

## Demos

### Legal & administrative details

#### For the year ended 31 December 2003

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<b>Status</b>	The organisation is a charitable company limited by guarantee, incorporated on 11 October 1994 and registered as a charity on 11 November 1994.	
<b>Governing document</b>	The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association.	
<b>Company number</b>	2977740	
<b>Charity number</b>	1042046	
<b>Registered office and Operational address</b>	The Mezzanine Elizabeth House 39 York Road LONDON SE1 7NQ	
<b>Honorary officers</b>	Robert Tyrrell Andrew MacKenzie John Holden	Chair Treasurer Secretary
<b>Principal staff</b>	Tom Bentley Rachel Briggs John Holden Eddie Gibb James Wilsdon	Director Head of International Head Of Development Head of Communication Head of Strategy
<b>Bankers</b>	Barclays Bank Plc Fleet Street LONDON EC4Y 1ET	
<b>Auditors</b>	Sayer Vincent Chartered Accountants Registered Auditors 8 Angel Gate City Road London EC1V 2SJ	

## **Demos**

### **Report of the directors**

#### **For the year ended 31 December 2003**

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The directors present their report and the audited financial statements for the year ended 31 December 2003.

Legal and administrative information set out on page 1 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.

#### **Activities and review**

The Charity's objects are:

- 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.

There have been no changes in the objects or the policies of the charity during the year. The principle activities of research, education and publication are reflected in the organisational structure of the charity. Reporting to the Director are the Heads of Development, International, Strategy and Communications. Research projects are managed by the Director, the Heads of Development, International and Strategy. A team of Senior Researchers and Researchers undertake research projects, supported by temporary assistants and interns. Freelance collaborations are entered into to fulfill technical and consultancy roles, as well as helping with particular aspects of research, writing and the production of publications.

All staff are encouraged to contribute to any appropriate aspects of research, administration, the achievement of the charitable objects and the planning processes.

2003 was the tenth anniversary of the founding of Demos, and another year of growth. For the third year in succession financial performance improved markedly and the staff team increased to undertake a substantially increased volume of new work. The organisation also invested in new computer equipment and a new website to create an open platform for Demos' knowledge. In March 2003 we took the decision to make all of Demos' publications freely available by pdf download. The process was completed in September, and has had a remarkable effect in broadening the audience for our work. For example, the first pamphlet to be posted on our website, *People Flow*, has been downloaded more than 70,000 times.

We continued to increase the international aspects of our work, bringing in comparative case studies from a number of countries and forming partnerships and alliances with organisations in Greece, Scandinavia and Australia. Rachel Briggs was appointed as Head of International to develop these aspects of Demos' work further.

## **Demos**

### **Report of the directors**

#### **For the year ended 31 December 2003**

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### **Publications**

Demos publishes in a number of different formats including pdf web files, books, project reports, twice-yearly collections, and occasional commentary papers. Titles published this year include:

Beyond Measure by Paul Skidmore  
Education Epidemic by David Hargreaves  
Grown Up Trust by James Harkin and Paul Skidmore  
Inside Out by Tom Bentley, Helen McCarthy and Melissa Mean  
London Calling by Helen McCarthy and Paul Miller  
Mobilisation by James Harkin  
Northern Soul by Anna Minton  
Open Source Democracy by Douglas Rushkoff  
Other People's Children by Gina Hocking and Gillian Thomas  
Overdue by Charles Leadbeater  
People Flow by Tom Bentley, Alessandra Buonfino and Theo Veenkamp  
The Adaptive State by Tom Bentley and James Wilsdon  
The Long Game by Jake Chapman, Paul Miller and Paul Skidmore  
The New Old by Julia Huber and Paul Skidmore  
The Risk Factor by Andrew Cooper, Rachel Hetherington and Ilan Katz  
Working Laterally by David Hargreaves

### **Lectures, conferences and seminars**

A wide range of lectures, events and conferences were organised by Demos during the year. On average, Demos hosts and organises two events each week, ranging from large scale public debates to smaller scale seminars on particular issues. In addition Demos staff gave presentations and speeches, and took part in debates at conferences and events throughout the year. Notable events during the year included:

- Boho Britain conference - Demos organised a U.K. visit by the U.S. academic Professor Richard Florida to disseminate his work on the creative economy.
- Valuing Culture – a high-level seminar and discussion about how government funds the cultural sector, held in partnership with the National gallery and National Theatre.
- People Flow – pamphlet launch at the Barbican Gallery.
- Tate Britishness – an event held at Tate to explore national identity and visual culture.
- Open Source Democracy –pamphlet launch and Demos' tenth anniversary.
- Overdue – a half day seminar held to debate the future of libraries.
- Northern Soul – pamphlet launch in Newcastle.
- Adaptive State – the Cabinet Secretary spoke at the launch of a landmark Demos pamphlet.
- A seminar for East European think tanks.

