

Registered number: 02977740
Charity number: 1042046

DEMOS

(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

DEMOS
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details of the charity, its trustees and advisers	1
Trustees' report	2 - 9
Independent auditors' report	10 - 11
Statement of financial activities	12
Balance sheet	13
Notes to the financial statements	14 - 25

DEMOS

(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2014**

Trustees

Kieran Brett
Nicholas Claydon
Philip Collins, Chair
Elsbeth Johnson
John Knell (retired 20 February 2015)
Damian Leeson (appointed 23 February 2015)
Matt Nixon (appointed 23 February 2015)
Neil Sherlock (appointed 1 December 2014)

Company registered number

02977740

Charity registered number

1042046

Registered office

Lloyds Wharf, 2 Mill Street, London, SE1 2BD

Company secretary

Claudia Wood

Chief executive officer

Claudia Wood

Independent auditors

MHA MacIntyre Hudson, New Bridge Street House, 30-34 New Bridge Street, London, EC4V 6BJ

Bankers

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

Solicitors

Collins Benson Goldhill LLP, 28 Great Portland Street, London, W1W 8QT

DEMOS
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

The trustees present their report and the financial statements for the year ending 31 December 2014.

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 – Accounting and Reporting by Charities (issued in March 2005).

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 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. Reporting to the Chief Executive is the Research Director, the Head of Operations, Events and Press & Communications managers. Research projects are managed by heads of programmes and other senior researchers. A team of senior researchers and researchers undertakes research projects, supported by temporary assistants and interns. Freelance 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.

Aims for 2014

2014 saw the appointment of a new Chief Executive, Claudia Wood. Her role covers both intellectual direction and the operational oversight of the organisation, a task which she had previously carried out as Deputy Director. Her co-Deputy, Duncan O'Leary, has taken on the role of Research Director with specific responsibility of managing research staff and overseeing the quality of output. The aim of 2014 was to clarify Demos' intellectual direction and provide greater coherence across the programmes of work, while instituting more granular analysis of Demos' project costs and staff resources. Specific objectives were:

- Continuing to improve Demos' reputation and profile in key policy areas in the year before a General Election
- Create a new Advisory Board, chaired by former Director David Goodhart and including high profile public intellectuals and experts, to provide additional research input and direction
- Maintain stringent cost control measures on research projects through a new logging system for staff to record the time they spend on individual projects
- To deliver high profile, large research projects combined with shorter term pieces to maintain a more stable cash-flow throughout the year
- To better coordinate and clarify the roles of events and communications so that project launches were more coherent, funders had a single point of contact, and autumn Party Conferences were managed by someone without other unrelated duties

DEMOS
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

The new staffing arrangement has worked well, and healthy project income combined with stable outgoings and a highly successful party conference season has meant we have experienced predictable cash-flow throughout the year and ended with a modest surplus of £39,000. This is in spite of the fact that in October 2014, the company sub-letting our events space moved out, leading to a reduction in rental income. In response, we converted the area back into an events space and used it for all project related events, reducing our events-related outgoings (spending on external venues). We continued to sub-let an area of our office.

Achievements during 2014

Specific achievements for 2014 include:

- Establishing a year long cross-party Commission on Apprenticeships, co-chaired by Robert Halfon MP and Lord Maurice Glasman
- Carrying out a large-scale evaluation of the social action programme *Uprising*, sponsored by the Cabinet Office Social Action Fund
- A Europe-wide project to encourage voter turnout through social media before the EU elections, entitled *Getting Out the Vote*
- A study of Local Banking, funded by a grant from the Friends Provident Foundation

PUBLICATIONS

Demos publishes in a number of different formats including pdf web-files, books, project reports, collections, and occasional *commentary papers*.

In 2014, alongside several of our standard Demos reports, we published: four editions of *Demos Quarterly*, our new research journal launched in 2013, with a collection of longer think pieces, short essays and reviews; a collection of essays on the future of disability; and the final extensive report of the year-long Commission on Residential Care (launched in 2013), chaired by Paul Burstow MP.

