

Company Registered Number: 4297905  
Charity Registration Number: 1096300

30/9/05

ACCOUNTS No. 17

29 SEP 2005

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COMPLIANCE DIVISION

**POLICY EXCHANGE LTD (By Guarantee)**

**REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 30 SEPTEMBER 2005**

**POLICY EXCHANGE LIMITED  
INDEX TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2005**

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**LEGAL STATUS**

The charity is constituted as a company limited by guarantee and is, therefore, governed by a Memorandum and Articles of Association.

**REGISTERED COMPANY NUMBER:** 4297905

**REGISTERED CHARITY NUMBER:** 1096300

**REGISTERED ADDRESS:** 35 Ballards Lane  
London  
N3 1XW

**DIRECTORS AND TRUSTEES:** Alice Mary Rose Thomson  
Camilla Hilary Cavendish  
Iain Campbell Dale  
Richard John Micklethwait  
Robin Edwards  
Rachel Whetstone  
Charles Moore  
Theodore Thomas More Agnew  
Richard Henry Briance  
Richard Albert Ehrman  
George Edward Silvanus Robinson  
Timothy Michael Steel

**AUDITORS:** Bolton & Co Accountants Limited  
Chartered Accountants  
1 Fairholme Crescent  
Ashtead  
Surrey  
KT21 2HN

**ACCOUNTANTS:** Berg Kaprow Lewis LLP  
35 Ballards Lane  
Finchley  
London  
N3 1XW

**BANKERS:** National Westminster Bank  
Great Portland Street Branch  
P O Box 2027  
125 Great Portland Street  
London  
W1A 1GA

**SECRETARY:** Robin Edwards

**PRINCIPAL OFFICE:** Clutha House  
10 Storeys Gate  
London  
SW1P 3AY

The company was registered as a charity with the Charity Commission on 3 March 2003.

### **OBJECT 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.

### **REVIEW OF FINANCIAL ACTIVITIES**

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

### **DIRECTORS AND TRUSTEES**

All 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:-

Alice Mary Rose Thomson	
Camilla Hilary Cavendish	
Iain Campbell Dale	
Michael Gove	
Richard John Micklethwait	
Robin Edwards	
Adam Afriye	(Resigned 9 May 2005)
Rachel Whetstone	
Colin Barrow	(Resigned 18 January 2005)
Charles Moore	
George Robinson	(Appointed 10 November 2004)
Richard Albert Ehrman	(Appointed 19 July 2005)

Subsequent to the year-end on 18 January 2006 Michael Gove resigned as a director. The following directors were appointed after the year end:

Richard Henry Briance	(Appointed 18 January 2006)
Timothy Steel	(Appointed 28 March 2006)
Theodore Thomas More Agnew	(Appointed 1 April 2006)

### **APPOINTMENT OF DIRECTORS AND TRUSTEES**

The power to appoint and remove Trustees is vested in the trustees.

### **RESERVES POLICY**

The Charity's policy on reserves is to maintain adequate reserves to enable it meet urgent running and expansion costs. All funds are unrestricted.

### **RISK MANAGEMENT**

The trustees consider that they have put in place adequate measures to protect the assets of the charity.

### **AUDITORS**

A resolution to re-appoint Bolton & Co Accountants Limited as the company's auditor will be proposed at the forthcoming Annual General Meeting in accordance with section 385 of the Companies Act 1985.

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Charities Act 1993 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 Trust and of its results for that year. In preparing those financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the financial statements comply with the Companies Act 1985, Charities Acts 1993 and the Statement of Recommended Practice (SORP 2000) 'Accounting by Charities'. 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.

**ON BEHALF OF THE TRUSTEES**

A large, stylized handwritten signature in black ink, starting with a large loop on the left and ending with a long, sweeping stroke on the right. A dotted horizontal line is drawn below the signature.

Dated: 21 July 2006

We have audited the financial statements of Policy Exchange Ltd set out on pages 5 to 10 for the year ended 30 September 2005 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

This report is solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's 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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditors**

The trustees' (who are also the directors of Policy Exchange Ltd for the purposes of company law) responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read other information contained in the Trustees' Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material mis-statement, 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 financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the Charity's state of affairs as at 30 September 2005, and of its incoming resources and application of resources, including its income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Bolton & Co*

**BOLTON & CO ACCOUNTANTS LIMITED**

Registered Auditors  
Chartered Accountants

1 Fairholme Crescent  
Ashted  
Surrey  
KT21 2HN

Date: *10th August 2006*

**POLICY EXCHANGE LTD**  
**STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME & EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2005**