## **Demos**

### **Report of the directors**

#### **For the year ended 31 December 2003**

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### **Projects**

A wide range of research projects was carried out during 2003, using a range of methodologies. Many projects involve case studies, and rely on qualitative data obtained from individual and/or group interviews. Our network of contacts with leading opinion formers and practitioners enables Demos to be particularly effective in this type of work. Additionally, where relevant techniques of quantitative data collection and analysis are also employed. We undertook more than 80 projects during the year. Projects of particular note include:

- Network Learning Communities – collaborating with the National College for School Leadership on the development of school networks
- The contribution of two papers to the Progressive Governance conference
- Children's Lives – a major study of the quality of life of children
- Inside Out: rethinking the shape of inclusive communities
- The New Old – a study of the ageing Baby Boomer generation
- Mobilisation – a study of the social effects of mobile technology
- The Long Game – a set of recommendations for a new approach to regulation
- A study of social enterprise in Hackney

### **Fixed assets**

Changes in fixed assets are shown in note 8 to the financial statements.

### **Funds**

The charity has a number of funds which are detailed in notes 13 and 14 in the financial statements.

### **Reserves**

The Directors have revised the reserves policy to meet the needs of the charity as detailed in note 15. We intend to maintain a cash and debtors reserve sufficient to meet the company's obligations to all of its creditors and to staff. The cash and debtors balances position has improved over the last twelve months in line with the expectations mentioned in last year's annual report. However, the general funds at 31 December 2003 of £373,642 do not yet cover six months' budgeted expenditure.

### **Risk assessment**

A detailed risk assessment has been prepared in accordance with guidance set out by the Charity Commission in CC66 SORP 2000. An agreed version of the risk assessment was formally adopted at the 2003 Annual General Meeting and procedures have been put in place to mitigate those risks identified.

## Demos

### Report of the directors

#### For the year ended 31 December 2003

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#### Responsibilities of the directors

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of its incoming resources and application of resources of the charitable company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable 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 assume that the company will continue on that basis

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 directors

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

Robert Tyrrell (Chair)	Andrew MacKenzie (Treasurer)
Sir Douglas Hague (resigned 23/09/03)	Alan Parker
Professor Christine King (appointed 24/09/03)	M T Rainey
Ian Hargreaves	Sukhvinder Stubbs

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 2003 was 8 (2002 - 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.

The directors are entitled to appoint a person who is willing to act as a trustee either to fill a casual vacancy or as an additional director. At every annual general meeting one-third of the directors will retire on a rotation basis, with the longest serving directors retiring each time.

**Demos**

**Report of the directors**

**For the year ended 31 December 2003**

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**Auditors**

Sayer Vincent were re-appointed as the charitable company's auditors during the year and have expressed their willingness to continue in that capacity.

Approved by the directors on 19 June 2004 and signed on their behalf by

Robert Tyrrell (Chair)

## **Independent auditors' report**

### **To the members of**

#### **Demos**

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We have audited the financial statements of Demos for the year ended 31 December 2003 which comprise the statement of financial activities, balance sheet and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the directors and auditors**

The responsibilities of the directors for preparing the report of the directors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the statement of responsibilities of the directors. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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

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

#### **Basis of opinion**

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

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

#### **Opinion**

In our opinion the financial statements give a true and fair view of the charitable company's state of affairs as at 31 December 2003 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**SAYER VINCENT**

