

Company No. 2977740
Charity No. 1042046

Demos
Report & Financial Statements
31 December 2004

Demos

Legal & administrative details

For the year ended 31 December 2004

Status	The organisation is a charitable company limited by guarantee, incorporated on 11 October 1994 and registered as a charity on 11 November 1994.	
Governing document	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.	
Company number	2977740	
Charity number	1042046	
Registered office and Operational address	Magdalen House 136 Tooley Street LONDON SE1 2TU	
Honorary officers	Robert Tyrrell Andrew MacKenzie John Holden	Chair Treasurer Secretary
Principal staff	Tom Bentley Rachel Briggs John Holden Eddie Gibb James Wilsdon	Director Head of International Head Of Development Head of Communication Head of Strategy
Bankers	Barclays Bank Plc Fleet Street LONDON EC4Y 1ET	
Auditors	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 2004

The directors present their report and the financial statements for the year ended 31 December 2004.

Activities and review

Demos is a company limited by guarantee with charitable objects.

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, Culture and Communications. Research projects are managed by all of these and by Senior Researchers. A team of Senior Researchers and Researchers undertake 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 staff are encouraged to contribute to any appropriate aspects of research, administration, the achievement of the charitable objects and the planning processes.

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:

- Europe in the Creative Age by Richard Florida and Irene Tinagli.
- Free for All? by Barry Cox.
- Masters of the Universe by Melissa Mean and James Wilsdon
- The Right to Art by Robert Hewison and John Holden
- Personalisation through Participation by Charles Leadbeater.
- Network Logic by Helen McCarthy, Paul Skidmore and Paul Miller
- System Failure – 2nd Edition by Jake Chapman
- A Child's Place by Gillian Thomas and Guy Thompson.
- Disabilism by Sarah Gillinson, Paul Miller and Sophia Parker.
- Creative Reading by John Holden.
- 16 Days by Rachel Briggs, Helen McCarthy and Alexis Zorbas.
- The Risk Management of Everything by Michael Power.
- Home Alone by Helen McCarthy and Gillian Thomas
- The Self-Esteem Society by Helen McCarthy
- Eternal Youths by James Harkin and Julia Huber.
- See-Through Science by Rebecca Willis and James Wilsdon.
- The Dead Generalist by Ed Straw.
- Survival Skills by Sarah Gillinson, Hannah Lownsborough and Gillian Thomas
- After the Gold Rush by Melissa Mean, Charlie Tims and Anthony Vigor
- Dream On by Charles Leadbeater.
- Switched On by John Craig, Matthew Horne and Susan Tipping.
- The Pro-Am Revolution by Charles Leadbeater and Paul Miller.

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Report of the directors

For the year ended 31 December 2004

Publications (continued)

- Disorganisation by Paul Miller and Paul Skidmore
- Capturing Cultural Value by John Holden
- Broadband Britain by John Craig and James Wilsdon

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

- Masters of the Universe – launch of the pamphlet with a panel discussion including Lord Sainsbury and Colin Pilinger
- After the Goldrush – series of discussions to consider how a London Olympics could contribute towards a sustainable cultural legacy for London.
- Silver Service – seminar to consider the service needs of the older society following the pamphlet of the same name and focus groups on the subject
- Series of roundtable seminars exploring the challenges for companies making effective business decisions about security in the current global security environment.
- See-Through Science – half-day symposium to launch the report
- After the Party – Event at the Labour Party Conference to discuss the implications of the decline of political parties and the rise of new forms of non-party political organisation
- Scotland 2020 – High level conference for senior public service managers and policy makers to consider how public services can be ‘personalised’ to meet the needs of individual users
- Missile Defence Conference – organised with BASIC to discuss missile defence and space weaponisation.
- Nano: The Science of Small Things – panel debate imagining the possibilities for life and art from nanotechnology
- Inaugural Demos Annual Security lecture delivered by Chris Donnelly

Projects

A wide range of research projects were carried out during 2004, 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:

- Networked Learning Communities - developing our partnership with the National College for School Leadership (NCSL) to produce a design of learning materials to communicate the emerging findings from their work on school networks.
- The LEarning Project - in partnership with NCSL, University of Warwick and Michael Fullan at the University of Toronto, Demos have contributed to this project which is exploring possible roles for local authorities in the changing environment of the New Relationship with Schools and Children's Services.
- Assessment of the future of the urban agenda with the ODPM Policy Unit.
- A series of new futures visioning exercises with Milton Keynes 2030, building up to collaboration on their Communities Plan.

