

CHARITY COMMISSION COPY:

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Charity Registration No. 1096300

30 SEP 08

Company Registration No. 4297905 (England and Wales)



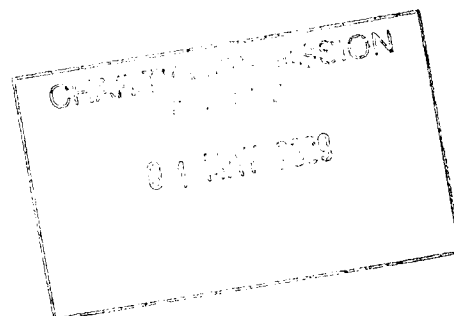
CREATIVITY ENTHUSIASM ENERGY VISION

**POLICY EXCHANGE LIMITED**

**(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2008**



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

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<b>Trustees</b>	Charles Moore (Chairman) Richard Ehrman (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
<b>Secretary</b>	Robin Edwards
<b>Charity number</b>	1096300
<b>Company number</b>	4297905
<b>Principal address</b>	Clutha House 10 Storey's Gate London SW1P 3AY
<b>Registered office</b>	Acre House 11-15 William Road London NW1 3ER
<b>Auditors</b>	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER
<b>Bankers</b>	National Westminster Bank Great Portland Street Branch PO Box 2027 125 Great Portland Street London W1A 1GA

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**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 2008**

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The Trustees present their report and accounts for the year ended 30 September 2008.

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 1985 and the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005.

#### **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.

#### **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 any 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**

Continued strong support amongst donors in all research areas allowed Policy Exchange to enjoy another record year. The focus of Policy Exchange research remains the education of the broader public and the stimulation of public debate. Many of the recommendations made in Policy Exchange reports have been adopted by both the Government and Opposition parties, particularly in the fields of Education, Crime and the Environment.

The activities of the Business Forum group made a particularly strong contribution to fundraising during the period, with the number of members more than doubling to 27. The Policy Exchange Business Forum exists to engage corporates 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 went on to work directly with our research teams by giving financial and/or research support.

Policy Exchange maintained its high profile image through an ambitious events programme closely linked to its ongoing research work. It organised and hosted gatherings on many subjects, ranging from debates on topical issues, to report launches and speeches from UK and international policy makers. In addition our researchers were asked to speak at a number of external events to highlight and discuss the ideas which they had developed.

Work on a new website to enable the clear and transparent expression of our principles and research was started in 2008, with the project due for completion in 2009.

Policy Exchange strengthened its fundraising team and activities with the formation of a new Fundraising Committee which includes prominent members from external organisations. This has led to the broadening of our donor base which now reaches equally across individuals, corporates, trusts and foundations.

**POLICY EXCHANGE LTD**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2008**

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**FINANCIAL REVIEW**

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

Total income for the year rose by nearly 50% to over £2.6 million, thanks in part to a doubling of donations for research projects and associated events. Following a programme of cost reviews, tight cost controls were introduced, enabling Policy Exchange to record a significant rise in net income to £470,197. Overall reserves rose from £602,147 to £1,072,344, a rise of more than 75%.

**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 Thomson  
Camilla Cavendish  
Robin Edwards  
Rachel Whetstone (Leave of absence)  
Charles Moore  
George Robinson  
Richard Ehrman  
Richard Briance  
Timothy Steel  
Theodore Agnew  
Virginia Fraser  
Elizabeth Noel (Resigned 26 February 2008)  
Andrew Sells (Appointed 30 October 2007)

Subsequent to the year end, Simon Wolfson was appointed a director on 2<sup>nd</sup> December 2008.

**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.

**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 2008, approximately two thirds of the charity's reserves were restricted, that is donations given for work which was still running at the end of the financial year. The Trustees believe that a reasonable level of reserves should be maintained to ensure that Policy Exchange can run efficiently and meet its objectives. The Trustees will continue to monitor reserves levels carefully, and look to minimise any adverse impact which the current financial climate might have.

**POLICY EXCHANGE LTD**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2008**

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**FUTURE PLANS**

Over the next financial year Policy Exchange plans to increase its output and range of research publications, including greater emphasis on shorter, more timely reports which target a wide range of topical issues. Particular emphasis will be placed on the research work undertaken by the Economics Unit, as well as broadening the scope of work undertaken by the Education unit to include work on Further and Higher Education.

