019)
	David Harding	(Appointed 2 April 2020)
	Patricia Hodgson	
	Greta Jones	
	Edward Lee	
	Charlotte Metcalf	
	David Ord	(Appointed 2 April 2020)
	Roger Orf	
	Andrew Roberts	
	George Robinson	
	Robert Rosenkranz	
	William Salomon	(Appointed 2 April 2020)
	Peter Wall	
	Simon Wolfson	(Appointed 2 April 2020)
	Nigel Wright	
<b>Director</b>	Dean Godson	
<b>Charity number</b>	1096300	
<b>Company number</b>	4297905	
<b>Registered office</b>	Acre House 11-15 William Road London United Kingdom NW1 3ER	
<b>Auditor</b>	HW Fisher Acre House 11-15 William Road London United Kingdom NW1 3ER	
<b>Bankers</b>	Natwest Bank PLC 135 Bishopsgate London EC2M 3UR	
	Barclays Bank PLC 1 Churchill Place London E14 5HP	

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# POLICY EXCHANGE LIMITED

## CONTENTS

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	Page
Trustees' report	1 - 12
Statement of trustees' responsibilities	13
Independent auditor's report	14 - 15
Statement of financial activities	16 - 17
Balance sheet	18
Statement of cash flows	19
Notes to the financial statements	20 - 33

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**POLICY EXCHANGE LIMITED**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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The Trustees present their report and financial statements for the year ended 30 September 2019.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102)" (as amended for accounting periods commencing from 1 January 2016).

**Objects of the Charity and Mission**

The objects of Policy Exchange as set out in its memorandum and articles are as follows:

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

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

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

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

**Structure, Governance and Management**

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

**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

---

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 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**

2018/19 was another turbulent year which saw a continuation of the Brexit debate; a Conservative Party leadership contest and the election of a new Prime Minister, Boris Johnson. Policy Exchange continued to lead the policy debate in both the domestic and foreign spheres, covering extensively a wide variety of issues, including the Irish Backstop, behaviour in schools, further education, creating a social care system fit for the 21<sup>st</sup> century, modernising the United Kingdom's infrastructure, and Space policy. We also hosted a range of events, with the Prime Minister, Rt Hon Theresa May MP; Home Secretary, Rt Hon Sajid Javid MP; Governor of the Bank of England, Mark Carney; former Home Secretary Rt Hon Lord Blunkett; Victoria and Albert Director Tristram Hunt; Secretary of the US Air Force, Heather Wilson; Lisa Nandy MP; former Chairman of the Federal Reserve Alan Greenspan; the late philosopher and writer Sir Roger Scruton; and educationalist E.D. Hirsch speaking at Policy Exchange, among others.

Policy Exchange produced 47 major publications during this period, as well as hosting 37 events, not including events at the autumn party conferences.

**Party Conferences**

Our broad programme of research was explored in events at both the Labour and Conservative Party conferences. Policy Exchange welcomed 2,300 delegates to our events, with an average of around 100 delegates at each event.

At the Labour Party Conference, Policy Exchange hosted a wide-ranging series of discussions, including on politics and social media, economic growth, NIMBYism and decarbonisation. Speakers included Rt Hon Yvette Cooper MP, David Goodhart, Professor Tony Travers, Alan Whitehead MP and Sir Robin Wales.

At the Conservative Party Conference, we hosted events on how to improve the Social Care system, education and social mobility as well as technology and terrorism. Speakers included Rt Hon Sajid Javid MP, Rt Hon Amber Rudd MP, Rt Hon Jacob Rees-Mogg MP, Rt Hon Damien Hinds MP, Tees Valley Mayor Ben Houchen, Sir Roger Scruton, former Deputy National Security Adviser Paddy McGuinness.

**Reports and their Influence**

In November 2018, Graham Gudgin and Ray Basset authored *The Irish Border and the Principle of Consent* with a Foreword by Rt Hon Lord Trimble, which argued that the EU position in Brexit negotiations posed the greatest danger to the terms of the 1998 Good Friday Agreement and that future trade talks between the UK and EU should include an Ireland chapter.

November also saw the launch in Parliament of Policy Exchange's Civility Hub, analysing how British politics and the tone of wider public debate has changed and with what consequences. The launch included an initial report, *An Age of Incivility: Understanding the New Politics*, by Hannah Stuart and former equalities chief Trevor Phillips, which called on political parties and institutions to do more to identify and "call out" the worst examples of public incivility, which debase our

**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

---

politics and damage the fabric of public life. The event in Parliament included a high-profile panel with MPs Rt Hon Nicky Morgan and Jacob Rees-Mogg; Labour's Emily Benn, granddaughter of Tony Benn; *Financial Times* journalist Seb Payne; and Trevor Phillips. Lord Harris of Haringey went on to reference our work on civility in a Lords debate on the conduct of debate in public life.

Policy Exchange's Judicial Power Project (JPP) contributed a timely piece on *Judicial Intervention in Parliamentary Proceedings* as the UK Supreme Court was considering the Government's application for permission to appeal and ahead of the CJEU hearing argument on 27 November. Former First Parliamentary Counsel Sir Stephen Laws QC, a Policy Exchange Senior Fellow, argued that the Scottish Court's judgment was an unconstitutional intervention into parliamentary proceedings, arguably harmful to the national interest, clearly departs from the proper judicial function and violates parliamentary privilege. The paper was reported in *The Times* and the *Irish and Scottish Legal News* and JPP Head, Professor Ekins was quoted in *The Guardian's* article on the related Supreme Court decision.

Towards the end of November, Gabriel Elefteriu authored *A Question of Power*, which set out the case for the establishment of a new MoD Office of Net Assessment, based on the highly successful 45-year-old US model, to facilitate a restoration of British strategy-making capacity and to deal with first-order defence questions. The report was endorsed by the Secretary of State for Defence, Rt Hon Gavin Williamson MP, and featured a Foreword by Lord Richards of Herstmonceux, the former Chief of the Defence Staff. Covering the launch of the report for *The Telegraph*, Defence Editor Con Coughlin described Policy Exchange as "Britain's premier think tank when it comes to discussing military strategy". The Government's Modernising Defence Programme report (published on 18 December 2018) formally announced the creation of a Net Assessment Unit within the Ministry of Defence and as part of our continued advocacy on this issue, we held in January a formal private briefing in Parliament with the ranking members of the House of Commons Defence Select Committee.

December saw Policy Exchange publish a report on *Building for the Baby Boomers*, by Jack Airey. It argued that a new generation of homes purpose-built for ageing baby boomers is needed and that increasing older people's choice in the housing market should be a more central feature of Government's housing strategy. The report was covered in *The Sunday Telegraph* and was also the subject of a leader in *The Daily Telegraph*.

