

Charity Registration No. 1096300

Company Registration No. 4297905 (England and Wales)

POLICY EXCHANGE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009

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

Trustees

Charles Moore (Chairman)
Richard Ebrman (Deputy Chairman)
Andrew Sells (Treasurer)
Theodore Agnew
Richard Briance
Camilla Cavendish
Robin Edwards
Virginia Fraser
George Robinson
Timothy Steel
Alice Thomson
Rachel Whetstone
Simon Wolfson

Secretary

Robin Edwards

Charity number

1096300

Company number

4297905

Principal address

Clutha House
10 Storey's Gate
London
SW1P 3AY

Registered office

Acre House
11-15 William Road
London
NW1 3ER

Auditors

H. W. Fisher & Company
Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

POLICY EXCHANGE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
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POLICY EXCHANGE LTD
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2009

The Trustees present their report and accounts for the year ended 30 September 2009.

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

OBJECTS OF THE CHARITY

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

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

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

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

ACHIEVEMENTS AND PERFORMANCE

2008/9 was a period of consolidation for Policy Exchange following several years of strong growth. The focus of Policy Exchange research remains the education of the broader public, and the Trustees continue to place high value on the independent and non-partisan approach to all research activities.

Policy Exchange continually looks at ways in which it can circulate its ideas and thinking as widely as possible. To this end, the communications team was expanded during the year to include a dedicated events team, and the website was relaunched in early 2009 with clearer navigation tools and daily updates on Policy Exchange work and events programmes. Some 50 events were staged during the period, with specialist speakers from the City, academia, senior politicians, the arts and media. Policy Exchange research fellows and Directors also spoke at a number of external public events, and gave briefings to civil servants and policy makers at a number of Government departments and quangos.

Over 40 publications were released and disseminated widely during the year, as well as being freely available for download from the Policy Exchange website. The variety and length of reports was expanded, with emphasis being given to shorter research notes enabling more timely coverage of a wider range of issues facing UK policy makers in 2009. Specific focus was directed towards the Economics programme in response to the global financial crisis, with major new projects in the fields of financial market reform and public spending being announced. Elsewhere, the scope of work covered by the Environment research team was also expanded to consider energy issues.

The number of participants in The Business Forum grew again during the period, totalling 32 at the year end. The Policy Exchange Business Forum exists to engage companies in the research work of the Charity by hosting regular round table events where members can come together to listen to influential policy makers and discuss the issues raised. Many members go on to work directly with our research teams by giving financial or research support.

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FOR THE YEAR ENDED 30 SEPTEMBER 2009

Despite extremely challenging conditions, the fundraising team succeeded in securing a small increase in overall donations compared with the previous year. Earlier trends towards a fall in donations from private individuals were confirmed during this financial year, but increased engagement from the corporate sector helped to negate the downturn. Additional resources were brought in to support approaches to Trusts and Foundations, and the Fundraising Committee (made up of voluntary members) worked effectively through a series of dedicated events, including monthly lunches, evening receptions and a significant Gala dinner.

FINANCIAL REVIEW

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

Total income recorded modest growth of just over 1% to £2,695,826. A fall in voluntary and investment income was mitigated by strong growth from The Business Forum which recorded membership subscriptions for the period of £284,150, up 86% on the previous year. Restricted income grew by 5% to £1,635,311 on increased grants for specific research projects. Cost controls adopted in 2008 continued during the current period and enabled the Charity to show a 4.4% improvement on Net Income for the Year, at £491,019.

DIRECTORS AND TRUSTEES

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

Theodore Agnew
Richard Briance
Camilla Cavendish
Robin Edwards
Richard Ehrman
Virginia Fraser
Charles Moore
George Robinson
Andrew Sells
Timothy Steel
Alice Thomson
Rachel Whetstone
Simon Wolfson (appointed 02.12.08)

Subsequent to the year end, Robert Rosenkranz was appointed a Director on 18.01.10.

APPOINTMENT AND TRAINING OF TRUSTEES

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

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

POLICY EXCHANGE LTD
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2009

RESERVES POLICY

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

As at 30 September 2009, just under half of the charity's reserves were restricted, that is, donations given for work which was still running at the end of the financial year. In addition to this, the Trustees have designated £150,000 of unrestricted funding towards research and other general projects. The Trustees believe that a reasonable level of unrestricted reserves should be maintained to ensure that the Charity can run efficiently and meet its objectives, and monitor these levels carefully to ensure that they are appropriate and sufficient.

