

Registered number: 02977740  
Charity number: 1042046

**DEMOS**  
(A company limited by guarantee)

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**



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DEMOS  
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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Trustees

Nicholas Claydon  
Dame Julie Mellor, Chair  
Alessandra Buonfino  
Matt Nixon  
Neil Sherlock  
Ian Corfield

Company registered number

02977740

Charity registered number

1042046

Registered office

76 Vincent Square, London, SW1P 2PD

Company secretary

Polly Mackenzie

Chief executive officer

Polly Mackenzie

Independent examiners

Leigh Saxton Green, Mutual House, 70 Conduit Street, London, W1S 2GF

Bankers

Santander, Bridle Road, Bootle, Merseyside, L30 4GB

Solicitors

Russell-Cooke LLP 2 Putney Hill, SW15 6AB

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## DEMOS

(A company limited by guarantee)

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### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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The trustees present their report and the financial statements for the year ending 31 December 2017.

Reference and administrative information set out on page one forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (FRSSE) (effective from January 2015).

#### ACTIVITIES AND REVIEW

The Charity's objects are governed by our Memorandum and Articles of Association which state that Demos exists:

- To promote education for the public benefit in issues of politics, economics, the environment and public policy,
- To promote for the public benefit research in any of the above fields of education and to publish the useful results of such research.

The trustees have had due regard to the Charity Commission's guidance on public benefit when considering the charity's objectives and activities. There have been no changes in the objects or the policies of the charity during the year. The principal activities of research, education and publication, to the public benefit, are reflected in the organisational structure of the charity. The overall management of Demos is the responsibility of the Chief Executive who provides leadership to the organisation and specifically leads the development of the intellectual and research agenda of the charity. Following restructuring in the first half of 2018, reporting to the Chief Executive is the Head of Research, the Head of External Affairs, the Head of CASM and the Chief of Staff. Research projects are managed by senior staff; a team of researchers undertakes research projects, supported by temporary assistants and interns, while the external affairs teams manages the programme of events. Freelance and sub-contracted collaborations are entered into to fulfil technical and consultancy roles, as well as helping with particular aspects of research, writing and the production of publications. All projects have a budgetary review before contracts with funders are signed, and are subject to an extensive quality review process from initiation through to publishing the final report. All staff are encouraged to contribute to any appropriate aspects of research, administration, the achievement of the charitable objects and the planning processes.

#### Overview of 2017

2017 was an extremely challenging year for Demos, in which the charity ran a substantial deficit, primarily due to an adverse funding environment, in which total revenues fell by 38% to £738,199. Efforts to limit expenditure to match this funding environment were effective in bringing down overall costs, but the charity nevertheless ended the year with a substantial deficit of £145,210. Trading conditions were exceptionally difficult for Demos and the industry as a whole in 2017; the emergence of a snap election and Brexit's continued dominance of the policy landscape resulted in a diminished market appetite for policy research and party conference services.

Despite the financial difficulties, the charity achieved substantial impact through high quality, high-profile research and events. The year ended with the appointment of a new Chief Executive to lead a restructuring, cost-cutting and renewal programme to return the charity to financial health and enable it to continue its research work in the public interest. During 2018 the charity has worked to implement this restructuring, improve governance, financial management and risk management, returning to month-by-month surplus by the end of Q1 and sustaining this on an ongoing basis, and appointing a new chair to lead the board into the future and oversee the strengthening of the charity's position.

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**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Achievements during 2017**

Specific achievements for 2017 include:

- Published the findings of two flagship projects – one on populism and the “politics of fear” across the EU, and one on the social attitudes of young adults in the UK
- Launched a new economic research programme – the Modern Economy Programme – which opened with a widely covered report on the economic impact of Brexit.
- Launched a new events and research programme, the Technology Education project, that will bring policymakers and technology experts together in order to promote a better public policy dialogue.
- Analysed how the 2017 General Election was playing out on social media throughout the campaign as a regular slot on the BBC’s Victoria Derbyshire show.
- Published a number of reports looking into the policy challenges associated with Britain’s aging population, focusing in particular on the retirement housing market.
- Began the development phase for a year-long pilot that will test a physical activity programme for retired people, loosely based on the Japanese ‘Radio Taiso’ exercise regime.