The JPP published two reports in December, one on *The Collapse of the Kenyan Emergency Group Litigation: Causes and Consequences*, by Jonathan Duke-Evans, Professor Richard Ekins, Julie Marionneau and Tom Tugendhat MP, which was covered by *The Times*. This paper argued that the ongoing pursuit of historical allegations against UK forces represents a failure on the part of the British state to protect those it asks to serve. This was followed by a piece by Professor Guglielmo Verdirame, Sir Stephen Laws and Professor Richard Ekins on *How to Exit the Backstop*, explaining how Parliament and Government jointly could mitigate the risk that the backstop becomes a permanent feature of the UK's future relationship with the EU.

Dr Joanna Williams authored a report in December, which was the most extensive investigation ever conducted into the impact of poor pupil behaviour on educational standards and revealed how it was driving teachers from the profession. The report, *It Just Grinds You Down*, was written up on the front page of *The Daily Telegraph* and was covered by *The Sun*, *The Daily Mail* and *The Guardian*. It was also praised in the House of Commons and on Twitter by the Secretary of State for Education, Rt Hon Damian Hinds MP, who pledged to follow its recommendations.

A report into building a local Industrial Strategy around the midlands was authored by Jonathan Dupont, with a Foreword by Lord Bilimoria in December. *Powering the Midlands Engine* highlighted a range of different approaches a local Industrial Strategy might take in tackling its productivity challenges. It was featured in the Midlands regional media.

Just before Christmas, Sir John Jenkins and Trevor Phillips published a research note on *Defining Islamophobia*. Trevor Phillips warned that the new definition of Islamophobia proposed by the All-Party Parliamentary Group on British Muslims would "make life harder" for Muslims in the UK and reduce them to "the status of perpetual victims". In a debate in the

**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

---

House of Lords on the issue of 'Islamophobia', several members referenced the work of Policy Exchange and it received coverage in *The Times*, *The Daily Telegraph*, *The Jewish Chronicle* and *The National*.

Policy Exchange made several contributions to the Brexit debate early in the New Year with two Research Notes by Sir Stephen Laws and two pieces on the Backstop, one paper by Lord Bew and one Research Note by Professor Guglielmo Verdirame and Professor Richard Ekins. The first Research Note on *The Contest to "Take Control" of Brexit* highlighted the fact that proposals for Parliament to "take over the process" are based on fundamental misconceptions about the UK constitution, which made them both dangerous and wrong. The second Research Note on *The risks of the "Grieve amendment" to remove precedence for Government business* argued that it was a mistake to assume that the House of Commons could engineer a change to the law to postpone or cancel Brexit without persuading the Government to acquiesce and participate in securing the change. The risks to which an attempt to do so would give rise to include the contravention of fundamental constitutional principles based on centuries of history. Lord Bew's paper on *The 'Backstop' Paralysis: A Way Out*, contained a warning that the Irish Backstop would "turn the Good Friday Agreement on its head". These papers were cited in the Commons by the DUP's Westminster leader Nigel Dodds MP and in the Lords by Lord Trimble. The then Prime Minister, Rt Hon Theresa May MP, responded directly to Lord Bew in a press conference in Belfast on the day of his paper's publication. Professor Guglielmo Verdirame and Professor Richard Ekins' Research Note on *Strengthening the UK's position on the Backstop* argued that "the UK continues to be too timid" in its negotiations with the EU over the Backstop and its relationship to the 1998 Good Friday Agreement.

Jack Airey continued to contribute to Policy Exchange's pioneering work on the Building Beautiful agenda with a cross-party collection of essays on the design, style and economics of the built environment. Published in late January, the essay collection featured 21 pieces by authors including the then Housing Minister Kit Malthouse MP, nine architects, backbench MPs from both main parties, and developers. It was put together with the aim of feeding ideas into the Government's *Building Better, Building Beautiful Commission* that was itself inspired by Policy Exchange report, *Building More, Building Beautiful*. Sir Terry Farrell's essay was also adapted into a Thunderer column in *The Times* and Richard Ehrman's essay was featured on the *Conservative Home* blog in an article entitled 'How building beautiful homes can make good economic sense'. A separate event in February examined Socialism and Beauty, featuring Jon Cruddas MP, Lord Glasman, Victoria and Albert Museum Director Tristram Hunt and Lisa Nandy MP.

Also in February, Tom Richmond authored *A Qualified Success*, which was an investigation into T-levels (technical levels) and vocational education. This comprehensive review contained a Foreword from former Labour Secretary of State for Education Ruth Kelly and was covered in *The Times* Educational Supplement.

*Tomorrow's Places*, authored in March by Jack Airey and Richard Blakeway (former Deputy Mayor of London for Housing) built on Policy Exchange's successful work on brownfield sites and the importance of beauty in building and set out an ambitious programme to address the housing crisis facing the Capital. The report promoted the building of 15 new towns along major transport routes near to London, engaged with how government and developers could work together to deliver these towns, and argued for offering discounted home ownership to millennials that have been priced out of the market. We hosted an associated event on New Towns in April with Labour's Alex Cunningham MP and Rt Hon Sir Oliver Letwin MP for the Conservative Party. The report was cited by David Amess MP in a Parliamentary debate.

The JPP continued to make contributions to the Brexit debate throughout March, with Professor Guglielmo Verdirame, Sir Stephen Laws and Richard Ekins re-examining the UK's legal position in relation to the backstop in a piece called *A Second Look: The UK's legal position in relation to the Irish backstop*. The report offered a thorough assessment of the controversial backstop, and was sent to MPs across the House to offer clarity about the instrument, in the light of the Prime Minister's further legal agreements negotiated with EU leaders. The work attracted significant media and political interest, including in depth coverage in *The Sunday Times*. Lord Bew and Lord Trimble also published a piece, *The Irish Backstop: Nothing has changed? It has actually*, which argued that the potential practical functioning and probable duration of any future backstop had been significantly changed in the course of the negotiations. At the end of the month,

**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

---

Sir Stephen Laws and Richard Ekins authored a piece on the risks of the House of Commons taking control, *Endangering Constitutional Government*.

Looking beyond Brexit, Policy Exchange also contributed to the debate on Britain's place in the world. Professor Alessio Patalano published a report, *Days of Future Past?* advocating a more proactive strategy in the Indo-Pacific region. The report was endorsed in a Foreword by former Defence Secretary, Rt Hon Sir Michael Fallon MP and on the back of this, Professor Patalano delivered evidence to the Defence Select Committee.