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Report of the directors

For the year ended 31 December 2004

Projects (continued)

- A detailed examination of the structures of local governance in Bradford, helping to shape the new Joseph Rowntree Foundation funding stream.
- Work with the National Health Service University, researching the possible means for generating communities of practice within the health service, as well as looking at the means through which they could assess their own relative impact on learning within the NHS
- A series of futures thinking workshops produced with Centrex for the police
- An assessment of the cultural value and history of the Heritage Lottery Fund
- Case study research for the Department for Education and Skills policy for personalised learning
- ESRC Nanotechnology and Sustainability project looking at the social and environmental impacts and opportunities of this emerging technology
- See-through Science project with the Environment Agency looking at the potential for 'upstream' public engagement in the development of new technologies

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.

Demos Projects Limited

The charity controls Demos Projects Limited (company number 2667039), a company limited by guarantee. Three Directors of Demos Projects Limited are also Directors of Demos and 2 Directors of Demos Projects Limited are also staff at Demos. The results of the subsidiary are shown in note 19 and have been consolidated with Demos results, all the profits made by the subsidiary are gift aided to Demos.

Reserves

The Directors 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 target of £900,000, which represents six months budgeted expenditure, has not been met this year. Currently total reserves are £516,700 and £47,000 of this is restricted to particular purposes. The Directors expect to make progress towards the six month target in 2005.

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 2004

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)	Alan Parker
Simon Cooper (appointed 19/06/04)	M T Rainey
Professor John Durrant (appointed 07/12/04)	Maeve Sherlock (appointed 07/12/04)
Ian Hargreaves	Edward Straw (appointed 15/03/05)
Professor Christine King (resigned 28/05/04)	Sukhvinder Stubbs
Andrew MacKenzie (Treasurer)	

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 2004 was 10 (2003 - 7). 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.

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 14 June 2005 and signed on their behalf by

Robert Tyrrell (Chair)

Independent auditors' report

To the Members of

Demos

We have audited the financial statements of Demos for the year ended 31 December 2004 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 group and charitable company have 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 group and 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 group and 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 group and charitable company's state of affairs as at 31 December 2004 and of the group's 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

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

For the year ended 31 December 2004

	Note	Restricted £	Unrestricted £	2004 Total £	2003 Total £
Incoming resources					
Donations, legacies and similar incoming resources	2	-	1,000	1,000	12,500
<i>Activities in furtherance of the charity's objects:</i>					
Projects	3	617,288	1,041,644	1,658,932	1,230,550
Publications and subscriptions		-	37,681	37,681	46,003
Events and seminars		66,796	57,881	124,677	137,338
Investment income		-	2,747	2,747	4,777
Other incoming resources		-	7,610	7,610	15,856
Total incoming resources		<u>684,084</u>	<u>1,148,563</u>	<u>1,832,647</u>	<u>1,447,024</u>
Resources expended					
<i>Costs of generating funds:</i>					
Fundraising and publicity		-	7,193	7,193	7,811
<i>Charitable expenditure</i>					
Projects		596,788	565,325	1,162,113	837,737
Publications and subscriptions		-	117,886	117,886	91,271
Events and seminars		66,796	151,250	218,046	207,903
Support costs		-	165,249	165,249	123,752
Management and administration		-	34,702	34,702	24,142
Total resources expended	4	<u>663,584</u>	<u>1,041,605</u>	<u>1,705,189</u>	<u>1,292,616</u>
Net incoming resources for the year	5	20,500	106,958	127,458	154,408
Funds at the start of the year		<u>26,500</u>	<u>373,642</u>	<u>400,142</u>	<u>245,734</u>
Funds at the end of the year		<u><u>47,000</u></u>	<u><u>480,600</u></u>	<u><u>527,600</u></u>	<u><u>400,142</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 sheets