**PUBLICATIONS**

Demos publishes in a number of different formats including pdf web-files, books, project reports, collections, and occasional commentary papers. In 2017, alongside our standard Demos reports, we published two editions of our magazine *DQ* – a twenty-year retrospective on ‘Cool Britannia’ and a special look at technology and security policy – as well as several pieces of stand-alone social media research and accompanying methodological papers by CASM, regular blog posts, and write-ups of our public events.

Titles published during the year include:

*The Moral Web*; Peter Harrison-Evans and Alex Krasodonski-Jones  
*Mind Costs: The Financial Impact of Motor Neurone Disease*; Simone Vibert  
*Next Generation UK*; Ian Wybron, Simone Vibert and Josh Smith  
*Nothing to Fear but Fear Itself*; Sophie Gaston and Peter Harrison-Evans  
*Making the Most of Brexit*; Tom Startup and Claudia Wood  
*Unlocking the Market*; Claudia Wood and Simone Vibert  
*A Good Retirement*; Claudia Wood and Simone Vibert  
*Shopping for Good*; Peter Harrison-Evans  
*Online Support*; Jamie Bartlett and Josh Smith  
*Signal and Noise*; Alex Krasodonski-Jones  
*Talking to Ourselves*; Alex Krasodonski-Jones

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## DEMOS

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### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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#### Demos Events

Demos organised a wide range of events including high level policy forums and discussions talks from senior political figures, conferences and round tables and during the year. On average, Demos hosts and organises two events each month, ranging from large-scale public debates to smaller scale forums on particular issues. We also hosted wide ranging conversations at a series of fringe events at Labour and Conservative Party conferences. In addition, Demos staff gave presentations and speeches, and took part in debates at conferences and events. Notable events during the year include:

- *Off The Record* An evening of discussion between David Anderson QC, the Independent Reviewer of the Government's Terrorism Legislation and Jamie Bartlett. David reflected on his experiences over the past six years, and looked ahead to the next challenges for counter-terror and surveillance law.
- *Nothing to Fear but Fear Itself?* A series of international events where we presented the findings from a project examining how a rising culture of fear is sweeping Europe – fuelling populism, dividing societies, and threatening to destabilise democratic institutions.
- *Next Generation : Question Time*, a panel discussion where James Cleverly MP, Lisa Nandy MP, Michael Sani, founder of Bite the Ballot and Priscilla Mensah, former Cambridge SU president discussed youth engagement; exploring attitudes and aspirations of young adults across the UK, and seeking to understand their priorities for change. The event marked the culmination of a year-long research project undertaken by Demos on behalf of British Council.
- *Britain's Digital Future – Keynote from UK's Shadow Digital Minister*, Liam Byrne MP addressed engaged audience of technology practitioners and policy-makers. This was followed by a lively discussion lead by Jamie Bartlett with Matt Rogerson, Head of Public Policy at Guardian Media Group and Liam Byrne.

#### PROJECTS

Demos carried out a wide range of research projects during 2017, organised into four distinct programmes: the Modern Economy (which was launched in the Spring), Social Policy, International Projects, and the Centre for the Analysis of Social Media (CASM).

##### Modern Economy Programme

The Modern Economy Programme was launched in Spring 2017 with *Making the Most of Brexit*, a project examining the economic risks associated with Brexit. This drew upon a series of Westminster events, as well as secondary analysis of associated literature. The programme launched two other projects during the course of the year – a wide-ranging examination of the social challenges facing Britain's self-employed workforce, which drew upon polling, focus groups and semi-structured interviews; and a rapid evidence assessment of the potential impact a future depreciation of Sterling might have upon the economy.

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### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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#### **Social Policy Programme**

The Social Policy programme continued to conduct cutting edge research, using innovative methodologies, with an aim of improving both policy and practice. The programme continued to run a pilot education programme to teach children about the risks of gambling. This involved designing a range of PSHE lessons that boost non-cognitive skills and concepts such as "delayed gratification" in order to make better decisions in risky situation. To evaluate the pilot, Demos observed five lessons, conducting a tracked pre and post survey over 12 months with participating schools and a comparable, nearby control group. The Social Policy programme also developed and launched the development of a new Sports England pilot, which will test and evaluate a physical wellbeing intervention loosely based on the Japanese *Radio Taiso* classes. In terms of thought leadership research, the programme published *The Moral Web*, a landmark report which drew upon the natural language processing power of CASM (see below) to bring an innovative mixed-method approach to the relationship between adolescent character development and social media use.