Policy Exchange contributed widely to the debate on 'Islamophobia' and how or if it should be defined. A paper towards the end of April, *Islamophobia: Crippling Counter-Terrorism*, by Richard Walton (former head of Counter Terrorism Command at the Metropolitan Police) and Tom Wilson highlighted the negative impact on counter-terrorism policy and operations if the UK government were to adopt the definition of Islamophobia proposed by the All-Party Parliamentary Group on British Muslims. It was instrumental in persuading Martin Hewitt, chairman of the National Police Chiefs' Council (NPCC) to write to the Prime Minister urging her to reject the proposed Islamophobia definition, and when Downing Street rejected the Islamophobia definition the next day, *The Times* credited the Policy Exchange report. A separate piece in May by Trevor Phillips, Sir John Jenkins and Dr Martyn Frampton, *On Islamophobia* highlighted issues with creating a definition and featured a foreword by Khalid Mahmood MP.

Warwick Lightfoot, Will Heaven, and Jos Henson Gric authored a report in May on *21st Century Social Care*, setting out the case for collectively pooling the risk that social care costs present for households. The paper's central proposition was that the strict means test that has been applied to social care should be ended and the service should largely be free at the point of use after a needs assessment. Jacob Rees-Mogg MP wrote the Foreword, which formed the basis of an article in *The Daily Telegraph*. Key experts in the field, such as the medical research institute the King's Fund, praised the report.

Dr Joanna Williams authored *Sins of Admission* in June 2019. The report made wide-ranging suggestions about the ways universities handle admissions, recommending that places should be offered after examinations, unconditional offers should be stopped along with predicted grades, and that we should promote routes to employment other than university. The report was endorsed by Sir Anthony Seldon, and the former Education Secretary Rt Hon Nicky Morgan MP wrote the Foreword. It was covered by *The Times* and *The Times Educational Supplement*. Dr Joanna Williams also produced a comment piece for *The Sunday Telegraph* on admissions, in which she debunked a number of myths around the admissions of ethnic minority students to leading universities.

Over the course of the Conservative Party leadership election, Policy Exchange produced a range of reports in each of our policy areas, creating a programme that the next Prime Minister should adopt to achieve a popular national consensus. This series, entitled *What do we want from the next Prime Minister?*, covered policy ideas for Education, Social Care, Housing, the Backstop, Space and Energy and Environment.

To coincide with Armed Forces Day on 28 June, the JPP published a report, *Protecting Those Who Serve*, by Professor Richard Ekins, Patrick Hennessey and Julie Marionneau, which examined investigations into allegations of historic wrongdoing in Northern Ireland, as well as investigations arising out of more recent operations in Iraq and Afghanistan. The paper proposed a series of reforms to the domestic legal framework and new policy practices to more adequately protect active duty military personnel, as well as veterans, against spurious claims. Both Tory and Labour members in the Commons and the Lords welcomed the report as an indispensable contribution elevating the quality of the debate and pointing the way towards the best available policy solution.

Policy Exchange continued to support the Government's *Building Better, Building Beautiful* Commission, by submitting a report in July on *Building Beautiful Places*. The report analysed why new housing developments often feel like a collection



**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

---

of houses rather than a real place. As part of the report launch, Jack Airey, Head of Housing and author of the report, wrote an opinion piece for *The Spectator*. Jack Airey also spoke at an event hosted by HRH Prince Charles at Dumfries House in Scotland on beauty in housebuilding.

In response to a piece by Professor Robert Hazell and Professor Meg Russell of the Constitution Unit of University College London, which argued that the Conservative leadership election raised six key constitutional questions for the winner, his party, the Palace and Parliament, Robert Craig, Richard Ekins and Sir Stephen Laws published *Lost in Transition* in July. This paper challenged some of the claims Hazell and Russell made about the constitutional obligations of Her Majesty the Queen, the current Prime Minister and the next Prime Minister.

In July, Tom Wilson and Richard Walton published the debate-shifting report *Extremism Rebellion*. This paper drew attention to extensive anti-Semitic content that had been posted on the social media pages of the groups behind Extinction Rebellion, while also arguing that plans being considered by Extinction Rebellion activists would breach terrorism laws. The paper received extensive coverage in *The Daily Telegraph*, on BBC Radio 4 (including a *Today* interview with Richard Walton), and was met with a number of supportive opinion pieces, including in *The Times*.

Lord Trimble continued to contribute to the debate on the Backstop, with the report, *The Backstop Would Wreck the Good Friday Agreement*, published in July. Lord Trimble argued that the 1998 Belfast (Good Friday) Agreement was under severe threat from the Protocol and in order to save it, the next Prime Minister must neuter this threat.

The Policy Exchange Britain in the World project published two pieces in July. The first, *UK Defence from the 'Far East' to the 'Indo-Pacific'*, was authored by Alessio Patalano and outlined the UK's required defence posture and core capabilities in order to play a meaningful and sustainable security role in East Asia. In *Making Global Britain Work: 8 ideas for revitalising UK foreign policy for the post-Brexit age*, Professor John Bew, called for a grand strategy of "creative conservative internationalism" and suggested a number of further conceptual and organisational reforms for the foreign policy-making process. With a foreword by Rt Hon Lord Hague of Richmond, the paper was covered by *The Daily Telegraph*.

Brigadier John Clark CBE, current Commander of 16 Air Assault Brigade and former Military Assistant to Prime Minister, authored a Policy Exchange report *Left in the Dark: How a lack of understanding of national power generation threatens our way of life*, published towards the end of July. The paper proposed the creation of a National Power Net Assessment Capability.

In August, Policy Exchange published a report on *Modernising the United Kingdom*. The report put forward a strategy for modernising the United Kingdom, drawing on the strength of the Union to stimulate local areas through both an audacious programme of infrastructure investment and further devolution of powers. It cut across Policy Exchange research themes and was produced and authored by more than eight research staff members. In a speech in Rotherham on 13 September, the Prime Minister reflected our key recommendations, pledging devolution in regional infrastructure. The report was covered by *The Mail on Sunday*, *The Times*, *ITV News*, *Belfast Telegraph*, *The I*, *Mail Online* and *The Irish Times*.

In response to the Government pledge to recruit an additional 20,000 police officers, Richard Walton, former Head of Counter-Terrorism Command, authored a report with Sophia Falkner on *Rekindling British Policing* in August. With a Foreword by Sir Mark Rowley QPM, former Assistant Commissioner in the Metropolitan Police, the paper set out practical recommendations for reform of the police force and how best to deploy the new recruits. Above all, the report argued for bolstering community policing. It was launched with an article in *The Times* and *The Daily Telegraph*.

The Judicial Power Project published two pieces in quick succession, with Professor Richard Ekins commenting on *Prorogation after the Northern Ireland (Executive Formation etc) Act 2019* and Sir Stephen Laws commenting on the Fixed-

**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

---

term Parliaments Act and the next election (*Losing Confidence*). Following the publication of this piece, Sir Stephen Laws gave oral evidence to the European Scrutiny Committee of the House of Commons.