Titles published during the year include:

- **Ties that bind** – Duncan O'Leary, Jo Salter
- **Putting customers first** – Hilary Cooper, Andrew Freeman
- **Anti-Social Media** – Jamie Bartlett et al.
- **Introducing generation citizen** – Jonathan Birdwell, Mona Bani
- **Unlocking the potential** – Duncan O'Leary, Les Mayhew
- **Mapping integration** – David Goodhart
- **Up to the job** – Jonathan Todd
- **The borrowers** – Jo Salter

DEMOS
(A company limited by guarantee)

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

- **Opting up** – Max Wind-Cowie
- **Misogyny on twitter** – Jamie Bartlett et al.
- **Scouting for skills** – Jonathan Birdwell, Ian Wybron
- **Behind the screen** – Jo Salter
- **Payment Power** – Jodie Ginsberg
- **On speaking terms** - Ally Paget, Neil Stevenson
- **Vox Digitas** - Jamie Bartlett et al.
- **Going it alone** – Duncan O'Leary
- **The commission on residential care**
- **The future of disability** – Claudia Wood
- **Changing places** – Eric Kaufmann, Gareth Harris
- **Do no harm** – Max Wind-Cowie, Claudia Wood
- **Like, share, vote** – Jamie Bartlett, Jonathan Birdwell, Louis Reynolds
- **The affordability of retirement housing**
- **Feeling the effects: Romania** – Jonathan Birdwell et al.
- **A tale of two classrooms** – Claudia Wood, Ralph Scott
- **A question of trust** – Carl Miller
- **Good jobs** – Ralph Scott
- **Tune in, turn out** – Jonathan Birdwell, Charlie Cadywould, Louis Reynolds
- **Uncharitable behaviour** – Tom Keatinge

DEMOS

(A company limited by guarantee)

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

LECTURES, CONFERENCES AND SEMINARS

Demos organised a wide range of lectures, events and conferences during the year. On average, Demos hosts and organises two events each month, ranging from large-scale public debates to smaller scale seminars on particular issues. In addition, Demos staff give presentations and speeches, and take part in debates at conferences and events. Notable events during the year include:

The character conference

Demos hosted a one-day conference on how to develop and build character through policy, bringing together experts, policy makers and practitioners to discuss topics such as: character in the classroom; sport and extra-curricular activities; social action and volunteering; the role of parenting; and suggest ways forward for government. Speakers included Tristram Hunt MP, Lord Holmes, Baroness Tyler and James O'Shaughnessy.

Twists and turnout

Demos hosted a panel event on major trends and patterns in voting which would affect the General Election. Speakers included Trevor Phillips OBE, who shared his findings from his research into clusters and the voting patterns of ethno-cultural minorities; Gideon Skinner, Head of Political Research at Ipsos Mori; Mevan Babakar, Head of Digital at Bite the Ballot; and Fran O'Leary author of "Why don't you vote?" for the Demos Quarterly. The panel considered questions such as: what factors influence people's voting decisions? Are issues of identity an indicator of likelihood to vote and voting intention? What tools can be used to mobilise non-voters? And what can the political classes do to encourage people to vote?

The future of residential care

In September 2014, the Commission on Residential Care released its final report following a year of investigation into the care system by the Demos secretary. The report recommends a number of measures to embed good practice in the sector and challenge public perceptions. To launch the report, Rt Hon Paul Burstow MP delivered a keynote speech, with responses given by Sir Edward Lister, Chief of Staff & Deputy Mayor for Policy & Planning and Andrea Sutcliffe, Chief Inspector of Adult Social Care at Care Quality Commission.

Barriers to business

To launch the report *Going it Alone*, which investigates the social, economic and political implications of the growth of self-employment, Demos hosted an event to explore the implications of the shifting nature of working life in Britain and the challenges faced by freelancers in the modern economy. Speakers included: John Glen MP and Chris Bryce, Chief Executive of PCG.