The programme also began a number of projects on two discrete themes – the financial impact of ill health and a series of reports looking at the problems in retirement housing market. The former in particular brought a fresh methodological perspective using surveys and qualitative research to create a 'ripple effect' analysis of the financial and social costs of different diseases. In 2017, one of these reports was published on Motor Neurone Disease, whilst new projects on cancer and ADHD were launched and the research phases begun.

#### **International Projects**

In 2017 the Demos International Projects programme primarily worked on a new project exploring the cultural and political impact of nostalgia, across a number of European countries. This project, in conjunction with other think-tanks and stakeholders across the continent, drew on a number of methodologies – primarily focus groups and original survey work, with citizens across Europe. In early 2017 the programme published its previous landmark project, *Nothing to Fear But Fear Itself*, which carried out a similar mixed-method approach – focus groups, quantitative analysis, polling – that explored the factors driving populism in six European countries. The project also carried out two event-based research projects on far right extremism and the role of the mainstream media in driving populist political activity.

#### **The Centre for the Analysis of Social Media**

The Centre for the Analysis of Social Media (CASM) continued to push its methodological and technological capabilities, and expanded its research agenda into new spaces. The team launched the Technology Education Project in partnership with the Internet Watch Foundation, bringing together policymakers, experts and law enforcement to bring clarity to complex technological policy challenges. Digital politics remained a core tenet of the work at the Centre, with publications on political echo chambers, filter bubbles, and the use of social media for politics, including a number of high-profile media partnerships over the 2017 election. CASM also continued to work with central and local government to understand the use of social media by extremist groups, including an analysis and mapping of islamophobia in the UK. Alongside this continuing work, Demos built technology to explore new parts of the web: *Online Support* analysed data from dozens of health forums and provided a new angle on the role the internet plays in sickness and recovery, and were commissioned to survey and report on public perceptions towards technological and digital change.

#### **Restructured research programme in 2018**

Demos' new chief executive restructured the research programme in early 2018, bringing to an end the International Programme to focus the charity's work on domestic public policy matters. Demos will work to further its charitable objects by conducting and disseminating research on UK public policy matters under a unified research programme. Casm will continue to work on a diverse programme of research on the impact and policy implications of technological change.

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## DEMOS

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### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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#### DEMOS PROJECTS LIMITED

The charity controls Demos Projects Limited (company number 2667039), a company limited by guarantee. The two Directors of Demos Projects Limited are the chief executive of Demos and one of the charity's trustees. Its status is under review by the Trustees.

#### FINANCE REVIEW

The results of the year's activity are set out in the attached financial statements. Total incoming resources were £738,199: a decrease of £445,226 on the previous year (£1,183,425). Prior to 2017, the majority of income streams are broadly similar year on year ([2016 – 969,023], [2015 - £1,064,870], [2014 - £1,221,456]). Similarly, until 2017 resource expenditure remained relatively consistent ([2014 - £1,182,685], [2015 - £1,064,870], [2016 - £1,103,760]). In 2017, spending dropped to £883,409 which is a decrease of £220,351 on the previous year. Despite this decrease in spending, Demos ended 2017 with a resource deficit of £145,210, substantially larger than previous deficits in 2013 (£38,771) and 2015 (£95,847) respectively.

#### RESERVES & GOING CONCERN

As set out in the Accounting Policies in Note 1.4 to the financial statements, the accounts have been prepared on the going concern basis, i.e. on the basis that the charity will continue in operational existence for the foreseeable future (being at least 12 months from the date of signing the financial statements). The trustees have made this judgement on the grounds that 2017 was an anomalous year, with the adverse impact of a general election, and that new management is in place. The new chief executive has taken substantial measures to reduce costs and increase revenues, working with the trustees to establish and embed improved governance and financial risk management. The trustees have set an overarching goal to, return the charity to a position of net assets, in which the charity holds an appropriate balance of reserves, as soon as possible, recognising that this is likely to be achieved in the medium-term.