Sir John Jenkins and Will Heaven authored a study in September entitled *Eroding the Free Press: IPSO's Guidance for Reporting on Islam and Muslims*, with a Foreword by Trevor Phillips. The paper was published alongside two pieces in *The Spectator*, revealing previously unseen documents from IPSO that indicated plans to constrain the free media and the coverage of issues relating to Islam and Muslims. The paper also reported for the first time on meetings taking place between the Government's Anti-Muslim Hatred Working Group and IPSO, raising concerns that IPSO's independence has been compromised by the fact that the chair of the Government's group also sits on the IPSO committee tasked with drafting the guidance.

In September, Richard Walton authored the research note *Protest, Parliament and the rule of law*. The paper looked at the proliferation of protests across the capital, which has been causing significant disruption. It called for a re-assessment of the balance between the right to protest and the rights of Londoners to go about their lives free from disruption. Richard looked at the policing tactics and legislation in regard to this theme, finding current practice to be inadequate. Media coverage included an opinion piece in *The Daily Telegraph*.

Richard Ekins and Sir Stephen Laws commented on *Securing Electoral Accountability*, in particular with respect to the fact that the policy of Her Majesty's Government was to leave on 31st October and not to apply for an extension, but the House of Commons did not support this policy yet had held back from formally withdrawing its confidence in the Government.

**Events highlights**

Policy Exchange hosted a range of events over this period to accompany our reports, the details of some of which have been included below.

In October, Rt Hon Jeremy Hunt MP argued that Britain can become an "invisible chain that links the world's democracies" after Brexit, in his first keynote address as Foreign Secretary at Policy Exchange. Noting that the rise of China will mean that for the first time the world's largest economy will not be a democracy, he warned against a return to a principle of 'might is right' and announced an international conference on media freedom to be hosted by the UK next year. Rt Hon Jeremy Hunt MP also launched his leadership campaign at Policy Exchange in July.

As part of Building Beautiful Month, the Syrian architect and author Marwa Al-Sabouni spoke at Policy Exchange on "The Loss of Home". Marwa appeared in conversation with Sir Roger Scruton and was introduced by Tom Tugendhat MP. This was followed by our *Building More, Building Beautiful Conference*, at which then Housing Minister Kit Malthouse MP argued that Architects should "stop being so defensive" and try to design houses that turn Nimbys into Slimbys ("something lovely in my backyard").

Adrian Wooldridge, *The Economist's* Bagehot columnist, and Alan Greenspan, former Chairman of the Federal Reserve, launched their new book, *Capitalism In America*, at an event at Policy Exchange with Mark Carney, Governor of the Bank of England. Mark Carney praised Policy Exchange for being "multidisciplinary, highly influential, a productive force in the heart of Westminster and our political system".

In February Rt Hon Liam Fox MP, Secretary of State for International Trade, visited Policy Exchange to deliver a keynote speech on free trade and the UK's place in the world after its departure from the EU. Setting out his vision for a "time

**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

---

beyond Brexit", he argued: "Economic nationalism may look like an attractive shelter from the winds of change that have come with the era of globalisation – and even more from the technological revolution in which we find ourselves – but it is a mirage."

April saw the launch of the Policy Exchange Space Policy Unit, which is the first of its kind in Westminster, with a major event held at the Institute for Chartered Engineers, and a keynote address on "Space Power in the 21<sup>st</sup> Century" by the Secretary of the US Air Force, Heather Wilson. The audience included leading figures from the UK Space Agency, Ministry of Defence (MOD) and the Foreign and Commonwealth Office (FCO), UK space industry, embassies from Europe and the Commonwealth, the RAF, and private sector research groups. The event was preceded by an article in *The Times* by Gabriel Elefteriu. Further press coverage included *The Times*, *UK Defence Journal*, *Forces.net*, and the US Air Force's website, *af.mil*.

Policy Exchange launched our *Liveable London* Unit, with an inaugural event held on 8 May, *Losing London? Permanent protest, police priorities – and the rights of Londoners*. It was chaired by Policy Exchange's Director of Research and Strategy, Rupert Reid, and brought together eminent figures from groups that are affected by the string of protests that beset the capital in the spring of 2019. Former Labour Home Secretary Rt Hon Lord Blunkett was joined by Lord Carlile (Former Chair of London Policing Ethics Panel), Sonali Parekh (Head of Policy at the Federation of Small Businesses), former Assistant Commissioner of the Metropolitan Police Sir Mark Rowley QPM, and Mike Schwarz (a senior consultant at Bindmans).

The Prime Minister Rt Hon Theresa May MP visited Policy Exchange in May to launch the Augar Report, a review of Post-18 Education and Funding which she described as a "major landmark" for education policy. She appeared with Rt Hon Damian Hinds MP, the Education Secretary, and Philip Augar, who thanked the Government for "asking the right question" on tertiary education and commissioning his report. In July, then Home Secretary, Rt Hon Sajid Javid MP, was the guest of honour at the Policy Exchange Summer Reception.

As part of our series published in tandem with the Conservative leadership race, we hosted an event in June entitled *The Economy: What do we want from the next Prime Minister?* Dean Godson chaired a panel including Rt Hon Nicky Morgan MP (Chair of the House of Commons Treasury Select Committee), Rt Hon Liz Truss MP (Chief Secretary to HM Treasury), Rt Hon Lord Darling (former Chancellor) and Lord Macpherson (Permanent Secretary to the Treasury from 2005-2016). The strong takeaway from the panel discussion was the need to maintain a realistic fiscal framework, to examine barriers to growth arising from taxation, the importance of public sector capital investment in often smaller less flashy infrastructure projects and a recognition that the UK needed to improve its supply side because it did not in any way lack demand. We also hosted an event as a part of this series on *The Rise of China* and whether it is time to revisit the UK's approach to the rise of China, with Professor John Bew, Hon Alexander Downer AC (former Australian Foreign Minister and High Commissioner to the UK), Rt Hon Sir Michael Fallon MP (former Secretary of State for Defence), General David H Petraeus (former Commander, United States Central Command), Dr Yu Jie (London School of Economics and Chatham House).