As at 31 December 2004

	Note	The group 2004 £	2003 £	The charity 2004 £	2003 £
Tangible fixed assets	8	<u>30,121</u>	<u>3,339</u>	<u>30,121</u>	<u>3,339</u>
Current assets					
Stock	9	50,549	31,714	50,549	31,714
Debtors	10	461,631	339,975	463,291	339,975
Cash at bank and in hand		<u>216,282</u>	<u>242,033</u>	<u>214,622</u>	<u>242,033</u>
		728,462	613,722	728,462	613,722
Creditors: Amounts falling due within one year	11	<u>230,983</u>	<u>216,919</u>	<u>230,983</u>	<u>216,919</u>
Net current assets		<u>497,479</u>	<u>396,803</u>	<u>497,479</u>	<u>396,803</u>
Net assets	13	<u>527,600</u>	<u>400,142</u>	<u>527,600</u>	<u>400,142</u>
Funds	14				
Restricted funds		47,000	26,500	47,000	26,500
Unrestricted funds					
General funds		<u>480,600</u>	<u>373,642</u>	<u>480,600</u>	<u>373,642</u>
Total funds		<u>527,600</u>	<u>400,142</u>	<u>527,600</u>	<u>400,142</u>

Approved by the directors on 14 June 2005 and signed on their behalf by

Robert Tyrrell (Chair)

Demos

Notes to the financial statements

For the year ended 31 December 2004

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.

The Statement of Financial Activities ("SOFA") and Balance Sheet consolidate the results of Demos and its subsidiary Demos Projects Limited on a line by line basis. A separate SOFA is not presented because Demos has taken advantage of the provisions of paragraph 304 of the SORP.

- 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	52%
Publications and subscriptions	23%
Events and seminars	13%
Support costs	11%
Management and administration	1%

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.

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Notes to the financial statements

For the year ended 31 December 2004

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 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	2004 Total	2003
	£	£	£	£
Michael Power	-	1,000	1,000	-
Scottish Power	-	-	-	7,500
National Grid Transco	-	-	-	5,000
	<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>12,500</u>

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Notes to the financial statements

For the year ended 31 December 2004

3. Project income	Restricted	Unrestricted	2004 Total	2003 Total
	£	£	£	£
Contracts				
Department for Education and Skills	-	317,462	317,462	203,060
Defence Science and Technology Limited	-	-	-	27,600
Department for Environment, Food and Rural Affairs	-	-	-	22,490
Specialist School Trust	-	22,050	22,050	-
Environment Agency	-	20,000	20,000	-
National College for School Leadership	-	132,950	132,950	296,600
British Educational Communications and Technology Agency	-	-	-	25,000
British Telecommunications	-	-	-	21,900
British National Space Centre	-	-	-	20,000
Centrica	-	20,000	20,000	20,000
Council of City of Newcastle upon Tyne	-	11,900	11,900	24,000
Creative Partnerships	-	43,300	43,300	49,000
Crisis	-	-	-	12,500
Edexcel	-	14,238	14,238	27,000
Hackney Cooperative Developments	-	-	-	21,080
LLM	-	-	-	23,238
Re:source	-	-	-	19,000
MMO2	-	1,391	1,391	13,500
New Opportunities Fund	-	41,209	41,209	12,366
Electoral Commission	-	67,000	67,000	-
IKEA	-	28,915	28,915	-
National Health Service University	-	21,250	21,250	13,400
Particle Physics and Astronomy Research Council	-	-	-	15,000
ODPM	-	25,840	25,840	-
PPS	-	-	-	40,770
Discovery Europe	-	25,000	25,000	-
Scottish Power	-	-	-	12,500
University of Sussex	-	8,000	8,000	15,000
Women's Royal Voluntary Service	-	20,000	20,000	19,000
Arts Council England	-	31,800	31,800	-
AOL	-	41,062	41,062	-
Heritage Lottery Fund	-	15,000	15,000	-
Blue Ribicon Ltd	-	21,900	21,900	-
The Countryside Agency	-	39,000	39,000	-
Other Contracts	-	72,377	72,377	151,284
	-	<u>1,041,644</u>	<u>1,041,644</u>	<u>1,105,288</u>

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Notes to the financial statements