#### RISK ASSESSMENT

In the last quarter of 2017, Demos opted to improve its risk assessment protocols, originally set up in accordance with guidance set out by the Charity Commission at the 2011 Annual General Meeting. Previously, this was not formally updated on regular basis, but the trustees would review Demos' risks and the actions put in place to mitigate them on an ad hoc basis. As part of the restructuring put in place by the new chief executive and chair, in early 2018, Demos created a more detailed risk register with a view to forming a risk management subcommittee of trustees and a Demos risk management policy. The risk management policy sets out how Demos will assess and manage risks in future, and itself will be reviewed annually.



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**DEMOS**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**TRUSTEES**

The following served as company directors and charity trustees during the year:

Phil Collins (Chair): 31/12/16 – 31/12/17

Kieran Brett: 31/12/16 – 31/12/17

Nick Claydon: 31/12/16 – 31/12/17

Elsbeth Johnson: 31/12/16 – 31/12/17

Neil Sherlock: 31/12/16 – 31/12/17

Ian Corfield: : 31/12/16 – 31/12/17

Damien Leeson: 31/12/16 – 31/12/17

Matt Nixon: 31/12/16 – 31/12/17

All directors are members of the charitable company and guarantee to contribute to the assets of the company in the event of it being wound up such amounts as may be required not exceeding £1. The number of guarantors at 31 December 2017 was 8 (2016 – 8). The directors have no beneficial interest in the charitable company nor in its activities and are not remunerated. A register of business interests is maintained.

**Future Development**

The trustees have reviewed the latest results for 2017 and anticipated income and workflow projection for 2018. The new chief executive has made substantial savings to the ongoing overheads faced by the charity, including reducing both net rent and professional advisory costs by half, and reducing staff costs by 40% on a monthly basis. The trustees consider that these indicate that Demos can meet its liabilities as they fall due for the foreseeable future and have therefore prepared the financial statements on the going concern basis.

**Credit risks**

The charitable company's principal financial assets are bank balances, cash and trade debtors which represent the company's maximum exposure to credit risk in relation to financial assets.

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one funder depending upon their credit rating. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the charitable company's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings and / or with Government support, where applicable, assigned by international credit-rating agencies. The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

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#### TRUSTEES' RESPONSIBILITIES STATEMENT

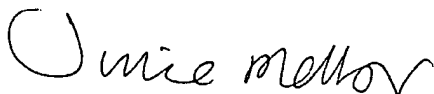
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees (who are also directors of Demos for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

Approved by the trustees on 28/09/2018 And signed on their behalf by



Julie Mellor  
Chair  
Demos

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**DEMOS**

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**INDEPENDENT EXAMINER'S REPORT TO THE MEMBERS OF DEMOS**

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This report is made solely to the Charity's Trustees as a body, in accordance with section 144 (2) of the Charities Act 2011. Our work had been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in this 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 work, or for the opinions we have formed. I report on the accounts of the Trust for the year ended 5 April 2017 which are set out on pages 10 to 27.

**Respective Responsibilities of Trustees and Examiner**

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year (under section 144(2) of the Charities Act 2011) and that an independent examination is needed.

It is my responsibility to:

- Examine the accounts (under section 145 of the 2011 Act)
- To follow the procedures laid down in the General Directions given by the Charity Commissioners (under section 145(5)(b) of the 2011 Act; and
- To state whether particular matters have come to my attention.

**Basis of Independent Examiner's Report**

My examination was carried out in accordance with the general Directions given by the Charity Commissioners. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanation from you as Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required if an audit, and consequently no opinion is given as to whether, the financial statement present a 'true and fair view' and the report is limited to those matters set out in the statement below.

**Group accounts**

Under section 399 of the Companies Act 2006, the charitable company is not required to prepare group accounts.

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**DEMOS**

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**INDEPENDENT EXAMINER'S REPORT TO THE MEMBERS OF DEMOS**

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Independent Examiner's Statement

In connection with my examination, no matter has come to my attention:

1. which gives me reasonable cause to believe that in any material respect the requirements:
  - to keep accounting records in accordance with section 130 of the 2011 Act; and
  - to prepare accounts which accord with the accounting records and comply with the accounting requirements of the 2011 Acthave not been met; or
2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