Postliberalism event series

Following a Demos Quarterly article focusing on Post-Liberalism and the 'social-glue' that mainstream liberalism often takes for granted, Demos ran a series of lectures on the topic:

- *Postliberalism and one nation economics* - Geoff Mulgan CBE, Chief Executive of Nesta held a speech, with responses from Simon Danczuk MP and The Times columnist Jenni Russell.
- *The economic dimension of postliberalism* - leading economist John Kay gave a lecture focusing on the economic dimension of post liberalism with responses to the lecture from John Mills and Paul Ormerod.
- *Changing families and feminist blind spots* - Baroness Alison Wolf gave a lecture on feminism and family welfare, with a response from Belinda Brown, Honorary Research Associate at UCL and Fellow of the Young Foundation and chaired by Emma Barnett, Women's Editor at The Telegraph.

DEMOS

(A company limited by guarantee)

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Immigration and Security Minister, James Brokenshire MP speech

James Brokenshire gave his first speech in his new role as Immigration and Security Minister to Demos, where he outlined the government's plans to create a more sustainable immigration system. He stressed why controlling immigration is so important and how the government will work to bring down immigration further.

Up to the job

To launch Demos' report on apprenticeships, which makes recommendations for how its popularity can be built upon to grow the number and quality of apprenticeships, Demos hosted a panel debate with Liam Byrne MP, Shadow Minister for Business, Innovation and Skills.

The challenges of the digital world

The Shadow Home Secretary, Yvette Cooper, gave a speech outlining the challenges of navigating a new digital world and the implications for security and privacy, discussing the role of the police and security and intelligence agencies in ensuring safety and security online, as well as the safeguards needed to protect our privacy and liberty.

Unlocking the potential

Demos report *Unlocking the potential*, which explores how likely the government is to succeed in its goal to foster a new social care market, and options for enabling people to plan ahead for later life, was launched at a panel event with speakers including Norman Lamb MP, Minister of State for Care and Support, Stephen Lowe from Just Retirement, Les Mayhew, Professor of Statistics at Cass Business School, Caroline Rookes, Chief Executive at Money Advice Service, and chaired by Penny Mordaunt MP, Co-Chair of The All Party Parliamentary Group on Ageing and Older People.

PROJECTS

Demos carried out a wide range of research projects during 2014, drawing on a varied range of innovative methodologies which Demos is now known for, including focus groups and interviews, citizen's juries and ethnographic study. We built on our new social media analytics capability in partnership with the University of Sussex to enable us to analyse Twitter content. Highlights include:

Getting out the vote

CASM used social media analysis to better understand citizens' concerns and behaviours that impeded political participation in the 2014 European Elections, especially those who are far from the centers of power (migrants, minorities, youth, women and diaspora voters). Using this insight, CASM produced tools and techniques to allow civic society groups to better target those groups using social media to increase voter turnout at the European elections in 2014 and beyond. The project included Demos hosting workshops explaining the use of these tools in France, Greece, Hungary, Italy, the Netherlands and the UK.

Behind the Screen

This project included advanced analysis of cervical cancer screening data for the four UK nations, modelling how different screening uptake rates would affect the diagnosis of and death rates for cervical cancer, providing robust statistical evidence to demonstrate the cost savings to the NHS associated with improving the uptake of cervical screening.

The Borrowers

This project considers the social and emotional aspects of problem debt, and included workshops with practitioners from debt and benefits advice services, homelessness and other support charities to help develop the indicators used to assess different types of debt; focus groups around the country with people currently in debt or with experience of a variety of types of debt, polling of the public; and reviews of innovative good practice in tackling debt. Demos then used this information to develop a "typology of solutions" - matching solutions to

DEMOS
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

different debt-related needs based not just on the form of debt (e.g. credit card, loan) but tailored to the facets of that debt – e.g. its impact on mental health or resilience.