In 2008 Policy Exchange held a rolling programme of events, seminars and roundtables, which will continue throughout 2009, with high profile speakers drawn from Parliament, the media, academia, industry and the City. These events support both the launch of our research work, and stimulate debate across our core policy areas. Key components of the 2009 events calendar include a number of seminars focused on the implications of the credit crunch, and the future of the economy.

Particular emphasis will be placed in 2009 on ensuring that Policy Exchange's research work reaches as wide an audience as possible. With this in mind, a new Communications Director was appointed in December 2008, subsequent to the year end.

In October 2008, Anthony Browne retired as Chief Executive of Policy Exchange and the Trustees appointed Neil O'Brien in his place.

**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.

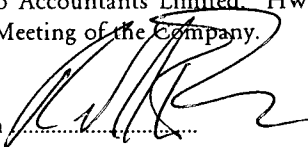
The Trustees recognise that the economic downturn may have a detrimental effect on the charity's income and have taken particular steps to address this. The Trustees take active involvement in the preparation of all budgets and full financial reports are presented by Senior Management each month which allow comparison between budget and actual performance. A cautious approach to investing reserves has also enabled the charity to weather the deteriorating conditions in the equity markets.

**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.

**Auditors**

H W Fisher & Company were appointed as the Company's Auditors on 26 February 2009 following the removal by Ordinary Resolution of Bolton & Co Accountants Limited. HW Fisher & Company will seek reappointment as Auditors at the next Annual General Meeting of the Company.

Approved by the Board of Trustees on 

24/03/09

Trustee

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

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The trustees are responsible for preparing the accounts in accordance with applicable law and 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 its incoming resources and application of resources, including its net income and expenditure for the year.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- 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 which enable them to ensure that the accounts comply with the Companies Act 1985. 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 MEMBERS OF POLICY EXCHANGE LIMITED**

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We have audited the accounts of Policy Exchange Limited for the year ended 30 September 2008 set out on pages 6 to 15. These accounts have been prepared under the accounting policies set out on page 8.

This report is made 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 company'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 company and the company'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**

As described on page 4, 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). 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 properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Trustees' Report is consistent with the accounts, 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 company is not disclosed.

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

**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 the company's affairs as at 30 September 2008 and of its incoming resources and application of resources in the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the accounts.

*H W Fisher & Company*

**H W Fisher & Company**

Chartered Accountants

Registered Auditor

Acre House

11-15 William Road

London

NW1 3ER

Dated: 28/4/09



**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**INCLUDING INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2008**

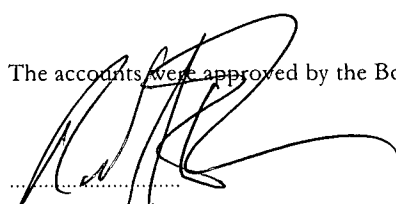
	Notes	Unrestricted funds £	Restricted funds £	Total 2008 £	Total 2007 £
<b><u>Incoming resources from generated funds</u></b>					
Voluntary income	2	775,222	1,557,693	2,332,915	1,618,857
Activities for generating funds		152,225	-	152,225	123,750
Investment income	3	32,505	-	32,505	11,958
		<u>959,952</u>	<u>1,557,693</u>	<u>2,517,645</u>	<u>1,754,565</u>
Incoming resources from charitable activities.	4	140,500	-	140,500	30,431
Other incoming resources	5	822	-	822	1,829
		<u>1,101,274</u>	<u>1,557,693</u>	<u>2,658,967</u>	<u>1,786,825</u>
<b><u>Resources expended</u></b>					
6					
<b>Costs of generating funds</b>					
Costs of generating donations		137,091	-	137,091	107,450
		<u>964,183</u>	<u>1,557,693</u>	<u>2,521,876</u>	<u>1,679,375</u>
<b>Net incoming resources available</b>					
<b>Charitable activities</b>					
Research		779,862	1,219,931	1,999,793	1,467,611
Governance costs	9	51,886	-	51,886	10,350
		<u>968,839</u>	<u>1,219,931</u>	<u>2,188,770</u>	<u>1,585,411</u>
<b>Net incoming resources before transfers</b>					
		<u>132,435</u>	<u>337,762</u>	<u>470,197</u>	<u>201,414</u>
Gross transfers between funds		(54,050)	54,050	-	-
		<u>78,385</u>	<u>391,812</u>	<u>470,197</u>	<u>201,414</u>
<b>Net income for the year/ Net movement in funds</b>					
Fund balances at 1 October 2007		413,121	189,026	602,147	400,733
		<u>491,506</u>	<u>580,838</u>	<u>1,072,344</u>	<u>602,147</u>