  
Robert Keen

28/9/18

for and on behalf of

**Leigh Saxton Green**  
Chartered Accountants  
Mutual House  
70 Conduit Street  
London  
W1S 2GF

DEMOS  
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**STATEMENT OF FINANCIAL ACTIVITIES**  
**(incorporating income and expenditure account)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds:					
Voluntary income	2	32	-	32	11,032
Activities for generating funds	3	38,727	-	38,727	32,432
Investment income - bank interest		67	-	67	452
Incoming resources from charitable activities	4	388,596	205,652	594,248	1,074,843
Other incoming resources	6	105,125	-	105,125	64,665
		<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL INCOMING RESOURCES</b>		<b>532,547</b>	<b>205,652</b>	<b>738,199</b>	<b>1,183,425</b>
<b>RESOURCES EXPENDED</b>					
Charitable activities	7	630,501	205,652	836,153	1,055,765
Governance costs	10	33,130	-	33,130	24,146
Other resources expended	8	14,126	-	14,126	23,848
		<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL RESOURCES EXPENDED</b>		<b>677,757</b>	<b>205,652</b>	<b>883,409</b>	<b>1,103,760</b>
<b>MOVEMENT IN TOTAL FUNDS FOR THE YEAR - NET INCOME/(EXPENDITURE)</b>					
<b>FOR THE YEAR</b>		<b>(145,210)</b>	<b>-</b>	<b>(145,210)</b>	<b>79,665</b>
Total funds at 1 January 2017		(56,142)	-	(56,142)	(135,807)
		<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL FUNDS AT 31 DECEMBER 2017</b>		<b>(201,352)</b>	<b>-</b>	<b>(201,352)</b>	<b>(56,142)</b>
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 14 to 27 form part of these financial statements.

DEMOS  
(A company limited by guarantee)  
REGISTERED NUMBER: 02977740

**BALANCE SHEET  
AS AT 31 DECEMBER 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	14		15,235		23,569.07
<b>CURRENT ASSETS</b>					
Debtors	16	121,178		150,745	
Cash at bank and in hand		240		35,883	
		<u>121,418</u>		<u>186,628</u>	
<b>CREDITORS: amounts falling due within one year</b>	17	<b>(338,006)</b>		<b>(266,339)</b>	
<b>NET CURRENT LIABILITIES</b>			<b>(216,587)</b>		<b>(79,711)</b>
<b>NET LIABILITIES</b>			<b>(201,352)</b>		<b>(56,142)</b>
<b>CHARITY FUNDS</b>					
Restricted funds	18		-		-
Unrestricted funds	18		<b>(201,352)</b>		<b>(56,142)</b>
<b>TOTAL DEFICIT</b>			<b>(201,352)</b>		<b>(56,142)</b>

The financial statements were approved by the Trustees on 28/09/2018 and signed on their behalf, by:

Julie Mellor, Chair

*Julie Mellor*

The notes on pages 14 to 28 form part of these financial statements.

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**STATEMENT OF CASH FLOWS FOR THE  
YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net cash provided by operating activities	(34,127)	22,966
Interest paid	(1,791)	(1,510)
	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	<b>(35,917)</b>	<b>21,456</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	67	452
Proceeds from sale of tangible fixed assets	208	-
Purchase of tangible fixed assets	-	(2,303)
	<hr/>	<hr/>
<b>NET CASH PROVIDED BY / (USED BY)</b>		
<b>INVESTING ACTIVITIES</b>	<b>275</b>	<b>(1,851)</b>
Change in cash and cash equivalents in the year	(35,642)	19,605
Cash and cash equivalents at the beginning the year	35,883	16,277
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>240</b>	<b>35,883</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Reconciliation of net incoming / (outgoing) resources from operating activities</b>		
Net movement of resources in year	(145,210)	79,665
Interest received	(67)	(452)
Finance costs	1,791	1,510
Depreciation	8,334	8,334
Profit on sale of fixed assets	(208)	-
(Increase) / decrease in debtors	29,567	144,432
(Decrease) / increase in creditors	71,667	(210,523)
	<hr/>	<hr/>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>(34,127)</b>	<b>22,966</b>
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The charity constitutes a public benefit entity as defined by FRS 102. These financial statements have been prepared in accordance with Accounting and Reporting by Charities Statement of Recommended Practice (SORP) applicable to charities preparing their financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 and the Charities Act 2011.

Consolidated financial statements have not been prepared as the group constitutes a small group.

**1.2 Incoming resources**

All incoming resources are included in the Statement of financial activities when the company has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability. This is shown net of VAT.