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	<u>Note</u>	<u>2005</u> £	<u>2004</u> £
<b>INCOMING RESOURCES</b>			
Donations		473,296	435,066
Other income	2	91,172	92,238
Interest received		<u>3,735</u>	<u>2,651</u>
<b>Total incoming resources</b>		568,203	529,955
<b>RESOURCES EXPENDED</b>			
<b>Cost of generating funds:</b>	4	<u>33,445</u>	<u>49,320</u>
<b>Charitable expenditure:</b>			
<b>Costs of activities in furtherance of the charity's objectives:</b>			
Research costs	3	377,981	210,236
Management and administration of the charity	5	<u>172,469</u>	<u>181,608</u>
Charitable expenditure		<u>550,450</u>	<u>391,844</u>
<b>Total resources expended</b>	6	<u>583,895</u>	<u>441,164</u>
<b>Net (Expenditure)/Income for the year</b>		(15,692)	88,791
<b>FUND BALANCES BROUGHT FORWARD</b>			
<b>AT 1 OCTOBER 2004</b>		<u>156,091</u>	<u>67,300</u>
<b>FUND BALANCES CARRIED FORWARD</b>			
<b>AT 30 SEPTEMBER 2005</b>		<u>140,399</u>	<u>156,091</u>

Incoming resources are all unrestricted

		<u>2005</u>		<u>2004</u>	
	<u>Note</u>	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	7		17,657		19,278
<b>CURRENT ASSETS</b>					
Debtors	8	136,823		116,227	
Cash at bank and in hand		51,928		45,438	
		<u>188,751</u>		<u>161,665</u>	
<b>LIABILITIES</b>					
Amounts falling due within one year	9	66,009		24,852	
<b>NET CURRENT ASSETS</b>			<u>122,742</u>	<u>136,813</u>	
<b>NET ASSETS</b>			<u>140,399</u>	<u>156,091</u>	
<b>FUNDS</b>			<u>140,399</u>	<u>156,091</u>	
Unrestricted funds			140,399		156,091

The financial statements were approved by the Board of Trustees on 31 July 2006 and signed on its behalf by:

.....Trustee



1. ACCOUNTING POLICIES

1.1 Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice (SORP 2000) 'Accounting by Charities' issued by the Charity Commissioners for England and Wales and the Companies Act 1985.

1.2 Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the Trust falls outside the size criteria specified in Appendix 2 of the Statement of Recommended Practice.

1.3 Incoming Resources

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 a fairer presentation would be to show such recharges as a reduction in the cost incurred rather than to include both income and costs in gross terms in the financial statements.

1.4 Resources Expended

In line with the functional classification of costs in the Statement of Recommended Practice- Accounting by Charities (October 2000) expenditure is allocated or attributed as follows:

1.4.1 Direct charitable expenditure

Costs of policy research

1.4.2 Fundraising and publicity

Costs of fundraising events.

1.4.3 Management and administration of the Charity

All other costs. No apportionments have been made of overheads.

1.5 Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer Equipment	-	35% reducing balance.
Furniture and Fittings	-	15% reducing balance.

2. OTHER INCOME

	<u>2005</u>	<u>2004</u>
	£	£
Business Forum membership	3,639	18,930
Research sponsorship	55,342	57,310
Recharge of research projects to Localis Research Ltd	30,000	15,035
Sale of reports	2,191	963
	<u>91,172</u>	<u>92,238</u>