FUTURE PLANS

The Trustees' intention is that research activities will focus on the three themes of strong society, dynamic economy and quality public services, with particular emphasis on Social Policy. Shorter research notes will continue to be produced regularly, although larger, longer-term pieces of work will run alongside and continue to form the bedrock of all research activities. Working with leading experts and opinion formers will remain a priority, in order to ensure high quality, independent, evidence-based reports.

Within a wide and varied events programme, Policy Exchange will look to build on the success of its half day policy oriented seminars where key issues are highlighted and discussed by a panel of experts before an informed audience.

The Trustees expect uncertain economic conditions to prevail in the coming year, and retention of core supporters will be at the centre of fundraising activities during this period.

PUBLIC BENEFIT

The Trustees confirm that they have complied with their duty under section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit.

RISK MANAGEMENT STATEMENT

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

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

Disclosure of Information to Auditors

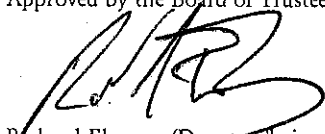
Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are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

POLICY EXCHANGE LTD
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2009

Auditors

A resolution proposing that H. W. Fisher & Company be reappointed as auditors of the company will be put to the members.

Approved by the Board of Trustees on 29/6/10



Richard Ehrman (Deputy Chairman)
Trustee

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

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

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

In preparing these accounts, the trustees are required to:

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

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

**POLICY EXCHANGE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITORS' REPORT
TO THE TRUSTEES OF POLICY EXCHANGE LIMITED**

We have audited the accounts of Policy Exchange Limited for the year ended 30 September 2009 set out on pages 7 to 17. These accounts have been prepared in accordance with the accounting policies set out on page 9.

This report is made solely to the charity's trustees, as a body, in accordance with section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described on page 5, the trustees, who are also the directors of Policy Exchange Limited for the purposes of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the accounts give a true and fair view.

The trustees have elected for the accounts to be audited in accordance with the Charities Act 1993 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with section 44 of that Act.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are prepared in accordance with the Companies Act 2006. We also report to you if, in our opinion, the information given in the Trustees' Report is not consistent with those accounts, the charity has not kept adequate accounting records, if the charity's accounts are not in agreement with the accounting records and returns, or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 30 September 2009, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- the accounts have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;

H W Fisher & Company

A G Rich (Senior Statutory Auditor)
for and on behalf of H. W. Fisher & Company

Chartered Accountants

Statutory Auditor

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

Dated: 29/6/10

POLICY EXCHANGE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2009

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2009 £	Total 2008 £
<u>Incoming resources from generated funds</u>						
Voluntary income	2	623,091	87,360	1,635,311	2,345,762	2,250,039
Activities for generating funds		284,150	-	-	284,150	152,225
Investment income	3	8,589	-	-	8,589	32,505
		915,830	87,360	1,635,311	2,638,501	2,434,769
Incoming resources from charitable activities	4	-	-	57,325	57,325	224,198
Total incoming resources		915,830	87,360	1,692,636	2,695,826	2,658,967
<u>Resources expended</u>						
Costs of generating funds	5					
Costs of generating donations		134,996	-	-	134,996	137,091
Net incoming resources available		780,834	87,360	1,692,636	2,560,830	2,521,876
<u>Charitable activities</u>						
Research		427,941	-	1,621,191	2,049,132	1,999,793
Governance costs		20,679	-	-	20,679	51,886
Total resources expended		583,616	-	1,621,191	2,204,807	2,188,770
Net incoming resources before transfers		332,214	87,360	71,445	491,019	470,197
Gross transfers between funds		(101,745)	62,640	39,105	-	-
Net income for the year/ Net movement in funds		230,469	150,000	110,550	491,019	470,197
Fund balances at 1 October 2008		491,506	-	580,838	1,072,344	602,147
Fund balances at 30 September 2009		721,975	150,000	691,388	1,563,363	1,072,344