Income from projects, grants, events and seminars is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. Should income invoiced exceed the income that should be recognised in the accounts for the year, then this difference will be deferred.

Rental income is recognised in the period to which it relates.

**1.3 Resources expended**

Expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Support costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity.

Projects	85%
Publications and subscriptions	5%
Events and seminars	5%
Governance	5%



NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2017

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1. ACCOUNTING POLICIES (continued)

1.4 Going concern

The charity continues to have negative net assets though these were reduced due to the surplus made in the year ended 31 December 2017. The charity however remains a going concern as it is able to meet its liabilities as they arise through judicious management of cash flows. Due to the manner in which Demos obtains funding and is commissioned to undertake projects, it continually undertakes business development activities. The charity enters each year in the knowledge that its anticipated income for the year is not fully secured, hence it carefully monitors its pipeline of new work and the success of the bids it makes for funding. Historically this business model has proven to be appropriate and hence the trustees consider there are no material uncertainties over going concern, and there is a valid expectation that the charity will continue in operational existence for the foreseeable future (at least 12 months from the date of signing the financial statements). The financial statements have therefore been prepared on a going concern basis.

1.5 Tangible fixed assets and depreciation

All assets costing more than £100 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	5 years
Computer equipment	3 years

1.6 Investments

Investments are stated at market value at the balance sheet date. The Statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

1.7 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.8 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of financial activities.

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NOTES TO THE FINANCIAL  
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1. ACCOUNTING POLICIES (continued)

1.10 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at Call with banks.

1.12 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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NOTES TO THE FINANCIAL  
STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2017

1. ACCOUNTING POLICIES (continued)

1.13 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

**Basic financial assets**

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

**Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

**Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

**Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

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NOTES TO THE FINANCIAL  
STATEMENTS FOR THE YEAR ENDED  
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1. ACCOUNTING POLICIES (continued)

**Basic financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

**Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

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

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

1.15 Judgements and key sources of estimation uncertainty

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

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

1.16 Critical judgements

Revenue from contracts is assessed on an individual basis with revenue earned being ascertained based on the stage of completion of the contract which is estimated using the time spent to date compared to the total time required to undertake the contract. Estimates of the total time required to undertake the contracts are made on a regular basis and subject to a management review. These estimates may differ from the actual results due to a variety of factors such as efficiency of working and accuracy of assessment of the progress to date. See note 17 for disclosure of the amount by which billing exceeds revenue.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

2 VOLUNTARY INCOME

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Donations	32	-	32	11,032

3 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Rental income	38,727	-	38,727	32,432
	38,727	-	38,727	32,432

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NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2017

4 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Projects	331,652	55,021	386,673	731,521
Events and seminars	55,067	-	55,067	91,080
Publications and subscriptions	1,878	-	1,878	6,608
Grant funded research	-	150,631	150,631	245,635
	<u>388,596</u>	<u>205,652</u>	<u>594,248</u>	<u>1,074,843</u>

5 PROJECT AND GRANT FUNDED  
RESEARCH

Charities and Foundations	192,422
Commercial organisations	179,312
Cultural and Educational organisations	70,669
NDPB	65,924
Local government	-
Government department	18,253
Non UK organisation	10,724
Total	<u>537,304</u>

6 OTHER INCOMING  
RESOURCES

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Other income	800	-	800	1,551
Secondments income	78,795	-	78,795	48,578
Internships Income	25,530	-	25,530	14,537
	<u>105,125</u>	<u>-</u>	<u>105,125</u>	<u>64,665</u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

7 EXPENDITURE BY CHARITABLE ACTIVITY  
SUMMARY BY FUND TYPE

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Projects	448,919	205,652	654,572	864,455
Events and seminars	140,556	-	140,556	143,583
Publications and subscriptions	41,025	-	41,025	47,727
	<u>630,501</u>	<u>205,652</u>	<u>836,153</u>	<u>1,055,765</u>

8 OTHER RESOURCES EXPENDED

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Irrecoverable VAT	14,126	-	14,126	23,848
	<u>14,126</u>	<u>-</u>	<u>14,126</u>	<u>23,848</u>