DEMOS PROJECTS LIMITED

The charity controls Demos Projects Limited (company number 2667039), a company limited by guarantee. Two Directors of Demos Projects Limited are also Directors of Demos. It is currently not trading and its use 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 £1,221,456 (2013 - £1,222,672), a decrease of £1,216. The majority of income streams were broadly similar year on year, however note 4 illustrates that there was a marked increase in the amount of grant funded research income of 39%. This increase was counteracted by decreases in project income, which is more contractual in nature. Total expenditure was £1,182,685 (2013 - £1,246,471), a decrease of 5%. Net incoming resources for the year was therefore £38,771 (2013 - deficit £23,799). Total funds at the year-end were therefore slightly improved but were still in deficit £39,960 (2013 - deficit £78,731) including £10,110 of restricted funds (2013 - £nil). Further details regarding the going concern assumption can be found below.

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). We acknowledge that despite a small surplus in the year, the net assets of the charity, amounting to £(39,960), remained negative as at 31 March 2015. The trustees have confirmed that the going concern basis is appropriate for these accounts on the grounds that they are confident that there is sufficient planned future work to enable the charity to continue in operation. Whilst funding conditions remain difficult for the charity the trustees consider the business model they have established remains appropriate, and having taken steps in order to reduce overhead costs have budgeted to make a surplus in the financial year to 31 December 2015.

The key objectives for the reserves policy is to return the charity to positive reserves, at which point a formal review of its policy will be undertaken by the trustees.

RISK ASSESSMENT

Demos adopted a risk assessment in accordance with guidance set out by the Charity Commission at the 2011 Annual General Meeting. This has not been formally updated, but from time to time the trustees review Demos' risks and the actions put in place to mitigate them.

TRUSTEES

The following served as company directors and charity trustees during the year and up to the date of this report:

Kieran Brett
Nick Claydon
Phil Collins
Elsbeth Johnson
John Knell
Neil Sherlock (appointed 1 September 2014)

DEMOS
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

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 guarantees at 31 December 2014 was 5 (2013 – 5). 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 2014 and the budget for 2015 together with a cash flow forecast. Based upon these forecasts they 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.

2015 is election year, which can present challenges for think tanks in securing policy-related funding due to the purdah period and uncertainty regarding the new government. Demos plans to carry out purdah-related event activity, as well as focus on securing more grant-related funding (which is less affected by political dynamics); combined with a concerted effort to securing funding related to the policy implications of a new government. Demos also plans to move offices in June 2015 and is considering carefully the short and long term cost implications of potential options. The 2015 budget reflects the likely impact the election and new government will have on research and event funding, as well as the impact of this office move.

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.

Insofar as each of the Directors of the company at the date of approval of this report is aware, there is no relevant audit information (information needed by the company's auditor in connection with preparing the audit report) of which the company's auditor is unaware. Each Director has taken all of the steps that he/she should have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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;

DEMOS

(A company limited by guarantee)

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

- state whether applicable UK Accounting Standards 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.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Approved by the trustees on 23 September 2015 and signed on their behalf by



Phil Collins

DEMOS

(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DEMOS

We have audited the financial statements of Demos for the year ended 31 December 2014 set out on pages 12 to 25. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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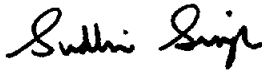
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DEMOS

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Sudhir Singh (Senior statutory auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants

New Bridge Street House

30-34 New Bridge Street

London

EC4V 6BJ

28 September 2015

DEMOS**(A company limited by guarantee)****STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account)
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income	2	7,577	24,000	31,577	35,325
Activities for generating funds	3	98,117	-	98,117	71,400
Investment income - bank interest		180	-	180	-
Incoming resources from charitable activities	4	772,022	319,560	1,091,582	1,108,145
Other incoming resources	6	-	-	-	7,802
TOTAL INCOMING RESOURCES		877,896	343,560	1,221,456	1,222,672
RESOURCES EXPENDED					
Charitable activities	11	776,895	333,450	1,110,345	1,207,176
Governance costs	10	18,783	-	18,783	39,295
Other resources expended	8	53,557	-	53,557	-
TOTAL RESOURCES EXPENDED		849,235	333,450	1,182,685	1,246,471
MOVEMENT IN TOTAL FUNDS FOR THE YEAR - NET INCOME/(EXPENDITURE) FOR THE YEAR					
		28,661	10,110	38,771	(23,799)
Total funds at 1 January 2014		(78,731)	-	(78,731)	(54,932)
TOTAL FUNDS AT 31 DECEMBER 2014		(50,070)	10,110	(39,960)	(78,731)

The notes on pages 14 to 25 form part of these financial statements.

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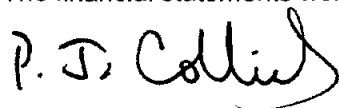
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REGISTERED NUMBER: 02977740

**BALANCE SHEET
AS AT 31 DECEMBER 2014**

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	14		-		1,894
CURRENT ASSETS					
Debtors	16	275,994		239,729	
Cash at bank and in hand		50,485		34,784	
		<u>326,479</u>		<u>274,513</u>	
CREDITORS: amounts falling due within one year	17	<u>(366,439)</u>		<u>(355,138)</u>	
NET CURRENT LIABILITIES			<u>(39,960)</u>		<u>(80,625)</u>
NET LIABILITIES			<u>(39,960)</u>		<u>(78,731)</u>
CHARITY FUNDS					
Restricted funds	18		10,110		-
Unrestricted funds	18		<u>(50,070)</u>		<u>(78,731)</u>
TOTAL DEFICIT			<u>(39,960)</u>		<u>(78,731)</u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Trustees on 23 September 2015 and signed on their behalf, by:



Philip Collins, Chair

The notes on pages 14 to 25 form part of these financial statements.

DEMOS

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

1. ACCOUNTING POLICIES**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, applicable accounting standards and the Companies Act 2006.

Consolidated financial statements have not been prepared as the transactions in the subsidiary are immaterial to the 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.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

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%

DEMOS

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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 2014. 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 budgeted 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 based on budgets and forecasts prepared for the year to 31 December 2016 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 £500 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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.

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Donations	7,577	24,000	31,577	35,325

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Rental income	71,400	-	71,400	71,400
Contract income	26,717	-	26,717	-
	98,117	-	98,117	71,400
	98,117	-	98,117	71,400

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Projects	524,331	-	524,331	658,184
Events and seminars	207,632	-	207,632	183,118
Publications and subscriptions	29,379	-	29,379	12,943
Secondments	-	-	-	16,162
Grant funded research	10,680	319,560	330,240	237,738
	<u>772,022</u>	<u>319,560</u>	<u>1,091,582</u>	<u>1,108,145</u>

5. PROJECT AND GRANT FUNDED RESEARCH

	2014 £
Charities and Foundations	313,407
Commercial organisations	200,539
Non-UK organisations	110,452
Government departments	89,005
NDPBs	63,382
Cultural and Educational organisations	40,134
Local Government	27,962
Other sources	9,690
Total	<u>854,571</u>

6. OTHER INCOMING RESOURCES

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Other incoming resources	-	-	-	7,802

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

7. EXPENDITURE BY CHARITABLE ACTIVITY**SUMMARY BY FUND TYPE**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Projects	574,280	333,450	907,730	1,013,728
Events and seminars	122,930	-	122,930	173,010
Publications and subscriptions	79,685	-	79,685	5,310
Secondments	-	-	-	15,128
	<u>776,895</u>	<u>333,450</u>	<u>1,110,345</u>	<u>1,207,176</u>

8. OTHER RESOURCES EXPENDED

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Irrecoverable VAT	53,557	-	53,557	-
	<u>53,557</u>	<u>-</u>	<u>53,557</u>	<u>-</u>