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

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

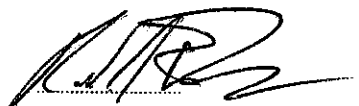
AS AT 30 SEPTEMBER 2009

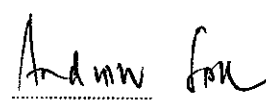
	Notes	2009		2008	
		£	£	£	£
Fixed assets					
Tangible assets	11		60,085		67,197
Investments	12		2		2
			<u>60,087</u>		<u>67,199</u>
Current assets					
Debtors	13	216,253		334,762	
Cash at bank and in hand		1,615,832		950,035	
		<u>1,832,085</u>		<u>1,284,797</u>	
Creditors: amounts falling due within one year	14	<u>(328,809)</u>		<u>(279,652)</u>	
Net current assets			<u>1,503,276</u>		<u>1,005,145</u>
Total assets less current liabilities			<u>1,563,363</u>		<u>1,072,344</u>
Income funds					
Restricted funds	16		691,388		497,140
Unrestricted funds:					
Designated funds	17		150,000		-
Other charitable funds			721,975		575,204
			<u>1,563,363</u>		<u>1,072,344</u>

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 30 September 2009, although an audit has been carried out under section 43 of the Charities Act 1993. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these accounts under the requirements of the Companies Act 2006.

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

The accounts were approved by the Board on 29/6/10


 Richard Ehrman (Deputy Chairman)
 Trustee


 Andrew Sells (Treasurer)
 Trustee

POLICY EXCHANGE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention.

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

1.2 Incoming resources

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

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

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

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

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

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

1.3 Resources expended

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

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

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

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

1.4 Tangible fixed assets and depreciation

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

Leasehold property	Over the life of the lease
Computer equipment	35% reducing balance
Fixtures, fittings & equipment	15% reducing balance

1.5 Investments

Fixed asset investments are stated at market value.

1.6 Pensions

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

POLICY EXCHANGE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2009

2 Voluntary income

	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2009 £	Total 2008 £
Donations and gifts	623,091	87,360	1,635,311	2,345,762	2,250,039
Donations and gifts					
Restricted funds:					
Project specific donation/foundation				1,412,431	1,064,456
Programme specific donations				222,880	409,539
				<u>1,635,311</u>	<u>1,473,995</u>

3 Investment income

	2009 £	2008 £
Interest receivable	8,589	32,505

4 Incoming resources from charitable activities

	2009 £	2008 £
Corporate events	57,325	224,198

Due to the timing of the Political Party Conferences in relation to the Charity's year end, significantly more corporate event income was recorded in 2008 than would usually be the case.

POLICY EXCHANGE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2009

5 Total resources expended

	Staff costs £	Depreciation £	Other costs £	Total 2009 £	Total 2008 £
Costs of generating funds					
Costs of generating donations	115,893	-	19,103	134,996	137,091
Charitable activities					
<u>Research</u>					
Activities undertaken directly	1,016,464	-	615,881	1,632,345	1,280,621
Support costs	147,563	14,120	255,104	416,787	719,172
Total	1,164,027	14,120	870,985	2,049,132	1,999,793
Governance costs	-	-	20,679	20,679	51,886
	1,279,920	14,120	910,767	2,204,807	2,188,770

Governance costs includes payments to the auditors of £6,000 (2008: £9,075) for audit fees and £14,679 (2008: £nil) for other services.

6 Activities undertaken directly

	2009 £	2008 £
Other costs relating to costs of generating funds and research comprise:		
Professional fees, research & events	496,533	586,757
Publications, printing & postage	111,603	169,909
Travel and subsistence	13,670	30,139
Premises	131,447	196,809
Website and IT support	47,289	55,839
Other costs	89,546	54,986
	890,088	1,094,439

7 Support costs

	2009 £	2008 £
Other costs	255,104	484,004
Staff costs	147,563	224,036
Depreciation	14,120	11,132
	416,787	719,172

POLICY EXCHANGE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2009

8 Governance costs

	2009	2008
	£	£
Other governance costs comprise:		
Audit and accountancy fees	20,679	9,075
Legal fees	-	42,811
	<hr/>	<hr/>
	20,679	51,886
	<hr/> <hr/>	<hr/> <hr/>

9 Trustees

Eight of the trustees received a total of £1,329 (2008: £nil) of benefits from the company during the year.