For the year ended 31 December 2004

3. Project income (continued)

	Restricted £	Unrestricted £	2004 Total £	2003 Total £
Grant income				
Barrow Cadbury Trust	-	-	-	16,262
Department for Education and Skills	50,000	-	50,000	-
Environment Agency	15,000	-	15,000	-
Crisis	25,900	-	25,900	-
The Joseph Rowntree Foundation	42,854	-	42,854	4,000
Age Concern England	-	-	-	15,000
Qinetiq	15,000	-	15,000	-
Scope	56,975	-	56,975	-
Paul Hamlyn Foundation	17,500	-	-	-
BP	15,000	-	15,000	-
Shell	15,000	-	15,000	-
Orange	47,150	-	47,150	-
European Social Research Council	43,068	-	43,068	-
Heritage Lottery Fund	50,000	-	50,000	-
Reading Agency	15,750	-	15,750	-
Demos Athens	92,437	-	92,437	-
Other Grants	115,654	-	115,654	90,000
Grant income totals	<u>617,288</u>	<u>-</u>	<u>617,288</u>	<u>125,262</u>
Total project income	<u>617,288</u>	<u>1,041,644</u>	<u>1,658,932</u>	<u>1,230,550</u>

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Notes to the financial statements

For the year ended 31 December 2004

4. Total resources expended

	Fundraising and publicity £	Projects £	Publications & subscriptions £	Events & seminars £	Support costs £	Management and administration £	2004 Total £	2003 Total £
Staff costs (note 6)	-	631,867	60,146	90,792	92,129	19,341	894,275	673,085
Other staff costs	-	13,338	981	2,158	2,942	196	19,615	30,228
Office costs	-	72,306	5,317	11,697	15,950	1,063	106,333	84,585
Premises	-	52,546	3,864	8,500	11,591	773	77,274	52,259
Venue & catering	-	-	-	72,805	-	-	72,805	95,392
Consultancy, professional fees & freelance payments	-	221,953	8,438	17,326	13,396	-	261,113	149,103
Publications design & print	-	38,773	32,428	-	-	-	71,201	77,923
Public relations	7,193	-	-	-	-	-	7,193	7,811
Travel	-	53,402	3,927	8,638	11,780	785	78,532	47,576
Bank charges	-	1,506	111	244	332	22	2,215	1,575
Audit & accountancy	-	-	-	-	9,103	11,987	21,090	16,271
Irrecoverable VAT	-	19,016	1,398	3,076	4,195	280	27,965	18,550
Depreciation	-	8,708	640	1,409	1,921	128	12,806	5,038
Grants payable	-	40,000	-	-	-	-	40,000	21,000
Loss on Disposal	-	698	51	113	154	10	1,026	-
Sundry expenditure	-	8,000	585	1,288	1,756	117	11,746	12,220
Total resources expended	7,193	1,162,113	117,886	218,046	165,249	34,702	1,705,189	1,292,616

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Notes to the financial statements

For the year ended 31 December 2004

5. Net incoming resources for the year

This is stated after charging:

	2004	2003
	£	£
Depreciation	12,806	5,038
Directors' remuneration	-	-
Directors' reimbursed expenses	-	-
Auditors' remuneration:		
▪ Audit	5,175	5,130
▪ Under accrual in previous year	4,012	-
▪ Other services	2,800	2,210
Operating lease rentals:		
▪ Property	84,780	64,789
▪ Other	975	-
	<u>975</u>	<u>-</u>

6. Staff costs and numbers

Staff costs were as follows:

	2004	2003
	£	£
Salaries and wages	776,769	596,038
Social security costs	82,859	63,154
Pension costs	34,647	13,893
	<u>894,275</u>	<u>673,085</u>

The number of employees whose emoluments amounted to over £50,000 in the year was as follows:

	2003	2002
	No.	No.
	£	£
£50,000 - £60,000	2	-
£60,000 - £70,000	-	1
£70,000 - £80,000	1	-

Contributions of £9,600 (2003:£1,650) have been paid into a money purchase pension scheme on behalf of the above employees.