9. DIRECT COSTS

	Projects £	Events and seminars £	Publications and subscription costs £	Total 2014 £	Total 2013 £
Other Costs	264,423	68,440	65,848	398,711	499,785
Wages and salaries	334,456	35,050	-	369,506	376,142
National insurance	43,200	3,717	-	46,917	49,161
Pension costs	21,918	1,886	-	23,804	19,630
Depreciation	1,704	-	-	1,704	1,246
	<u>665,701</u>	<u>109,093</u>	<u>65,848</u>	<u>840,642</u>	<u>945,964</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

10. SUPPORT COSTS

	Governance	Projects	Events and seminars	Publications and subscription costs	Total 2014	Total 2013
	£	£	£	£	£	£
Auditors remuneration	15,540	-	-	-	15,540	10,000
Other Costs	-	18,169	1,219	1,219	20,607	54,242
Premises costs and rates	-	126,545	7,030	7,030	140,605	131,140
Office costs	-	45,264	2,335	2,335	49,934	32,308
Wages and salaries	3,243	51,881	3,243	3,243	61,610	43,402
Depreciation	-	170	10	10	190	120
	<u>18,783</u>	<u>242,029</u>	<u>13,837</u>	<u>13,837</u>	<u>288,486</u>	<u>271,212</u>

11. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Direct Costs 2014	Support costs 2014	Total 2014	Total 2013
	£	£	£	£
Projects	665,701	242,029	907,730	1,013,728
Events and seminars	109,093	13,837	122,930	173,010
Publications and subscriptions	65,848	13,837	79,685	5,310
Secondments	-	-	-	15,128
Total	<u>840,642</u>	<u>269,703</u>	<u>1,110,345</u>	<u>1,207,176</u>

12. AUDITORS' REMUNERATION

	2014	2013
	£	£
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	13,200	10,000
Fees payable to the company's auditor and its associates in respect of: Accounts preparation services	<u>2,340</u>	<u>-</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

13. STAFF COSTS

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	431,116	443,533
Social security costs	46,917	49,161
Other pension costs	23,804	19,630
	<u>501,837</u>	<u>512,324</u>

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

	2014 No.	2013 No.
Projects	9	9
Events and Seminars	1	2
Support Costs	2	1
	<u>12</u>	<u>12</u>

The number of higher paid employees was:

	2014 No.	2013 No.
In the band £60,001 - £70,000	0	1
In the band £70,001 - £80,000	1	0
	<u>1</u>	<u>1</u>

DEMOS

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

14. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 January 2014 and 31 December 2014	<u>28,502</u>	<u>78,562</u>	<u>107,064</u>
Depreciation			
At 1 January 2014	28,502	76,668	105,170
Charge for the year	-	1,894	1,894
At 31 December 2014	<u>28,502</u>	<u>78,562</u>	<u>107,064</u>
Net book value			
At 31 December 2014	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2013	<u>-</u>	<u>1,894</u>	<u>1,894</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.

	2014 £	2013 £
Net liabilities	<u>(22,290)</u>	<u>(22,290)</u>

	2014 £	2013 £
Turnover	<u>-</u>	<u>-</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

16. DEBTORS

	2014 £	2013 £
Trade debtors	107,075	82,264
Amounts owed by group undertakings	-	22,235
Other debtors	21,886	31,194
Prepayments and accrued income	147,033	104,036
	<u>275,994</u>	<u>239,729</u>

A provision for bad and doubtful debts has been made against the amount owed by group undertakings.