POLICY EXCHANGE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2009

10 Employees

Number of employees

The average monthly number of employees during the year was:

	2009	2008
	Number	Number
Research	22	17
Fundraising	3	2
Administration	8	7
	33	26
	33	26

Employment costs

	2009	2008
	£	£
Wages and salaries	1,146,265	893,955
Social security costs	123,580	114,769
Other pension costs	10,075	22,589
	1,279,920	1,031,313
	1,279,920	1,031,313

The number of employees whose annual emoluments were £80,000 or more were:

	2009	2008
	Number	Number
80,000 - 90,000	1	1
90,000 - 100,000	-	-
110,000 - 120,000	-	1
	1	2
	1	2

Of the employees whose emoluments exceed £80,000, nil (2008: one) has retirement benefits accruing under defined contribution pension schemes.

POLICY EXCHANGE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2009

11 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 October 2008	15,478	44,211	42,632	102,321
Additions	-	5,357	1,650	7,007
At 30 September 2009	15,478	49,568	44,282	109,328
Depreciation				
At 1 October 2008	3,096	14,879	17,149	35,124
Charge for the year	1,547	6,763	5,809	14,119
At 30 September 2009	4,643	21,642	22,958	49,243
Net book value				
At 30 September 2009	10,835	27,926	21,324	60,085
At 30 September 2008	12,382	29,332	25,483	67,197

12 Fixed asset investments

	£
Market value at 1 October 2008	-
Acquisitions at cost	2
Market value at 30 September 2009	2
Historical cost:	
At 30 September 2009	2
At 30 September 2008	2

Holdings of more than 10%

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

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
The Ideas Space Ltd	England	Ordinary	100

POLICY EXCHANGE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2009

12 Fixed asset investments

(Continued)

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

	Capital and reserves	Loss for the year
	£	£
The Ideas Space Ltd	2	-

13 Debtors

	2009	2008
	£	£
Trade debtors	122,816	174,525
Amounts owed by group undertakings	13,479	19,093
Other debtors	30,030	77,759
Prepayments and accrued income	49,928	63,385
	<u>216,253</u>	<u>334,762</u>

14 Creditors: amounts falling due within one year

	2009	2008
	£	£
Trade creditors	9,922	71,976
Taxes and social security costs	41,276	44,080
Accruals	277,611	163,596
	<u>328,809</u>	<u>279,652</u>

15 Pension and other post-retirement benefit commitments

Defined contribution

	2009	2008
	£	£
Contributions payable by the company for the year	10,075	22,589

POLICY EXCHANGE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2009

16 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 2008	Movement in funds		Transfers	Balance at 30 September 2009
	£	Incoming resources	Resources expended	£	£
Economics	76,508	649,240	(444,548)	-	281,200
International relations	125,972	335,786	(396,055)	-	65,703
Education	-	179,485	(191,741)	12,256	-
Crime and justice	33,874	155,206	(153,101)	-	35,979
Governance	-	20,000	(46,849)	26,849	-
Health	21,112	34,300	(51,354)	-	4,058
Social policy	114,005	35,000	(98,896)	-	50,109
Environment	97,424	229,800	(183,410)	-	143,814
Events	111,943	53,809	(55,227)	-	110,525
	<u>580,838</u>	<u>1,692,626</u>	<u>(1,621,181)</u>	<u>39,105</u>	<u>691,388</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). Surplus funds at the year end represent the balance of donations given for work which was still in progress at 30 September 2009.

17 Designated funds

The Trustees have designated £150,000 towards Policy Exchange research projects.

18 Legal proceeding

The company is currently involved in legal proceedings concerning a piece of research published by it. An initial court case on the matter was decided in the company's favour but leave has been granted to appeal. The directors are confident that the company will be successful in this matter, but are of the opinion that the disclosure of any further information at this stage would be prejudicial.

POLICY EXCHANGE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2009

19 Analysis of net assets between funds

	Unrestricted funds	Designated funds	Restricted funds	Total
	£	£	£	£
Fund balances at 30 September 2009 are represented by:				
Tangible fixed assets	60,085	-	-	60,085
Investments	2	-	-	2
Current assets	990,697	150,000	691,388	1,832,085
Creditors: amounts falling due within one year	(328,809)	-	-	(328,809)
	<u>721,975</u>	<u>150,000</u>	<u>691,388</u>	<u>1,563,363</u>

20 Commitments under operating leases

At 30 September 2009 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2009	2008
	£	£
Expiry date:		
In over five years	<u>124,708</u>	<u>124,708</u>

Charity Registration No. 1096300

Company Registration No. 4297905 (England and Wales)