9 DIRECT COSTS

	Projects £	Events and seminars £	Publications and subscriptions £	Total Funds 2017 £	Total Funds 2016 £
Other costs	80,228	14,079	32,184	126,491	345,311
Wages & salaries	360,010	102,339		462,349	436,186
National insurance	33,299	9,966		43,266	38,891
Pension costs	15,509	5,330		20,839	21,685
Depreciation	7,501			7,501	7,500
	<u>496,547</u>	<u>131,715</u>	<u>32,184</u>	<u>660,445</u>	<u>849,574</u>

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NOTES TO THE FINANCIAL STATEMENTS  
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10 SUPPORT COSTS

	Governance £	Projects £	Events & seminars £	Publications & subscriptions £	Total Funds 2017 £	Total Funds 2016 £
Accountant's remuneration	32,010	-	-	-	32,010	23,045
Other costs	-	28,398	1,578	1,578	31,553	56,521
Premises costs and rates	-	94,697	5,261	5,261	105,219	107,666
Office costs	-	15,341	852	852	17,046	20,246
Wages and salaries	1,119	19,027	1,119	1,119	22,384	22,026
Depreciation	-	750	42	42	833	833
Profit on sale of fixed assets	-	(187)	(10)	(10)	(208)	-
	<u>33,130</u>	<u>158,025</u>	<u>8,841</u>	<u>8,841</u>	<u>208,838</u>	<u>230,338</u>

11 ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Direct costs 2017 £	Support costs 2017 £	Total Funds 2017 £	Total Funds 2016 £
Projects	496,547	158,025	654,572	864,455
Events and seminars	131,715	8,841	140,556	143,583
Publications and subscriptions	32,184	8,841	41,025	47,727
	<u>660,445</u>	<u>175,708</u>	<u>836,153</u>	<u>1,055,765</u>

12 INDEPENDENT EXAMINERS

	2017 £	2016 £
Fees payable to the company's accountant for the independent examination of the company's annual account:	7,500	10,000
Fees payable to the company's accountant and its associates in respect of accounts preparation services	24,510	13,045
	<u>32,010</u>	<u>23,045</u>



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NOTES TO THE FINANCIAL STATEMENTS  
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**13 STAFF COSTS**

Staff costs were as follows:	2017	2016
	£	£
Wages	482,411	456,100
Social	44,595	40,502
Pension	21,832	22,186
	<hr/>	<hr/>
	548,838	518,788
	<hr/> <hr/>	<hr/> <hr/>

The average monthly number of employees during the year was as follows:

	2017	2016
	No.	No.
Projects	15	14
External affairs	4	3
Support costs	1	1
	<hr/>	<hr/>
	20	18
	<hr/> <hr/>	<hr/> <hr/>

The number of higher paid employees was:

	2017	2016
	No.	No.
In the band £60,001 - £70,000	1	1
	<hr/>	<hr/>
	1	1
	<hr/> <hr/>	<hr/> <hr/>

No employees had employee benefits in excess of £60,000 (2016: nil).

Total remuneration paid to key management personnel, including benefits such as employer pension contributions, amounted to £64,633 (2016: £67,840).

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NOTES TO THE FINANCIAL STATEMENTS  
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14. TANGIBLE FIXED ASSETS

	Computer Equipment	Fixtures & Fittings	Total
<b>Cost</b>			
At 1 January 2017	81,798	64,778	146,577
Additions	-	-	-
Disposals	(1,077)	-	(1,077)
At 31 December 2017	<u>80,722</u>	<u>64,778</u>	<u>145,500</u>
<b>Depreciation</b>			
At 1 January 2017	80,057	42,949	123,007
Charge for the year	1,079	7,255	8,334
Released on disposals	(1,077)	-	(1,077)
At 31 December 2017	<u>80,060</u>	<u>50,204</u>	<u>130,264</u>
<b>Net Book Value</b>			
At 31 December 2017	<u>662</u>	<u>14,574</u>	<u>15,235</u>
At 31 December 2016	<u>1,741</u>	<u>21,829</u>	<u>23,570</u>

15. INVESTMENTS

The Charity owns 100% of Demos Projects Limited (company number 02667039), a company limited by guarantee and registered in England and Wales. The company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies and was dormant during the year.