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Notes to the financial statements

For the year ended 31 December 2004

6. Staff costs and numbers (continued)

The average weekly number of employees (full-time equivalent) during the year was as follows:

	2004	2003
	No.	No.
Projects	10.5	14.0
Publications & subscriptions	5.5	0.5
Events & seminars	3.1	2.0
Support costs	2.7	2.8
Management & administration	0.2	0.3
	<u>22.0</u>	<u>19.5</u>

7. Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

8. Tangible fixed assets - group and charity

	Office equipment £	Computer equipment £	Total £
COST			
At 1 January 2004	6,262	39,084	45,346
Additions in year	26,291	14,607	40,898
Disposals in year	<u>(6,262)</u>	<u>(6,537)</u>	<u>(12,799)</u>
At 31 December 2004	<u>26,291</u>	<u>47,154</u>	<u>73,445</u>
DEPRECIATION			
At 1 January 2004	5,411	36,596	42,007
Charge for the year	5,258	7,548	12,806
Disposals in year	<u>(5,411)</u>	<u>(6,078)</u>	<u>(11,489)</u>
At 31 December 2004	<u>5,258</u>	<u>38,066</u>	<u>43,324</u>
NET BOOK VALUE			
At 31 December 2004	<u>21,033</u>	<u>9,088</u>	<u>30,121</u>
At 31 December 2003	<u>851</u>	<u>2,488</u>	<u>3,339</u>

All tangible fixed assets are used for direct charitable purposes.

9. Stock

	The group		The Charity	
	2004	2003	2004	2003
	£	£	£	£
Finished goods for resale	<u>50,549</u>	<u>31,714</u>	<u>50,549</u>	<u>31,714</u>

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Notes to the financial statements

For the year ended 31 December 2004

10. Debtors	The group		The charity	
	2004	2003	2004	2003
	£	£	£	£
Trade debtors	299,841	309,654	283,362	309,654
VAT	1,671	-	-	-
Amounts due from Subsidiary	-	-	19,810	-
Prepayments	53,905	30,321	53,905	30,321
Accrued income	106,214	-	106,214	-
	461,631	339,975	463,291	339,975

11. Creditors : Amounts falling due within one year

	The group		The charity	
	2004	2003	2004	2003
	£	£	£	£
Trade creditors	53,775	11,646	53,775	11,646
Deferred income	21,500	91,440	21,500	91,440
Taxations and social security	118,883	74,404	118,883	74,404
Other creditors	19,082	8,823	19,082	8,823
Accruals	17,743	30,606	17,743	30,606
	230,983	216,919	230,983	216,919

12. Deferred income

	The group		The charity	
	2004	2003	2004	2003
	£	£	£	£
Amount deferred in the year:				
BASS	21,500	-	21,500	-
National College for School Leadership	-	12,000	-	12,000
Department for Education and Skills	-	66,940	-	66,940
Discovery Europe	-	12,500	-	12,500
	21,500	91,440	21,500	91,440

13. Analysis of net assets between funds

	Restricted funds	General funds	Total funds
	£	£	£
Tangible fixed assets	-	30,121	30,121
Current assets	47,000	681,462	728,462
Current liabilities	-	(230,983)	(230,983)
Net assets at 31 December 2004	47,000	480,600	527,600

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Notes to the financial statements