POLICY EXCHANGE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009

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

Trustees

Charles Moore (Chairman)
Richard Ebrman (Deputy Chairman)
Andrew Sells (Treasurer)
Theodore Agnew
Richard Briance
Camilla Cavendish
Robin Edwards
Virginia Fraser
George Robinson
Timothy Steel
Alice Thomson
Rachel Whetstone
Simon Wolfson

Secretary

Robin Edwards

Charity number

1096300

Company number

4297905

Principal address

Clutha House
10 Storey's Gate
London
SW1P 3AY

Registered office

Acre House
11-15 William Road
London
NW1 3ER

Auditors

H. W. Fisher & Company
Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

POLICY EXCHANGE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
CONTENTS

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Trustees' report	1 - 4
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Independent auditors' report	6
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Balance sheet	8
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POLICY EXCHANGE LTD
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2009

The Trustees present their report and accounts for the year ended 30 September 2009.

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

OBJECTS OF THE CHARITY

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

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

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

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

ACHIEVEMENTS AND PERFORMANCE

2008/9 was a period of consolidation for Policy Exchange following several years of strong growth. The focus of Policy Exchange research remains the education of the broader public, and the Trustees continue to place high value on the independent and non-partisan approach to all research activities.

Policy Exchange continually looks at ways in which it can circulate its ideas and thinking as widely as possible. To this end, the communications team was expanded during the year to include a dedicated events team, and the website was relaunched in early 2009 with clearer navigation tools and daily updates on Policy Exchange work and events programmes. Some 50 events were staged during the period, with specialist speakers from the City, academia, senior politicians, the arts and media. Policy Exchange research fellows and Directors also spoke at a number of external public events, and gave briefings to civil servants and policy makers at a number of Government departments and quangos.

Over 40 publications were released and disseminated widely during the year, as well as being freely available for download from the Policy Exchange website. The variety and length of reports was expanded, with emphasis being given to shorter research notes enabling more timely coverage of a wider range of issues facing UK policy makers in 2009. Specific focus was directed towards the Economics programme in response to the global financial crisis, with major new projects in the fields of financial market reform and public spending being announced. Elsewhere, the scope of work covered by the Environment research team was also expanded to consider energy issues.

The number of participants in The Business Forum grew again during the period, totalling 32 at the year end. The Policy Exchange Business Forum exists to engage companies in the research work of the Charity by hosting regular round table events where members can come together to listen to influential policy makers and discuss the issues raised. Many members go on to work directly with our research teams by giving financial or research support.

POLICY EXCHANGE LTD
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2009

Despite extremely challenging conditions, the fundraising team succeeded in securing a small increase in overall donations compared with the previous year. Earlier trends towards a fall in donations from private individuals were confirmed during this financial year, but increased engagement from the corporate sector helped to negate the downturn. Additional resources were brought in to support approaches to Trusts and Foundations, and the Fundraising Committee (made up of voluntary members) worked effectively through a series of dedicated events, including monthly lunches, evening receptions and a significant Gala dinner.

FINANCIAL REVIEW

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

Total income recorded modest growth of just over 1% to £2,695,826. A fall in voluntary and investment income was mitigated by strong growth from The Business Forum which recorded membership subscriptions for the period of £284,150, up 86% on the previous year. Restricted income grew by 5% to £1,635,311 on increased grants for specific research projects. Cost controls adopted in 2008 continued during the current period and enabled the Charity to show a 4.4% improvement on Net Income for the Year, at £491,019.

DIRECTORS AND TRUSTEES

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

Theodore Agnew
Richard Briance
Camilla Cavendish
Robin Edwards
Richard Ehrman
Virginia Fraser
Charles Moore
George Robinson
Andrew Sells
Timothy Steel
Alice Thomson
Rachel Whetstone
Simon Wolfson (appointed 02.12.08)

Subsequent to the year end, Robert Rosenkranz was appointed a Director on 18.01.10.

APPOINTMENT AND TRAINING OF TRUSTEES

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

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

POLICY EXCHANGE LTD
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2009

RESERVES POLICY

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

As at 30 September 2009, just under half of the charity's reserves were restricted, that is, donations given for work which was still running at the end of the financial year. In addition to this, the Trustees have designated £150,000 of unrestricted funding towards research and other general projects. The Trustees believe that a reasonable level of unrestricted reserves should be maintained to ensure that the Charity can run efficiently and meet its objectives, and monitor these levels carefully to ensure that they are appropriate and sufficient.