To accompany our policy ideas for the next Prime Minister in the field of Education, David Goodhart chaired a public panel consisting of Katharine Birbalsingh (Founder and Headmistress, Michaela Community School), Rt Hon Nick Gibb MP (Minister of State for School Standards), Lucy Heller (Chief Executive, ARK), Sir Anthony Seldon (Vice-Chancellor, University of Buckingham) and Luke Tryl (Director, The New Schools Network). Katharine Birbalsingh's argument at the event that the Government should shame parents who give phones to toddlers received national coverage, with *The Independent* and *The Times* covering the story. Then Universities & Science Minister Chris Skidmore MP also delivered a keynote address on "Embracing the Space Age"; followed by a panel discussion featuring Graham Turnock (Head of the UK Space Agency), Rt Hon Lord Willetts (former Universities & Science Minister), Graham Peters (Chair of UKspace), Lucy Edge (Executive Director, Satellite Applications Catapult) and David Morris MP (Chair, Parliamentary Space Committee). Subsequently, on

**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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24 July, the new Prime Minister Rt Hon Boris Johnson MP included wording from our space manifesto in his inaugural speech on the steps of No. 10 Downing Street, calling for “our own” Position, Navigation & Timing and Earth Observation satellite systems.

Other significant events included:

- *The Future of Carbon Pricing: Implementing an independent carbon tax with dividends in the UK* – Rt Hon Lord Darling of Roulanish (Former Chancellor of the Exchequer), Ted Halstead (Founder and CEO, Climate Leadership Council), Rt Hon Lord Howard of Lympne CH QC, Former Leader of the Conservative Party and Former Secretary of State for Environment), Alyssa Gilbert (Director of Policy and Translation, Grantham Institute for Climate Change and the Environment), Professor Michael Grubb (Professor of Energy and Climate Change, University College London), October 2018.
- *Constitutional Supremacy and Judicial Reasoning: Doctrinal Difficulties in Canada and Abroad* – The Hon Justice Bradley W Miller (Court of Appeal for Ontario), Rt Hon Lord Sumption (Justice of the Supreme Court), October 2018.
- The Inaugural Colin Amery Memorial Lecture: *The Fabric of the City* – Sir Roger Scruton, November 2018.
- *Forging A Common Language Community in Education*, E. D. Hirsch (Founder, Core Knowledge Foundation and Professor Emeritus, University of Virginia) – November 2018.
- *Demographic Futures* – Paul Morland, Eric Kaufmann, Khalid Mahmood MP, Lionel Shriver, Lord Willetts, David Goodhart, February 2019.
- *The Irish Backstop: What do we want from the next Prime Minister?* – Rt Hon Lord Adonis, Ray Bassett, Lord Bew of Donegore, Sir Graham Brady MP, Rt Hon Arlene Foster MLA, June 2019.
- *‘Lawfare’ Against Our Troops: What do we want from the next Prime Minister?* – Prof Richard Ekins, Patrick Hennessey, Lt Gen Sir Graeme Lamb KBE, CMG, DSO, Tom Tugendhat MBE, MP, Rt Hon Lord West of Spithead GCB DSC, June 2019
- *Can the Conservatives win in Canterbury and Middlesbrough at the same time?* – Event with Conservative Home – Sir Lynton Crosby, Rt Hon Lord Feldman of Elstree, Ben Houchen, Rt Hon Amber Rudd MP, Paul Goodman, June 2019

### **Outreach**

The Policy Exchange website is our digital shop window, and the site attracted over 548,455 page views over the period, from more than 228,000 unique users. This represents a 15% increase on the same period last year. 60% of our website traffic comes from the UK, with the US representing 15%. We have recently made some improvements to our website, including better Search Engine Optimisation and improved integration to Social Media Channels.

On social media, our Twitter presence grew to more than 45,000 followers. The largest peak in Twitter usage occurred over the Conservative Party Conference at the end of September, when we reached over 500,000 impressions over the course of the three day conference. Our Twitter reach continues to grow as we roll out new Livestreaming technology for events that allows us to stream events over Twitter.

LinkedIn has seen steady growth over this period as we invest in the platform and find new ways to interact with Stakeholders. We currently have just under 6,000 followers, however this is increasing at a rate of 400 per month.

On YouTube, our subscriber base continues to grow with over 3,500 subscribers. Over this period we have achieved over 84,000 views. With improvements to the filming/livestreaming of our events, improved clipping of media appearances, and the introduction of shorter explainer videos on our reports, we expect these numbers to continue to grow throughout next year.

**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**Future Plans**

Policy Exchange will continue to develop and promote new policy ideas which deliver better public services, a stronger society and a more dynamic economy. In particular, Policy Exchange will publish major studies on the ideas behind John McDonnell's economic programme, reforming the planning system and the future of further education.

Policy Exchange's Housing Unit will look into the issue of Key Worker Housing, as well as an evaluation of the UK's planning system and how it should be reformed.

The Economics & Social Policy Unit is planning to research returning consumer welfare to the heart of competition policy and market regulation, as well as a rethink of macroeconomic policy and infrastructure spending.

The Energy and Environment Unit are planning a substantial investigation into increasing tree cover in the UK, arguing that it should be a matter of land use policy.

Policy Exchange will continue to provide a speaking platform for UK and international thought leaders, with speakers from across the policy spectrum. Before the end of 2019, events are planned with Charles Moore, Lord Sumption, Rt Hon Matt Hancock MP and Lynne Owens CBE QPM.

**Fundraising**

Policy Exchange relies on the support of a broad spread of regular donors for its core 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. Policy Exchange does not work with any external professional fundraisers or employ any large scale targeted fundraising activities and therefore does not participate in any fundraising regulatory schemes, relying instead on the quality of its research and its proven track record of effecting policy change, in order to attract support for its on going work. Fundraising costs incurred by the charity during the year mainly comprise salaries.

**Financial Review**

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

Policy Exchange was pleased to record a surplus of £78,717 on increased income of £3,392,349 (2018: 3,012,936). The increase was largely due to a rise in unrestricted donations, allowing a strengthening of reserves to £1,795,883.

**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 2019 stood at £1,795,883 of which £1,343,173 were general unrestricted and £206,228 were designated unrestricted, therefore overall £1,549,401 (86%) were unrestricted. The proportion of unrestricted reserves to total reserves was up 11% on the previous year, reflecting a continuing willingness amongst donors towards unrestricted giving in support of Policy Exchange's general activities. Designated reserves dropped from £428,833 at the start of the year to £206,228 at the year end, following the release of previous sums allocated for specific projects. Residual Designated Funds comprise sums earmarked by the Trustees for a mixture of research and core projects, including on going website and event space improvements.

The Trustees review carefully the level of unrestricted reserves and aim to keep a level of unrestricted reserves equivalent to between four and six months' regular operating costs in order to manage any unexpected shocks. At £1,549,401,

**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

---

unrestricted reserves at 30 September 2019 comfortably exceeded this requirement and the Trustees are therefore satisfied that the Charity's reserves are sufficient.

**Directors and Trustees**

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

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

**Appointment and Training of Trustees**

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

All Trustees have successful track records in the fields of journalism, commerce, the arts, the armed services, academia or government. Each one has experience in participating in formal committee structures and understands the responsibilities of acting as a trustee for a charitable organisation. All new Trustees are given the opportunity to spend time with management to familiarise themselves with the operations and understand the key issues that surround the organisation.