Chartered accountants & registered auditors  
London

## Demos

### Statement of Financial Activities (Incorporating an income and expenditure account)

For the year ended 31 December 2003

	Note	Restricted £	Unrestricted £	2003 Total £	2002 Total £
<b>Incoming resources</b>					
Donations, legacies and similar incoming resources	2	-	12,500	<b>12,500</b>	8,540
<i>Activities in furtherance of the charity's objects:</i>					
Projects	3	125,262	1,105,288	<b>1,230,550</b>	785,754
Publications and subscriptions		-	46,003	<b>46,003</b>	51,574
Events and seminars		21,392	115,946	<b>137,338</b>	60,813
<i>Activities for generating funds</i>					
Rental income		-	-	-	7,000
Investment income		-	4,777	<b>4,777</b>	2,998
Other incoming resources		-	15,856	<b>15,856</b>	-
<b>Total incoming resources</b>		<u>146,654</u>	<u>1,300,370</u>	<u><b>1,447,024</b></u>	<u>916,679</u>
<b>Resources expended</b>					
<i>Costs of generating funds:</i>					
Fundraising and publicity		-	7,811	<b>7,811</b>	7,667
Costs associated with rental income		-	-	-	8,274
<i>Charitable expenditure</i>					
Projects		116,279	721,458	<b>837,737</b>	633,615
Publications and subscriptions		-	91,271	<b>91,271</b>	38,407
Events and seminars		15,000	192,903	<b>207,903</b>	38,380
Support costs		-	123,752	<b>123,752</b>	56,671
Management and administration		-	24,142	<b>24,142</b>	9,746
<b>Total resources expended</b>	4	<u>131,279</u>	<u>1,161,337</u>	<u><b>1,292,616</b></u>	<u>792,760</u>
<b>Net incoming resources for the year</b>	5	15,375	139,033	<b>154,408</b>	123,919
<b>Funds at the start of the year</b>		<u>11,125</u>	<u>234,609</u>	<u><b>245,734</b></u>	<u>121,815</u>
<b>Funds at the end of the year</b>		<u><u>26,500</u></u>	<u><u>373,642</u></u>	<u><u><b>400,142</b></u></u>	<u><u>245,734</u></u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed above and in note 14 to the financial statements.



## Demos (Limited by Guarantee)

### Balance sheet

As at 31 December 2003

	Note	£	2003 £	2002 £
<b>Tangible fixed assets</b>	8		<b>3,339</b>	<u>6,455</u>
<b>Current assets</b>				
Stock	9	31,714		19,644
Debtors	10	339,975		152,184
Cash at bank and in hand		<u>242,033</u>		<u>132,229</u>
		<b>613,722</b>		304,057
<b>Creditors: Amounts falling due within one year</b>	11	<u>216,919</u>		<u>64,778</u>
<b>Net current assets</b>			<u>396,803</u>	<u>239,279</u>
<b>Net assets</b>	13		<u>400,142</u>	<u>245,734</u>
<b>Funds</b>	14			
Restricted funds			26,500	11,125
Unrestricted funds				
General funds			<u>373,642</u>	<u>234,609</u>
<b>Total funds</b>			<u>400,142</u>	<u>245,734</u>

Approved by the directors on 19 June 2004 and signed on their behalf by

Robert Tyrrell (Chair)

## Demos

### Notes to the financial statements

#### For the year ended 31 December 2003

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##### 1. Accounting policies

- a) The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities (issued in October 2000) and the Companies Act 1985.
- b) Voluntary income is received by way of donations and gifts and is included in full in the Statement of Financial Activities when receivable. Intangible income and gifts in kind are not included unless they represent goods or services which would have otherwise been purchased, in which case they are valued and brought in as income and the appropriate expenditure.
- c) Revenue grants are credited to the Statement of Financial Activities when received or receivable whichever is earlier, unless they relate to a specific future period, in which case they are deferred.
- d) Earned income from the sales of subscriptions is shown net of Value Added Tax.
- e) Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.
- f) Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.
- g) Costs of generating funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it.
- h) Resources expended are allocated to the particular activity where the cost relates directly to that activity. Resources expended include attributable VAT which cannot be recovered. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which is an estimate, based on staff time, of the amount attributable to each activity.

Projects	7%
Publications and subscriptions	4%
Events and seminars	10%
Support costs	12%
Management and administration	2%

Management and administration costs include the management of the charitable company's assets, organisational management and compliance with constitutional and statutory requirements.

- i) Grants payable are included in the statement of financial activities in the year they are payable.

## Demos

### Notes to the financial statements

#### For the year ended 31 December 2003

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##### 1. Accounting policies (continued)

- j) Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life. The depreciation rates in use are as follows:

Office equipment : 5 years  
Computer equipment : 3 years

Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities.

Items costing under £500 are not capitalised.

- k) Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the Statement of Financial Activities in the year in which they fall due.
- l) Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.
- m) The costs of generating funds relate to the costs incurred by the charitable company in raising funds for the charitable work.
- n) The charitable company contributes to a stakeholder pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the charitable company to the fund. The charitable company has no liability under the scheme other than for the payment of those contributions.