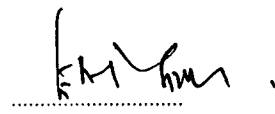
The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 1985.

**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2008**

	Notes	2008		2007	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	12		67,197		36,234
Investments	13		2		2
			<u>67,199</u>		<u>36,236</u>
<b>Current assets</b>					
Debtors	14	334,762		354,065	
Cash at bank and in hand		950,035		337,809	
		<u>1,284,797</u>		<u>691,874</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(279,652)</u>		<u>(125,963)</u>	
<b>Net current assets</b>			<u>1,005,145</u>		<u>565,911</u>
<b>Total assets less current liabilities</b>			<u>1,072,344</u>		<u>602,147</u>
<b>Income funds</b>					
Restricted funds	17		580,838		189,026
Unrestricted funds			<u>491,506</u>		<u>413,121</u>
			<u>1,072,344</u>		<u>602,147</u>

The accounts were approved by the Board on 24/03/09

  
 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 2008**

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**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 1985.

**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.

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:

Land and buildings	over the life of the lease
Furniture and fittings	15% reducing balance
Computer equipment	35% 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 2008**

**1 Accounting Policies** **(continued)**

**1.7 Comparatives**

The comparatives have been changed to more accurately reflect the various categories, based on the Statement of Recommended Practice 2005 disclosure requirements

**2 Voluntary income**

	Unrestricted funds £	Restricted funds £	Total 2008 £	Total 2007 £
Donations and gifts	775,222	1,557,693	2,332,915	1,618,857

**Donations and gifts**

Restricted funds:

Project specific donation/foundation			923,956	476,272
Programme specific donations			409,539	9,000
Events sponsorship			224,198	20,750
			<u>1,557,693</u>	<u>506,022</u>

**3 Investment income**

	2008 £	2007 £
Interest receivable	32,505	11,958

**4 Incoming resources from charitable activities.**

	2008 £	2007 £
Corporate events	140,500	30,431

**5 Other incoming resources**

	2008 £	2007 £
Other income	822	1,829

**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2008**

**6 Total resources expended**

	Staff costs £	Depreciation £	Other costs £	Total 2008 £	Total 2007 £
<b>Costs of generating funds</b>					
Costs of generating donations	96,273	-	40,818	137,091	107,450
<b>Charitable activities</b>					
<b>Research</b>					
Activities undertaken directly	711,004	-	569,617	1,280,621	1,121,506
Support costs	224,036	11,132	484,004	719,172	346,105
<b>Total</b>	<b>935,040</b>	<b>11,132</b>	<b>1,053,621</b>	<b>1,999,793</b>	<b>1,467,611</b>
<b>Governance costs</b>	-	-	51,886	51,886	10,350
	<b>1,031,313</b>	<b>11,132</b>	<b>1,146,325</b>	<b>2,188,770</b>	<b>1,585,411</b>

Governance costs includes payments to the auditors of £9,075 (2007: £3,750) for audit fees and £nil (2007: £3,000) for other services. This audit fee includes an amount of £3,975 in respect of prior year audit fees.

**7 Activities undertaken directly**

	2008 £	2007 £
Other costs relating to costs of generating funds and research comprise:		
Professional fees, research & events	586,757	369,147
Publications, printing & postage	169,909	90,011
Travel and subsistence	30,139	45,041
Premises	196,809	118,732
Website and IT support	55,839	31,649
Other costs	54,986	70,640
	<b>1,094,439</b>	<b>725,220</b>

**8 Support costs**

	2008 £	2007 £
Other costs	484,004	257,883
Staff costs	224,036	82,060
Depreciation	11,132	6,162
	<b>719,172</b>	<b>346,105</b>

**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2008**

**9 Governance costs**

	2008	2007
	£	£
Other governance costs comprise:		
Audit fees	9,075	6,750
Legal fees	42,811	3,600
	<u>51,886</u>	<u>10,350</u>

**10 Trustees**

None of the trustees (or any persons connected with them) received any remuneration or benefits from the company during the year.