FUTURE PLANS

The Trustees' intention is that research activities will focus on the three themes of strong society, dynamic economy and quality public services, with particular emphasis on Social Policy. Shorter research notes will continue to be produced regularly, although larger, longer-term pieces of work will run alongside and continue to form the bedrock of all research activities. Working with leading experts and opinion formers will remain a priority, in order to ensure high quality, independent, evidence-based reports.

Within a wide and varied events programme, Policy Exchange will look to build on the success of its half day policy oriented seminars where key issues are highlighted and discussed by a panel of experts before an informed audience.

The Trustees expect uncertain economic conditions to prevail in the coming year, and retention of core supporters will be at the centre of fundraising activities during this period.

PUBLIC BENEFIT

The Trustees confirm that they have complied with their duty under section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit.

RISK MANAGEMENT STATEMENT

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

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

Disclosure of Information to Auditors

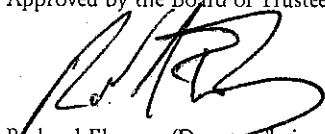
Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are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

POLICY EXCHANGE LTD
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2009

Auditors

A resolution proposing that H. W. Fisher & Company be reappointed as auditors of the company will be put to the members.

Approved by the Board of Trustees on 29/6/10



Richard Ehrman (Deputy Chairman)
Trustee

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

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

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

In preparing these accounts, the trustees are required to:

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

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

**POLICY EXCHANGE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITORS' REPORT
TO THE TRUSTEES OF POLICY EXCHANGE LIMITED**

We have audited the accounts of Policy Exchange Limited for the year ended 30 September 2009 set out on pages 7 to 17. These accounts have been prepared in accordance with the accounting policies set out on page 9.

This report is made solely to the charity's trustees, as a body, in accordance with section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described on page 5, the trustees, who are also the directors of Policy Exchange Limited for the purposes of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the accounts give a true and fair view.

The trustees have elected for the accounts to be audited in accordance with the Charities Act 1993 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with section 44 of that Act.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are prepared in accordance with the Companies Act 2006. We also report to you if, in our opinion, the information given in the Trustees' Report is not consistent with those accounts, the charity has not kept adequate accounting records, if the charity's accounts are not in agreement with the accounting records and returns, or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 30 September 2009, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- the accounts have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;

H W Fisher & Company

A G Rich (Senior Statutory Auditor)
for and on behalf of H. W. Fisher & Company

Chartered Accountants

Statutory Auditor

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

Dated: 29/6/10

POLICY EXCHANGE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2009

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2009 £	Total 2008 £
<u>Incoming resources from generated funds</u>						
Voluntary income	2	623,091	87,360	1,635,311	2,345,762	2,250,039
Activities for generating funds		284,150	-	-	284,150	152,225
Investment income	3	8,589	-	-	8,589	32,505
		915,830	87,360	1,635,311	2,638,501	2,434,769
Incoming resources from charitable activities	4	-	-	57,325	57,325	224,198
Total incoming resources		915,830	87,360	1,692,636	2,695,826	2,658,967
<u>Resources expended</u>						
Costs of generating funds	5					
Costs of generating donations		134,996	-	-	134,996	137,091
Net incoming resources available		780,834	87,360	1,692,636	2,560,830	2,521,876
<u>Charitable activities</u>						
Research		427,941	-	1,621,191	2,049,132	1,999,793
Governance costs		20,679	-	-	20,679	51,886
Total resources expended		583,616	-	1,621,191	2,204,807	2,188,770
Net incoming resources before transfers		332,214	87,360	71,445	491,019	470,197
Gross transfers between funds		(101,745)	62,640	39,105	-	-
Net income for the year/ Net movement in funds		230,469	150,000	110,550	491,019	470,197
Fund balances at 1 October 2008		491,506	-	580,838	1,072,344	602,147
Fund balances at 30 September 2009		721,975	150,000	691,388	1,563,363	1,072,344