**17. CREDITORS:
Amounts falling due within one year**

	2014 £	2013 £
Trade creditors	133,668	159,102
Other taxation and social security (see below)	50,574	19,253
Other creditors	49,283	27,163
Accruals and deferred income	132,914	149,620
	<u>366,439</u>	<u>355,138</u>

Other taxation and social security

	2014 £	2013 £
PAYE/NI control	12,483	13,327
VAT control	38,091	5,926
	<u>50,574</u>	<u>19,253</u>

Deferred income

Deferred income at 1 January 2014	90,071
Resources deferred during the year	63,935
Amounts released from previous years	(90,071)
	<u>63,935</u>
Deferred income at 31 December 2014	<u>63,935</u>

DEMOS

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

18. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Carried Forward £
Unrestricted funds				
General Funds - all funds	(78,731)	877,896	(849,235)	(50,070)
Restricted funds				
Restricted Funds - all funds	-	343,560	(333,450)	10,110
Total of funds	(78,731)	1,221,456	(1,182,685)	(39,960)

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Carried Forward £
General funds	(78,731)	877,896	(849,235)	(50,070)
Restricted funds	-	343,560	(333,450)	10,110
	(78,731)	1,221,456	(1,182,685)	(39,960)

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	-	1,894
Current assets	316,369	10,110	326,479	274,513
Creditors due within one year	(366,439)	-	(366,439)	(355,138)
	(50,070)	10,110	(39,960)	(78,731)

DEMOS

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

20. RESTRICTED FUNDS

	Brought forward £	Incoming resources £	Outgoing resources £	Carried forward £
Immigration on Twitter	-	1,000	(1,000)	-
Mapping Immigration	-	2,130	(2,130)	-
Local Banks	-	43,500	(43,500)	-
Community Supermarkets	-	22,160	(18,400)	3,760
Young Muslims in the Profession	-	5,000	(5,000)	-
Poverty & Ethnicity Essay	-	2,794	(2,794)	-
Youth Radicalisation Prevention	-	18,722	(18,722)	-
Demos Quarterly and Post-Liberalism Series	-	24,000	(24,000)	-
Coproduction in Schools	-	56,688	(54,701)	1,987
Mapping Immigration	-	56,400	(54,209)	2,191
Typology of Debt	-	11,000	(11,000)	-
Voices of Discontent	-	15,082	(15,082)	-
Getting Out the Vote	-	76,416	(74,246)	2,170
Data Exploration: In the hand of the analyst	-	8,668	(8,668)	-
Total	-	<u>343,560</u>	<u>(333,452)</u>	<u>10,108</u>

The following funders provided funding for these restricted projects:

Joseph Rowntree Foundation – Immigration on Twitter and Poverty & Ethnicity Essay
Lord Vinson's Charitable Trust Mapping Integration
Friends Provident Local Banks
Esmee Fairbairn Community Supermarkets
Aldgate and Allhallows Foundation Young Muslims in the Profession
European Commission Youth Radicalisation Prevention
Mr J. Mills – Demos Quarterly and Post Liberalism Series
Paul Hamlyn Foundation Coproduction in Schools
Home Office Mapping Immigration
Barrow Cadbury Trust Typology of Debt
Open Society Foundation Voices of Discontent and Getting Out the Vote
Technology Strategy Board Data Exploration: In the hand of the analyst

21. PENSION COMMITMENTS

Contributions totalling £9,676 (2013 - £3,563) were payable at the balance sheet date and are included in creditors.

DEMOS

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

22. OPERATING LEASE COMMITMENTS

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		2014	Other
	2014	2013		
	£	£	£	£
Expiry date:				
Within 1 year	47,500	-	878	-
Between 2 and 5 years	-	95,000	3,464	-
After more than 5 years	88,000	-	-	-

23. RELATED PARTY TRANSACTIONS

During the year, no Trustees received any remuneration or benefits in kind (2013 - £Nil).

During the year, no Trustees received reimbursement of expenses (2013 - £Nil).

24. TRANSACTIONS WITH DEMOS PROJECTS LIMITED

The Charity controls Demos Projects Limited, which is a dormant trading company limited by guarantee. It has an amount due to the Charity for £22,300 of which a provision for bad and doubtful debts has been made against.