**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 company's auditor is aware of that information.

**Risk Management**

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

**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

---

- **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 internal systems for conducting its research activities and has strengthened its Senior Management Team accordingly. Individual research programmes are set by the programme heads and are regularly reviewed by senior management 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.

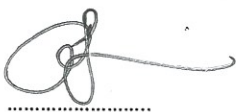
**Post Balance Sheet Event – Covid-19**

The Trustees have considered the effect of the Covid-19 outbreak that has been spreading throughout the world during 2020 on the Charity's activities and have worked with the Senior Management Team to review possible risks and actions to mitigate them.

The Charity has adapted its research programme to focus on the crisis and has published 16 major reports on Covid-related issues since the lockdown. It has also invested in new systems for staging webinars and has held a series of high level online events across multiple time zones which have attracted audiences of well over 14,000 viewers. A strong media presence has helped to keep the Charity's profile strong during the lockdown.

Consequently, although the outbreak is likely to cause some disruption to the Charity's business, the Trustees do not believe that this will be significant. The Trustees have a reasonable expectation that the Charity has adequate resources to continue in operation for twelve months from the date of approval of these financial statements.

On behalf of the board of Trustees

  
.....

George Robinson

Trustee

Dated:

24/9/20

# **POLICY EXCHANGE LIMITED**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

### ***FOR THE YEAR ENDED 30 SEPTEMBER 2019***

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

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

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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



# POLICY EXCHANGE LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF POLICY EXCHANGE LIMITED

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#### Opinion

We have audited the financial statements of Policy Exchange Limited (the 'charity') for the year ended 30 September 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2019 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

# POLICY EXCHANGE LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF POLICY EXCHANGE LIMITED

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

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

#### Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.


#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

#### Chartered Accountants

##### Statutory Auditor

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

24/09/2020

# POLICY EXCHANGE LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

### Current financial year

		Unrestricted funds general 2019 £	Unrestricted funds designated 2019 £	Restricted funds 2019 £	Total 2019 £	Total 2018 £
	Notes					
<b><u>Income and endowments from:</u></b>						
Voluntary income	3	1,830,595	-	1,094,450	2,925,045	2,492,499
Incoming resources from charitable activities	4	253,440	-	-	253,440	246,560
Activities for generating voluntary income	5	2,349	-	-	2,349	82,687
Investments	6	3,535	-	-	3,535	1,522
Other income	7	207,980	-	-	207,980	189,668
<b>Total income</b>		<b>2,297,899</b>	<b>-</b>	<b>1,094,450</b>	<b>3,392,349</b>	<b>3,012,936</b>
<b><u>Expenditure on:</u></b>						
Raising funds	8	206,094	-	-	206,094	201,151
Research	9	658,490	-	2,449,048	3,107,538	2,912,468
<b>Total resources expended</b>		<b>864,584</b>	<b>-</b>	<b>2,449,048</b>	<b>3,313,632</b>	<b>3,113,619</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>1,433,315</b>	<b>-</b>	<b>(1,354,598)</b>	<b>78,717</b>	<b>(100,683)</b>
Gross transfers between funds		(943,207)	(222,605)	1,165,812	-	-
<b>Net income/(expenditure) for the year/ Net movement in funds</b>		<b>490,108</b>	<b>(222,605)</b>	<b>(188,786)</b>	<b>78,717</b>	<b>(100,683)</b>
Fund balances at 1 October 2018		853,065	428,833	435,268	1,717,166	1,817,849
<b>Fund balances at 30 September 2019</b>		<b>1,343,173</b>	<b>206,228</b>	<b>246,482</b>	<b>1,795,883</b>	<b>1,717,166</b>

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 2019**

Prior financial year

		Unrestricted funds general 2018 £	Unrestricted funds designated 2018 £	Restricted funds 2018 £	Total 2018 £
	Notes				
<b><u>Income and endowments from:</u></b>					
Voluntary income	3	1,421,505	-	1,070,994	2,492,499
Incoming resources from charitable activities	4	246,560	-	-	246,560
Activities for generating voluntary income	5	64,354	-	18,333	82,687
Investments	6	1,522	-	-	1,522
Other income	7	189,668	-	-	189,668
<b>Total income</b>		<b>1,923,609</b>	<b>-</b>	<b>1,089,327</b>	<b>3,012,936</b>
<b><u>Expenditure on:</u></b>					
Raising funds	8	201,151	-	-	201,151
Research	9	441,299	-	2,471,169	2,912,468
<b>Total resources expended</b>		<b>642,450</b>	<b>-</b>	<b>2,471,169</b>	<b>3,113,619</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>1,281,159</b>	<b>-</b>	<b>(1,381,842)</b>	<b>(100,683)</b>
Gross transfers between funds		(1,036,534)	(300,000)	1,336,534	-
<b>Net income/(expenditure) for the year/ Net movement in funds</b>		<b>244,625</b>	<b>(300,000)</b>	<b>(45,308)</b>	<b>(100,683)</b>
Fund balances at 1 October 2017		608,440	728,833	480,576	1,817,849
<b>Fund balances at 30 September 2018</b>		<b>853,065</b>	<b>428,833</b>	<b>435,268</b>	<b>1,717,166</b>

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 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	14		127,154		187,105
Investments	15		2		2
			<u>127,156</u>		<u>187,107</u>
<b>Current assets</b>					
Debtors	18	366,221		377,902	
Cash at bank and in hand		1,732,442		1,607,965	
		<u>2,098,663</u>		<u>1,985,867</u>	
<b>Creditors: amounts falling due within one year</b>	19	<u>(429,936)</u>		<u>(455,808)</u>	
Net current assets			1,668,727		1,530,059
<b>Total assets less current liabilities</b>			<u>1,795,883</u>		<u>1,717,166</u>
<b>Income funds</b>					
Restricted funds	21		246,482		435,268
<u>Unrestricted funds</u>					
Designated funds	22	206,228		428,833	
General unrestricted funds		<u>1,343,173</u>		<u>853,065</u>	
			1,549,401		1,281,898
			<u>1,795,883</u>		<u>1,717,166</u>

The financial statements were approved by the Trustees on 24/9/20



George Robinson  
Trustee

Company Registration No. 4297905

# POLICY EXCHANGE LIMITED

## STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

		2019		2018	
	Notes	£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	27		147,672		165,462
<b>Investing activities</b>					
Purchase of tangible fixed assets		(13,720)		(1,670)	
Interest received		3,535		1,522	
<b>Net cash used in investing activities</b>			(10,185)		(148)
<b>Financing activities</b>					
Payment of obligations under finance leases		(13,010)		(14,280)	
<b>Net cash used in financing activities</b>			(13,010)		(14,280)
<b>Net increase in cash and cash equivalents</b>			124,477		151,034
Cash and cash equivalents at beginning of year			1,607,965		1,456,931
<b>Cash and cash equivalents at end of year</b>			1,732,442		1,607,965