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

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

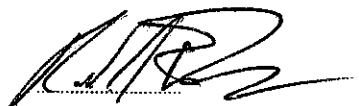
AS AT 30 SEPTEMBER 2009

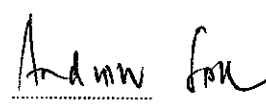
	Notes	2009		2008	
		£	£	£	£
Fixed assets					
Tangible assets	11		60,085		67,197
Investments	12		2		2
			<u>60,087</u>		<u>67,199</u>
Current assets					
Debtors	13	216,253		334,762	
Cash at bank and in hand		1,615,832		950,035	
		<u>1,832,085</u>		<u>1,284,797</u>	
Creditors: amounts falling due within one year	14	<u>(328,809)</u>		<u>(279,652)</u>	
Net current assets			<u>1,503,276</u>		<u>1,005,145</u>
Total assets less current liabilities			<u><u>1,563,363</u></u>		<u><u>1,072,344</u></u>
Income funds					
Restricted funds	16		691,388		497,140
Unrestricted funds:					
Designated funds	17		150,000		-
Other charitable funds			721,975		575,204
			<u>1,563,363</u>		<u>1,072,344</u>

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 30 September 2009, although an audit has been carried out under section 43 of the Charities Act 1993. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these accounts under the requirements of the Companies Act 2006.

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

The accounts were approved by the Board on 29/6/10


 Richard Ehrman (Deputy Chairman)
 Trustee


 Andrew Sells (Treasurer)
 Trustee

POLICY EXCHANGE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention.

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

1.2 Incoming resources

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

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

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

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

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

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

1.3 Resources expended

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

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

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

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

1.4 Tangible fixed assets and depreciation

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

Leasehold property	Over the life of the lease
Computer equipment	35% reducing balance
Fixtures, fittings & equipment	15% reducing balance

1.5 Investments

Fixed asset investments are stated at market value.

1.6 Pensions

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

POLICY EXCHANGE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2009

2 Voluntary income

	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2009 £	Total 2008 £
Donations and gifts	623,091	87,360	1,635,311	2,345,762	2,250,039
Donations and gifts					
Restricted funds:					
Project specific donation/foundation				1,412,431	1,064,456
Programme specific donations				222,880	409,539
				<u>1,635,311</u>	<u>1,473,995</u>

3 Investment income

	2009 £	2008 £
Interest receivable	8,589	32,505
	<u>8,589</u>	<u>32,505</u>

4 Incoming resources from charitable activities

	2009 £	2008 £
Corporate events	57,325	224,198
	<u>57,325</u>	<u>224,198</u>

Due to the timing of the Political Party Conferences in relation to the Charity's year end, significantly more corporate event income was recorded in 2008 than would usually be the case.

POLICY EXCHANGE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2009

5 Total resources expended

	Staff costs £	Depreciation £	Other costs £	Total 2009 £	Total 2008 £
Costs of generating funds					
Costs of generating donations	115,893	-	19,103	134,996	137,091
Charitable activities					
<u>Research</u>					
Activities undertaken directly	1,016,464	-	615,881	1,632,345	1,280,621
Support costs	147,563	14,120	255,104	416,787	719,172
Total	1,164,027	14,120	870,985	2,049,132	1,999,793
Governance costs	-	-	20,679	20,679	51,886
	1,279,920	14,120	910,767	2,204,807	2,188,770

Governance costs includes payments to the auditors of £6,000 (2008: £9,075) for audit fees and £14,679 (2008: £nil) for other services.

6 Activities undertaken directly

	2009 £	2008 £
Other costs relating to costs of generating funds and research comprise:		
Professional fees, research & events	496,533	586,757
Publications, printing & postage	111,603	169,909
Travel and subsistence	13,670	30,139
Premises	131,447	196,809
Website and IT support	47,289	55,839
Other costs	89,546	54,986
	890,088	1,094,439

7 Support costs

	2009 £	2008 £
Other costs	255,104	484,004
Staff costs	147,563	224,036
Depreciation	14,120	11,132
	416,787	719,172

POLICY EXCHANGE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2009

8 Governance costs

	2009	2008
	£	£
Other governance costs comprise:		
Audit and accountancy fees	20,679	9,075
Legal fees	-	42,811
	<hr/>	<hr/>
	20,679	51,886
	<hr/> <hr/>	<hr/> <hr/>

9 Trustees

Eight of the trustees received a total of £1,329 (2008: £nil) of benefits from the company during the year.