**11 Employees**

**Number of employees**

The average monthly number of employees during the year was:

	2008	2007
	Number	Number
Research	17	16
Fundraising	2	2
Administration	7	4
	<u>26</u>	<u>22</u>

**Employment costs**

	2008	2007
	£	£
Wages and salaries	893,955	736,608
Social security costs	114,769	79,966
Other pension costs	22,589	27,105
	<u>1,031,313</u>	<u>843,679</u>

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

	2008	2007
	Number	Number
80,000 - 90,000	1	-
90,000 - 100,000	-	1
110,000 - 120,000	1	-
	<u>2</u>	<u>1</u>

Of the employees whose emoluments exceed £60,000, one employee (2007: nil) 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 2008**

**12 Tangible fixed assets**

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 October 2007	15,478	18,830	25,918	60,226
Additions	-	25,381	16,714	42,095
<b>At 30 September 2008</b>	<b>15,478</b>	<b>44,211</b>	<b>42,632</b>	<b>102,321</b>
<b>Depreciation</b>				
At 1 October 2007	1,548	10,378	12,066	23,992
Charge for the year	1,548	4,501	5,083	11,132
<b>At 30 September 2008</b>	<b>3,096</b>	<b>14,879</b>	<b>17,149</b>	<b>35,124</b>
<b>Net book value</b>				
<b>At 30 September 2008</b>	<b>12,382</b>	<b>29,332</b>	<b>25,483</b>	<b>67,197</b>
At 30 September 2007	13,930	8,452	13,852	36,234

**13 Fixed asset investments**

	£
<b>Market value at 1 October 2007 and at 30 September 2008</b>	<b>2</b>
Historical cost:	
At 30 September 2008	2
At 30 September 2007	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	%
<b>Subsidiary undertakings</b>			
The Ideas Space Ltd			100

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	-	-

**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2008**

14 Debtors	2008	2007
	£	£
Trade debtors	174,525	129,280
Amounts owed by group undertakings	19,093	35,981
Other debtors	77,759	147,000
Prepayments and accrued income	63,385	41,804
	<u>334,762</u>	<u>354,065</u>

15 Creditors: amounts falling due within one year	2008	2007
	£	£
Trade creditors	71,976	30,313
Taxes and social security costs	44,080	17,290
Accruals and deferred income	163,596	78,360
	<u>279,652</u>	<u>125,963</u>

**16 Pension costs**

The charity operates a defined contribution stakeholder pension scheme in respect of certain employees. The amount payable by the company was £21,378 (2007: £27,105).



**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2008**

**17 Restricted funds**

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

	Movement in funds				Balance at 30 September 2008
	Balance at 1 October 2007	Incoming resources	Resources expended	Transfers	
	£	£	£	£	£
Economics	85,628	169,602	(178,722)	-	76,508
Islam	-	442,039	(316,067)	-	125,972
Education	-	125,650	(153,118)	27,468	-
Crime and justice	12,743	159,850	(138,719)	-	33,874
Governance	4,909	15,000	(46,491)	26,582	-
Health	-	79,998	(58,886)	-	21,112
Social policy	85,746	139,255	(110,996)	-	114,005
Environment	-	206,600	(109,176)	-	97,424
Events	-	219,699	(107,756)	-	111,943
	<u>189,026</u>	<u>1,557,693</u>	<u>(1,219,931)</u>	<u>54,050</u>	<u>580,838</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 2008.

**18 Analysis of net assets between funds**

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 30 September 2008 are represented by:			
Tangible fixed assets	67,197	-	67,197
Investments	2	-	2
Current assets	703,959	580,838	1,284,797
Creditors: amounts falling due within one year	(279,652)	-	(279,652)
	<u>491,506</u>	<u>580,838</u>	<u>1,072,344</u>

**POLICY EXCHANGE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2008**

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**19 Commitments under operating leases**

At 30 September 2008 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Expiry date:		
In over five years	<b>124,708</b>	<b>76,000</b>