# POLICY EXCHANGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 SEPTEMBER 2019

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#### 1 Accounting policies

##### Charity information

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

##### 1.1 Accounting convention

The financial statements have been prepared in accordance with the the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

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

##### 1.2 Going concern

As stated in the Trustees' Report, the trustees have considered the effect of the Covid-19 outbreak. The trustees consider that the outbreak is likely to cause some disruption to the charity's operations and the level of significance will be dependent upon the length of time of the disruption. The trustees of Policy Exchange Limited, along with the senior management team, continue to monitor the situation carefully and have put plans in place to mitigate the risk to the companies' operations. The trustees have a reasonable expectation that Policy Exchange Limited can continue as a going concern for a period of at least twelve months from the date of approval of these financial statements.

##### 1.3 Charitable funds

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

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

##### 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.

##### 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's assets and are primarily associated with constitutional and statutory requirements.

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

# POLICY EXCHANGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2019

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#### 1 Accounting policies

(Continued)

##### 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, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

##### 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 of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.



# POLICY EXCHANGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2019

#### 1 Accounting policies

(Continued)

##### 1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### 1.11 Retirement benefits

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

##### 1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to net income/ (expenditure) for the year so as to produce a constant periodic rate of interest on the remaining balance of the liability.

##### 1.13 Short term debtors and creditors

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

#### 2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There were no critical accounting estimates and judgements.

#### 3 Voluntary income

	Unrestricted funds general 2019 £	Restricted funds 2019 £	Total 2019 £	Unrestricted funds general 2018 £	Restricted funds 2018 £	Total 2018 £
Donations and gifts	1,830,595	1,094,450	2,925,045	1,421,505	1,070,994	2,492,499

# POLICY EXCHANGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

### 4 Incoming resources from charitable activities

	Corporate events 2019 £	Corporate events 2018 £
Sales within charitable activities	253,440	246,560

### 5 Activities for generating voluntary income

	Unrestricted funds general 2019 £	Unrestricted funds general 2018 £	Restricted funds 2018 £	Total 2018 £
Business forum and book sales	2,349	64,354	18,333	82,687

### 6 Investments

	Unrestricted funds general 2019 £	Unrestricted funds general 2018 £
Interest receivable	3,535	1,522

### 7 Other income

	Unrestricted funds general 2019 £	Unrestricted funds general 2018 £
Other income	10,282	17,712
Rental income	197,698	171,956
	207,980	189,668

# POLICY EXCHANGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2019

#### 8 Raising funds

	Unrestricted funds general 2019 £	Unrestricted funds general 2018 £
<u>Costs of generating voluntary income</u>		
Staging fundraising events	25,749	10,280
Other fundraising costs	11,828	15,030
Staff costs	168,517	175,841
	<u>206,094</u>	<u>201,151</u>

#### 9 Research

	Research 2019 £	Research 2018 £
Staff costs	1,141,528	1,183,310
Professional fees, research and events	721,821	856,809
Publications, printing and postage	30,860	34,867
Travel and subsistence	58,829	72,742
Premises	374,426	257,723
Website and IT support	27,480	18,936
Other costs	37,104	23,823
	<u>2,392,048</u>	<u>2,448,210</u>
Grant funding of activities (see note 10)	57,000	-
Share of support costs (see note 11)	643,249	450,357
Share of governance costs (see note 11)	15,241	13,901
	<u>3,107,538</u>	<u>2,912,468</u>
<b>Analysis by fund</b>		
Unrestricted funds - general	658,490	441,299
Restricted funds	2,449,048	2,471,169
	<u>3,107,538</u>	<u>2,912,468</u>

# POLICY EXCHANGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

### 10 Grants payable

	Research 2019 £	2018 £
Grants to institutions:		
Other	57,000	-
	<u>57,000</u>	<u>-</u>

### 11 Support costs

	Support costs £	Governance costs £	2019 £	Support costs £	Governance costs £	2018 £
Staff costs	63,542	-	63,542	83,439	-	83,439
Depreciation	73,671	-	73,671	79,486	-	79,486
Other costs	357,527	-	357,527	74,879	-	74,879
Premises	148,509	-	148,509	212,553	-	212,553
Audit fees	-	15,241	15,241	-	13,901	13,901
	<u>643,249</u>	<u>15,241</u>	<u>658,490</u>	<u>450,357</u>	<u>13,901</u>	<u>464,258</u>
Analysed between						
Charitable activities	643,249	15,241	658,490	450,357	13,901	464,258
	<u>643,249</u>	<u>15,241</u>	<u>658,490</u>	<u>450,357</u>	<u>13,901</u>	<u>464,258</u>

Governance costs includes payments to the auditors of £12,105 (2018- £11,505) for audit fees and £3,136 (2018- £2,396) for other services.

### 12 Trustees

No trustees received benefits or have been paid any remuneration (2018- none received) from the charity during the year.

# POLICY EXCHANGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2019

#### 13 Employees

##### Number of employees

The average monthly number of employees during the year was:

	2019 Number	2018 Number
Research	15	14
Fundraising	2	3
Administration	6	7
	<u>23</u>	<u>24</u>

##### Employment costs

	2019 £	2018 £
Wages and salaries	1,179,592	1,247,720
Social security costs	134,727	142,314
Other pension costs	59,268	52,556
	<u>1,373,587</u>	<u>1,442,590</u>

The key management personnel of the charity comprises the trustees, the Director, the Managing Director, the Director of Policy and the Director of Communications. The trustees do not receive any remuneration. Remuneration of key management personnel amounted to £379,252 (2018: £348,752) in the year.