3.	<b>RESEARCH COSTS</b>		<u>2005</u>	<u>2004</u>
			£	£
	Staff and related costs		285,358	116,013
	Consultancy		5,166	29,725
	Travel		974	1,636
	Events		36,779	6,358
	Publications		43,101	56,504
	Opinion research		6,603	-
			<u>377,981</u>	<u>210,236</u>
			<u><u>377,981</u></u>	<u><u>210,236</u></u>
4.	<b>FUNDRAISING AND PUBLICITY</b>		<u>2005</u>	<u>2004</u>
			£	£
	Fundraising		33,445	49,320
			<u>33,445</u>	<u>49,320</u>
			<u><u>33,445</u></u>	<u><u>49,320</u></u>
5.	<b>MANAGEMENT AND ADMINISTRATION OF THE CHARITY</b>		<u>2005</u>	<u>2004</u>
		£	£	£
	Staff costs		61,475	101,533
	Less: recharges		(41,653)	(43,147)
			<u>19,822</u>	<u>58,386</u>
	Depreciation		3,921	3,436
	<u>Other Costs</u>			
	Legal & professional	10,374	9,291	
	Bookkeeping and accountancy fees	16,560	15,105	
	Audit fees	1,950	1,850	
	Premises, insurance and security	56,640	40,250	
	Other administrative costs	48,726	44,530	
	Website, utilities and IT support	14,476	8,760	
		<u>148,726</u>	<u>119,786</u>	
		<u>172,469</u>	<u>181,608</u>	
		<u><u>172,469</u></u>	<u><u>181,608</u></u>	
6.	<b>TOTAL RESOURCES EXPENDED</b>			
	<b>2005</b>	Staff and staff related costs	Depreciation	Other costs
		£	£	£
	Fundraising costs	33,445	-	-
	Research costs	285,358	-	92,623
	Management and administration	19,822	3,921	148,726
		<u>338,625</u>	<u>3,921</u>	<u>241,349</u>
		<u><u>338,625</u></u>	<u><u>3,921</u></u>	<u><u>241,349</u></u>
	<b>2004</b>	Staff and staff related costs	Depreciation	Other costs
		£	£	£
	Fundraising costs	49,320	-	-
	Research costs	116,013	-	94,223
	Management and administration	58,386	3,436	119,786
		<u>223,719</u>	<u>3,858</u>	<u>214,009</u>
		<u><u>223,719</u></u>	<u><u>3,858</u></u>	<u><u>214,009</u></u>
				<u>583,895</u>
				<u><u>583,895</u></u>

6. TOTAL RESOURCES EXPENDED - continued

	<u>2005</u> £	<u>2004</u> £
<b>Staff costs:</b>		
Wages and salaries	343,521	240,663
Less: recharges	(41,653)	(43,147)
	<u>301,868</u>	<u>197,516</u>
Social security costs	36,757	26,203
	<u>338,625</u>	<u>223,719</u>

7. TANGIBLE ASSETS

	<u>Furniture and Fittings</u> £	<u>Computer Equipment</u> £	<u>Total</u> £
<b>COST</b>			
At 1 October 2004	19,240	10,340	29,580
Additions	848	1,452	2,300
At 30 September 2005	<u>20,088</u>	<u>11,792</u>	<u>31,880</u>
<b>DEPRECIATION</b>			
At 1 October 2004	6,580	3,722	10,302
Depreciation in the year	2,111	1,810	3,921
At 30 September 2005	<u>8,691</u>	<u>5,532</u>	<u>14,223</u>
<b>NET BOOK VALUE</b>			
At 30 September 2005	<u>11,397</u>	<u>6,260</u>	<u>17,657</u>
At 30 September 2004	<u>12,660</u>	<u>6,618</u>	<u>19,278</u>

8. DEBTORS

	<u>2005</u> £	<u>2004</u> £
Trade debtors	6,972	8,886
Rent and other deposits	18,757	18,757
Other debtors	79,306	60,060
Prepayments	25,455	13,340
VAT receivable	6,333	12,089
PAYE/NI Debtor	-	3,095
	<u>136,823</u>	<u>116,227</u>

**9. LIABILITIES - Amounts falling due within one year**

	<u>2005</u> £	<u>2004</u> £
Trade Creditors	33,267	3,251
Taxation and social security	2,156	-
Net Wages	2,270	-
Accruals and other creditors	28,316	21,601
	<hr/>	<hr/>
	66,009	24,852
	<hr/> <hr/>	<hr/> <hr/>

**10. EMPLOYMENT INFORMATION**

The total emoluments of the Trust's employees during the period amounted to:

	<u>2005</u> £	<u>2004</u> £
Direct charitable expenditure	285,358	116,013
Fundraising	33,445	49,320
Administration	61,475	101,533
Recharges	(41,653)	(43,147)
	<hr/>	<hr/>
	338,625	223,719
	<hr/> <hr/>	<hr/> <hr/>

One employee earned over £50,000 per annum and no trustees were paid any remuneration or expenses.

The average number of employees including those employed on a part-time basis during the year was:

	<u>2005</u> £	<u>2004</u> £
Research	5	4
Fundraising	1	1
Administration	5	3
	<hr/>	<hr/>
	11	8
	<hr/> <hr/>	<hr/> <hr/>

**11. ACCUMULATED FUNDS**

There are no restricted and designated funds. The accumulated fund represents the surplus of incoming resources over resources expended. These funds are carried forward to be applied to the general aims of the Charity. These funds are donations and other incoming resources receivable for the objects of the charity without further specified purpose and are available as general funds.

**12. PENSIONS**

The charity operates a defined contribution stakeholder pension scheme in respect of certain employees. The amount payable by the company was £7,239 (2004:£Nil).