POLICY EXCHANGE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2009

10 Employees

Number of employees

The average monthly number of employees during the year was:

	2009	2008
	Number	Number
Research	22	17
Fundraising	3	2
Administration	8	7
	33	26
	33	26

Employment costs

	2009	2008
	£	£
Wages and salaries	1,146,265	893,955
Social security costs	123,580	114,769
Other pension costs	10,075	22,589
	1,279,920	1,031,313
	1,279,920	1,031,313

The number of employees whose annual emoluments were £80,000 or more were:

	2009	2008
	Number	Number
80,000 - 90,000	1	1
90,000 - 100,000	-	-
110,000 - 120,000	-	1
	1	2
	1	2

Of the employees whose emoluments exceeded £80,000, nil (2008: one) has retirement benefits accruing under defined contribution pension schemes.

POLICY EXCHANGE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2009

11 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 October 2008	15,478	44,211	42,632	102,321
Additions	-	5,357	1,650	7,007
At 30 September 2009	15,478	49,568	44,282	109,328
Depreciation				
At 1 October 2008	3,096	14,879	17,149	35,124
Charge for the year	1,547	6,763	5,809	14,119
At 30 September 2009	4,643	21,642	22,958	49,243
Net book value				
At 30 September 2009	10,835	27,926	21,324	60,085
At 30 September 2008	12,382	29,332	25,483	67,197

12 Fixed asset investments

	£
Market value at 1 October 2008	-
Acquisitions at cost	2
Market value at 30 September 2009	2
Historical cost:	
At 30 September 2009	2
At 30 September 2008	2

Holdings of more than 10%

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

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
The Ideas Space Ltd	England	Ordinary	100

POLICY EXCHANGE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2009

12 Fixed asset investments

(Continued)

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

	Capital and reserves	Loss for the year
	£	£
The Ideas Space Ltd	2	-

13 Debtors

	2009	2008
	£	£
Trade debtors	122,816	174,525
Amounts owed by group undertakings	13,479	19,093
Other debtors	30,030	77,759
Prepayments and accrued income	49,928	63,385
	<u>216,253</u>	<u>334,762</u>

14 Creditors: amounts falling due within one year

	2009	2008
	£	£
Trade creditors	9,922	71,976
Taxes and social security costs	41,276	44,080
Accruals	277,611	163,596
	<u>328,809</u>	<u>279,652</u>

15 Pension and other post-retirement benefit commitments

Defined contribution

	2009	2008
	£	£
Contributions payable by the company for the year	10,075	22,589

POLICY EXCHANGE LIMITED
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NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2009

16 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 2008	Movement in funds		Transfers	Balance at 30 September 2009
	£	Incoming resources	Resources expended	£	£
Economics	76,508	649,240	(444,548)	-	281,200
International relations	125,972	335,786	(396,055)	-	65,703
Education	-	179,485	(191,741)	12,256	-
Crime and justice	33,874	155,206	(153,101)	-	35,979
Governance	-	20,000	(46,849)	26,849	-
Health	21,112	34,300	(51,354)	-	4,058
Social policy	114,005	35,000	(98,896)	-	50,109
Environment	97,424	229,800	(183,410)	-	143,814
Events	111,943	53,809	(55,227)	-	110,525
	<u>580,838</u>	<u>1,692,626</u>	<u>(1,621,181)</u>	<u>39,105</u>	<u>691,388</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). Surplus funds at the year end represent the balance of donations given for work which was still in progress at 30 September 2009.

17 Designated funds

The Trustees have designated £150,000 towards Policy Exchange research projects.

18 Legal proceeding

The company is currently involved in legal proceedings concerning a piece of research published by it. An initial court case on the matter was decided in the company's favour but leave has been granted to appeal. The directors are confident that the company will be successful in this matter, but are of the opinion that the disclosure of any further information at this stage would be prejudicial.

POLICY EXCHANGE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2009

19 Analysis of net assets between funds

	Unrestricted funds	Designated funds	Restricted funds	Total
	£	£	£	£
Fund balances at 30 September 2009 are represented by:				
Tangible fixed assets	60,085	-	-	60,085
Investments	2	-	-	2
Current assets	990,697	150,000	691,388	1,832,085
Creditors: amounts falling due within one year	(328,809)	-	-	(328,809)
	<u>721,975</u>	<u>150,000</u>	<u>691,388</u>	<u>1,563,363</u>

20 Commitments under operating leases

At 30 September 2009 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2009	2008
	£	£
Expiry date:		
In over five years	<u>124,708</u>	<u>124,708</u>