	2017 £	2016 £
Net liabilities	(22,290)	(22,290)
	<hr/>	<hr/>
	2017 £	2016 £
Profit		
	<hr/>	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2017

16 DEBTORS	2017 £	2016 £
Trade debtors	39,550	14,212
Other debtors	26,615	26,615
Prepayments & accrued income	55,013	109,918
	<u>121,178</u>	<u>150,745</u>

17 CREDITORS Amounts falling due within one year	2017 £	2016 £
Trade creditors	120,773	85,926
Bank loans and overdrafts	1,253	-
Other taxation & social security	36,711	70,894
Other creditors	92,021	15,068
Accruals & deferred income	87,247	94,451
	<u>338,006</u>	<u>266,339</u>

Other taxation and social  
security

	2017 £	2016 £
PAYE/NI	25,127	44,817
VAT	11,584	26,077
	<u>36,711</u>	<u>70,894</u>

**Deferred income:**

	2017 £
Deferred income at 1 January 2017	45,484
Resources deferred during year Amounts released from previous years	55,445 (45,484)
Deferred income at 31 December 2017	<u>55,445</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2017

18 STATEMENT OF FUNDS	Brought Forward £	Incoming Resources £	Resources Expended £	Carried Forward £
Unrestricted funds:				
General funds - all funds	(56,142)	532,547	(677,757)	(201,351)
Restricted funds				
Restricted funds - all funds	-	205,652	(205,652)	-
<b>Total funds</b>	<b>(56,142)</b>	<b>738,199</b>	<b>(883,409)</b>	<b>(201,351)</b>
<b>SUMMARY OF FUNDS</b>	<b>Brought Forward £</b>	<b>Incoming Resources £</b>	<b>Resources Expended £</b>	<b>Carried Forward £</b>
General funds	(56,142)	532,547	(677,757)	(201,352)
Restricted funds	-	205,652	(205,652)	-
<b>Total funds</b>	<b>(56,142)</b>	<b>738,199</b>	<b>(883,409)</b>	<b>(201,352)</b>
<b>19 ANALYSIS OF NET ASSETS BETWEEN FUNDS</b>	<b>Unrestricted Funds 2017 £</b>	<b>Restricted Funds 2017 £</b>	<b>Total Funds 2017 £</b>	<b>Total Funds 2016 £</b>
Tangible fixed assets	15,235	-	15,235	23,569
Current assets	121,418	-	121,418	186,628
Creditors due within one year	(338,006)	-	(338,006)	(266,339)
<b>Total</b>	<b>(201,352)</b>	<b>-</b>	<b>(201,352)</b>	<b>(56,142)</b>

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NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2017

20	RESTRICTED FUNDS	Brought Forward £	Incoming Resources £	Outgoing Resources £	Carried Forward £
	Big data for research insight	-	8,500	8,500	-
	Gambling in schools	-	29,602	29,602	-
	Policing Hate Crime	-	16,919	16,919	-
	Nostalgia	-	62,771	62,771	-
	Digital Power	-	19,695	19,695	-
	Radio Taiso development award	-	15,050	15,050	-
	Brexit forums	-	20,000	20,000	-
	Residential care for veterans	-	13,749	13,749	-
	Revolution for health	-	14,630	14,630	-
	Populism in the EU Grant	-	4,736	4,736	-
		-	205,652	205,652	-

The following funders provided funding for these restricted projects:

NSPCC - Big data for research insight  
Responsible Gambling Trust - Gambling in schools  
Sussex University/ Police Knowledge Fund - Policing Hate Crime  
Open Society Institute (OSF) - Nostalgia  
Open Society Institute (OSF) - Digital Power  
Sport England - Radio Taiso development award  
Friends Provident - Brexit forums  
Forces in Mind Trust - Residential care for veterans  
Welcome Trust - Revolution for health  
Open Society Institute (OSF) - Populism in the EU Grant

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NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2017

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21 PENSION COMMITMENTS

Contributions totalling £7,757 (2016: £5,011) were payable at the balance sheet date and are included in creditors.

22 OPERATING LEASE COMMITMENTS

At 31 December 2017 the company had annual commitments under non-cancellable operating leases as follows:

Expiry date:	Land and buildings	
	2017	2016
	£	£
Within 1 year	105,600	105,600
Between 2 and 5 years	148,000	246,400

23 RELATED PARTY TRANSACTIONS

During the year, no Trustees received any remuneration or benefits in kind (2016 - £Nil). During the year, no Trustees received reimbursement of expenses (2016 - £Nil).