##### 2. Donations, legacies and similar incoming resources

	Restricted	Unrestricted	2003 Total	2002
	£	£	£	£
Gift Aid reclaimed	-	-	-	40
Scottish Power	-	7,500	7,500	-
National Grid Transco	-	5,000	5,000	-
Sir Douglas Hague	-	-	-	1,000
Thames Water	-	-	-	7,500
	<u>-</u>	<u>12,500</u>	<u>12,500</u>	<u>8,540</u>

## Demos

### Notes to the financial statements

#### For the year ended 31 December 2003

3. Project income	Restricted	Unrestricted	2003 Total	2002 Total
	£	£	£	£
<b>Contracts</b>				
Department for Education and Skills	-	203,060	<b>203,060</b>	10,000
Defence Science and Technology Limited	-	27,600	<b>27,600</b>	-
Department for Environment, Food and Rural Affairs	-	22,490	<b>22,490</b>	-
Department of Culture, Media and Sport	-	-	-	64,860
The Design Council	-	-	-	17,500
National Council for Education and Training for Wales	-	9,750	<b>9,750</b>	12,553
National College for School Leadership	-	296,600	<b>296,600</b>	275,500
British Educational Communications and Technology Agency	-	25,000	<b>25,000</b>	20,000
British Telecommunications	-	21,900	<b>21,900</b>	-
British National Space Centre	-	20,000	<b>20,000</b>	-
Cable and Wireless	-	-	-	50,000
Centrica	-	20,000	<b>20,000</b>	-
Council of City of Newcastle upon Tyne	-	24,000	<b>24,000</b>	-
Creative Partnerships	-	49,000	<b>49,000</b>	-
Crisis	-	12,500	<b>12,500</b>	-
Edexcel	-	27,000	<b>27,000</b>	43,000
Hackney Cooperative Developments	-	21,080	<b>21,080</b>	-
LLM	-	23,238	<b>23,238</b>	-
Re:source	-	19,000	<b>19,000</b>	19,000
MMO2	-	13,500	<b>13,500</b>	9,750
New Opportunities Fund	-	12,366	<b>12,366</b>	-
North Southwark Education Action Zone	-	-	-	25,000
Norwich Union	-	-	-	15,000
National Health Service University	-	13,400	<b>13,400</b>	-
Particle Physics and Astronomy Research Council	-	15,000	<b>15,000</b>	-
PAULO	-	-	-	12,775
PPS	-	40,770	<b>40,770</b>	-
Pre-School Learning Alliance	-	-	-	13,200
Scottish Power	-	12,500	<b>12,500</b>	20,000
University of Sussex	-	15,000	<b>15,000</b>	-
Women's Royal Voluntary Service	-	19,000	<b>19,000</b>	-
Other Contracts		141,534	<b>141,534</b>	77,652
	-	<u>1,105,288</u>	<u><b>1,105,288</b></u>	<u>685,790</u>

## Demos

### Notes to the financial statements

For the year ended 31 December 2003

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#### 3. Project income (continued)

	Restricted	Unrestricted	2003 Total £	2002 Total £
<b>Grant income</b>		£		
Barrow Cadbury Trust	16,262	-	<b>16,262</b>	-
British Council	10,000	-	<b>10,000</b>	-
Carnegie United Kingdom Trust	2,500	-	<b>2,500</b>	9,951
Department for Work and Pensions	5,000	-	<b>5,000</b>	-
Department of Health	5,000	-	<b>5,000</b>	-
Ministry of Defence	5,000	-	<b>5,000</b>	-
Home Office	5,000	-	<b>5,000</b>	-
Cabinet Office	5,000	-	<b>5,000</b>	-
Kids' Club Network	-	-	-	15,000
The Joseph Rowntree Foundation	4,000	-	<b>4,000</b>	6,863
LASER Foundation	10,000	-	<b>10,000</b>	-
Age Concern England	15,000	-	<b>15,000</b>	42,250
The Ashden Trust	4,500	-	<b>4,500</b>	-
Stone Ashdown	10,000	-	<b>10,000</b>	10,000
Duncan Greenland	-	-	-	7,000
The Build (UK) Trust	10,000	-	<b>10,000</b>	-
North Southwark Education Action Zone	10,000	-	<b>10,000</b>	-
The Richard Stone Trust	2,000	-	<b>2,000</b>	-
Visual Arts & Galleries Association	6,000	-	<b>6,000</b>	-
Network for Social Change	-	-	-	8,900
Grant income totals	<u>125,262</u>	<u>-</u>	<u><b>125,262</b></u>	<u>99,964</u>
Total project income	<u><b>125,262</b></u>	<u><b>1,105,288</b></u>	<u><b>1,230,550</b></u>	<u><b>785,754</b></u>