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

	2019 Number	2018 Number
60,000 - 69,999	1	1
70,000 - 79,999	1	3
80,000 - 89,999	1	1
100,000 - 109,999	1	-
110,000 - 159,999	2	2
	<u>6</u>	<u>7</u>

Contributions totalling £32,862 (2018: £34,612) 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 2019

#### 14 Tangible fixed assets

	Short leasehold	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 October 2018	262,836	39,434	48,540	350,810
Additions	-	12,150	1,570	13,720
At 30 September 2019	262,836	51,584	50,110	364,530
<b>Depreciation and impairment</b>				
At 1 October 2018	103,499	29,215	30,991	163,705
Depreciation charged in the year	49,026	10,199	14,446	73,671
At 30 September 2019	152,525	39,414	45,437	237,376
<b>Carrying amount</b>				
At 30 September 2019	110,311	12,170	4,673	127,154
At 30 September 2018	159,337	10,219	17,549	187,105

#### 15 Fixed asset investments

	Investment in subsidiary
	£
<b>Cost or valuation</b>	
At 1 October 2018 & 30 September 2019	2
<b>Carrying amount</b>	
At 30 September 2019	2
At 30 September 2018	2

#### 16 Subsidiaries

Details of the charity's subsidiaries at 30 September 2019 are as follows:

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

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

# POLICY EXCHANGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2019

<b>17</b>	<b>Financial instruments</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
	<b>Carrying amount of financial assets</b>		
	Debt instruments measured at amortised cost	118,777	214,434
	Equity instruments measured at cost less impairment	2	2
		<u>          </u>	<u>          </u>
	<b>Carrying amount of financial liabilities</b>		
	Measured at amortised cost	396,419	396,449
		<u>          </u>	<u>          </u>
<b>18</b>	<b>Debtors</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
	<b>Amounts falling due within one year:</b>		
	Trade debtors	47,063	165,870
	Amounts owed by subsidiary undertakings	2,416	2,416
	Other debtors	69,298	46,148
	Prepayments and accrued income	247,444	163,468
		<u>          </u>	<u>          </u>
		366,221	377,902
		<u>          </u>	<u>          </u>
<b>19</b>	<b>Creditors: amounts falling due within one year</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
	Obligations under finance leases	-	13,010
	Other taxation and social security	33,517	46,349
	Trade creditors	157,268	166,431
	Other creditors	75,328	5,180
	Accruals and deferred income	163,823	224,838
		<u>          </u>	<u>          </u>
		429,936	455,808
		<u>          </u>	<u>          </u>
<b>20</b>	<b>Retirement benefit schemes</b>		
	<b>Defined contribution schemes</b>		
	The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.		
	The charge to profit or loss in respect of defined contribution schemes was £59,268 (2018 - £52,556).		

# POLICY EXCHANGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2019

#### 21 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 2017	Movement in funds			Balance at 1 October 2018	Movement in funds			Balance at 30 September 2019
	£	Incoming resources	Resources expended	Transfers from Unrestricted funds		Incoming resources	Resources expended	Transfers from Designated funds	
	£	£	£	£	£	£	£	£	£
Economics	-	319,700	(730,066)	410,366	-	452,750	(713,030)	-	-
Security and Extremism	297,390	307,950	(404,376)	-	200,964	339,500	(699,251)	158,787	-
Education	-	101,000	(238,688)	137,688	-	155,000	(144,545)	-	10,455
Crime and Justice	9,052	-	-	-	9,052	-	-	-	9,052
Environment and energy	44,544	242,521	(186,543)	-	100,522	27,200	(25,336)	-	102,386
Directors	-	60,000	(320,472)	260,472	-	10,000	(427,154)	-	-
Wolfson Economics Prize	12,076	-	(5,000)	-	7,076	-	-	-	7,076
Cities	-	2,000	(1,860)	-	140	50,000	(71,318)	21,178	-
Immigration, Integration and Demography	105,550	20,000	(192,204)	172,204	105,550	-	(135,771)	-	105,549
Social Policy	9,124	-	-	-	9,124	-	(406)	-	9,124
Technology	2,840	-	-	-	2,840	-	-	-	2,840
Foreign Policy	-	36,156	(391,960)	355,804	-	60,000	(232,237)	-	-
	480,576	1,089,327	(2,471,169)	1,336,534	435,268	1,094,450	(2,449,048)	179,965	246,482

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 2019. Transfers into restricted funds ensure either zero balances at year end, or sums needed to complete work still underway.

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



# POLICY EXCHANGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2019

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#### 22 Designated funds

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

	Balance at 1 October 2017	Transfers	Balance at 1 October 2018	Transfers	Balance at 30 September 2019
	£	£	£	£	£
Research	236,193	-	236,193	(179,965)	56,228
Core maintenance	492,640	(300,000)	192,640	(42,640)	150,000
	<u>728,833</u>	<u>(300,000)</u>	<u>428,833</u>	<u>(222,605)</u>	<u>206,228</u>

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

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

# POLICY EXCHANGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

23	Analysis of net assets between funds	Unrestricted funds		Designated funds		Restricted funds		Total		Unrestricted funds		Designated funds		Restricted funds		Total	
		2019	£	2019	£	2019	£	2019	£	2018	£	2018	£	2018	£	2018	£
	Fund balances at 30 September 2019 are represented by:																
	Tangible assets	127,154		-		-		127,154		187,105		-		-		187,105	
	Investments	2		-		-		2		2		-		-		2	
	Current assets/(liabilities)	1,216,017		206,228		246,482		1,668,727		665,958		428,833		435,268		1,530,059	
		1,343,173		206,228		246,482		1,795,883		853,065		428,833		435,268		1,717,166	

# POLICY EXCHANGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2019

#### 24 Operating lease commitments

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

	2019 £	2018 £
Within one year	390,962	535,035
Between two and five years	488,703	1,203,828
	<u>879,665</u>	<u>1,738,863</u>

#### Lessor

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

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

	2019 £	2018 £
Within one year	144,073	144,073
Between two and five years	180,091	324,163
	<u>324,164</u>	<u>468,236</u>

#### 25 Related party transactions

During the year, Policy Exchange Limited paid £60,666 (2018: £115,878) to Dr. John Bew for consultancy services. Dr. John Bew is the son of Greta Jones, who is a trustee of Policy Exchange Limited. A balance of £nil (2018: £8,750) was owed to Dr. John Bew at the year end.

#### 26 Post Balance Sheet Events

The Trustees have considered the effect of the Covid-19 outbreak that has been spreading throughout the world during 2020 on the Charity's activities. Although the outbreak has caused some disruption to the Charity's business, the Trustees do not believe that this has been and will be significant. The reason is that the Trustees are taking action in relation to expenditure to mitigate the risk. In addition to this the Charity has significant reserves it can rely on. The Trustees have a reasonable expectation that the Charity has adequate resources to continue in operation for twelve months from the date of approval of these financial statements.

## POLICY EXCHANGE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 SEPTEMBER 2019

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27	Cash generated from operations	2019 £	2018 £
	Surplus/(deficit) for the year	78,717	(100,683)
	Adjustments for:		
	Investment income recognised in statement of financial activities	(3,535)	(1,522)
	Depreciation and impairment of tangible fixed assets	73,671	79,486
	Movements in working capital:		
	Decrease in debtors	11,681	256,323
	(Decrease) in creditors	(12,862)	(68,142)
	<b>Cash generated from operations</b>	<u>147,672</u>	<u>165,462</u>