For the year ended 31 December 2004

14. Movement in funds

	At 1 January 2004 £	Incoming resources £	Outgoing resources £	At 31 December 2004 £
Education and Learning				
Out of School Hours Learning	-	6,200	(6,200)	-
Evaluating learning and participation programme	-	17,500	-	17,500
Futures Conference - Personalised	-	50,000	(40,000)	10,000
Seeveaz Field Trial Evaluation	-	10,000	(10,000)	-
NDC Evaluation Study	-	10,000	(10,000)	-
Learning and networks	-	7,700	(7,700)	-
Cities				
After the Goldrush	-	24,170	(24,170)	-
Public Spaces, Shared Places	-	34,404	(34,404)	-
Culture				
Art as a Human	-	2,000	(2,000)	-
Creative Reading	-	15,750	(15,750)	-
Social, Environmental and Economic Impact of Funding for Heritage	-	50,000	(50,000)	-
International Relations				
Security and Sustainability	1,500	4,500	(6,000)	-
European Forum	-	6,000	(1,500)	4,500
Greek Policy Research	-	26,038	(26,038)	-
Finnish Futures	-	7,001	(7,001)	-
Getting Down to Business: Aligning Security with Business Objectives	-	97,500	(97,500)	-
Private Sector Approaches to Reform	-	1,145	(1,145)	-
Olympic Truce	-	66,399	(66,399)	-
Innovation and Technology				
Nanotechnology Research	-	44,872	(44,872)	-
UK Sustainable Development Strategy	-	4,500	(4,500)	-
Social Affairs				
Life Skills Phamplet	-	900	(900)	-
Women's Network Project	25,000	-	(25,000)	-
Firm Foundations	-	12,500	(12,500)	-
From Isolation to Integration	-	12,500	(12,500)	-
Disorganisation	-	47,150	(47,150)	-
Children's Environment Project	-	6,083	(6,083)	-
Scotland 2020	-	32,500	(32,500)	-
Disablism Audit	-	15,475	(15,475)	-
Independent living through personalised	-	15,000	-	15,000
Minority Report Project	-	26,500	(26,500)	-
Restricted funds carried forward	<u>26,500</u>	<u>654,287</u>	<u>(633,787)</u>	<u>47,000</u>

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Notes to the financial statements

For the year ended 31 December 2004

14. Movement in funds (continued)

Restricted funds brought forward	26,500	654,287	(633,787)	47,000
Democracy and Government				
Electoral Issues	-	21,347	(21,347)	-
Participation: Who Benefits?	-	5,450	(5,450)	-
Mapping Governance at the Local Level	-	3,000	(3,000)	-
Total restricted funds	<u>26,500</u>	<u>684,084</u>	<u>(663,584)</u>	<u>47,000</u>
Unrestricted funds:				
General fund	<u>373,642</u>	<u>1,148,563</u>	<u>(1,041,605)</u>	<u>480,600</u>
Total unrestricted funds	<u>373,642</u>	<u>1,148,563</u>	<u>(1,041,605)</u>	<u>480,600</u>
Total funds	<u>400,142</u>	<u>1,832,647</u>	<u>(1,705,189)</u>	<u>527,600</u>

Purposes of restricted funds

Restricted income has been categorised into various funds for the purpose stated.

15. General funds

Reserves are held by the charity to fund fixed assets and working capital. General reserves at the year end are built up in accordance with the policy approved by the Directors in July 1995 to cover six months expected expenditure of £900,000.

16. Operating lease commitments

The charitable company had annual commitments under operating leases expiring as follows:

	Land and buildings		Equipment	
	2004	2003	2004	2003
	£	£	£	£
Within one year	-	45,000	213	-
2 - 5 years	<u>80,000</u>	-	<u>1,536</u>	-
	<u>80,000</u>	<u>45,000</u>	<u>1,749</u>	<u>-</u>

17. Directors' remuneration and expenses

The directors of the charitable company are the trustees under charity law and received no remuneration or reimbursed expenses.

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Notes to the financial statements

For the year ended 31 December 2004

18. Related party transactions

Tom Bentley, the Director of Demos is also a Director of Yorkco 148G, trading as The Mezzanine. The company was set up by the tenants of the Mezzanine floor of Elizabeth House through which Demos used to have a sub lease for office space. Mr Bentley receives no remuneration for the Directorship.

19. Subsidiary Undertaking

The charitable company controls Demos Projects limited, a company limited by guarantee registered in England (company number 2667039). The subsidiary is used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are gift aided to the charitable company. A summary of the results of the subsidiary is shown below:

	2004 £	2003 £
Turnover	77,250	-
Cost of sales	<u>64,075</u>	<u>-</u>
Gross profit	13,175	-
Administrative expenses	<u>38</u>	<u>-</u>
Operating profit	13,137	-
Interest receivable	<u>363</u>	<u>-</u>
Profit on ordinary activities	13,500	-
Deed of covenant to parent undertaking	<u>(13,500)</u>	<u>-</u>
Profit for financial year	<u><u>-</u></u>	<u><u>-</u></u>
The aggregate of the assets, liabilities and funds was:		
Assets	19,810	-
Liabilities	<u>(19,810)</u>	<u>-</u>
Funds	<u><u>-</u></u>	<u><u>-</u></u>