

Company No. 2977740
Charity No. 1042046

Demos
Report & Financial Statements
31 December 2005

Demos

Legal & administrative details

For the year ended 31 December 2005

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 Maeve Sherlock	Chair to December 2005 Chair from December 2005 Treasurer to December 2005 Treasurer from December 2005
Secretary	John Holden to April 2006 Grahame Broadbelt from April 2006	
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	

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Report of the directors

For the year ended 31 December 2005

The directors present their report and the financial statements for the year ended 31 December 2005.

Legal 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 October 2000).

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 principal 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.

Demos has relationships with individuals and small research teams in several different countries. Such relationships are informal and represent a partnership around issues of mutual concern and do not represent or imply a formal legal relationship or liability. Such relationships strengthen the quality of our work and add an important international dimension to our ideas and our insight.

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:

- *About Learning* by David Hargreaves
- *Everyday Democracy* by Tom Bentley
- *Hearts and Minds; Human Security Approaches to Political Violence* by Gabrielle Rifkind and Scilla Elworthy
- *In Good Company* by Francesco Mancini
- *Include Me In* by Hannah Lownsborough
- *Independent Living* by Hannah Green and Paul Miller
- *Joining Forces* by Rachel Briggs
- *Leadership Imperative* by Duncan O'Leary and Hannah Lownsborough

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Report of the directors

For the year ended 31 December 2005

- *Manufacturing Dissent* by Kirsty Milne
- *Multiple Identities* by Vincent Cable
- *People Make Places* by Melissa Mean and Charlie Tims
- *Scotland 2020* by Eddie Gibb and Gerry Hassan
- *Start with People* by John Craig and Paul Skidmore
- *The Public Value of Science* by Jack Stilgoe and Brian Wynn
- *Wide Open* by Geoff Mulgan and Omar Salem
- *True Blue* by Nicolas Boyes Smith
- *Hitting the Right Note* by John Holden and Perri 6
- *Valuing Culture in the South East* by John Holden and Perri 6
- *So Giotto Drew on Rocks* by Sam Jones
- *Rebuilding the Public Realm* by Tessa Jowell
- *Beyond Digital Divides* by John Craig and Briony Greenhill
- *Challenge and Change* by Perri 6

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:

- A series of seminars on the future of political parties with Douglas Alexander MP
- A series of seminars examining various aspects of Security Sector reform
- Seminars looking at the emerging patterns of science and technological innovation in China and South Korea
- A series of events launching our range of publications over the year
- A workshop with headteachers looking at leadership challenges in the education sector
- An event looking at the role of the internet in international diplomacy
- An event examining the relationship between scientific advancement and globalisation

Projects

A wide range of research projects were carried out during 2005, 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.

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Report of the directors

For the year ended 31 December 2005

Projects (continued)

We undertook more than 60 projects during the year. Projects of particular note include:

- *Atlas of Ideas* project looking at the emerging trends in science and innovation in Asia
- *Start with People* looking at how to put citizens back at the centre of things and create communities of participation
- *Joining Forces* examining how to respond the shifting nature of the global security challenges
- *Exploring the Public Value of Science* arguing that scientists need to open their work up to new forms of public engagement
- The development of our ideas on *Everyday Democracy* as being a core organising idea around which Demos projects and activities are shaped
- Work on examining the implications and importance of emerging ideas on open source concepts in strengthening the fabric of democracy
- A series of futures thinking workshops produced with Centrex for the police
- Work exploring the future of Scotland through the stories and imagination of writers
- Work exploring the rights of disabled people as equal citizens in our democracy and promoting a radical overhaul of the support for disabled people
- *ESRC Nanotechnology and Sustainability* project looking at the social and environmental impacts and opportunities of this emerging technology

Fixed assets

Changes in fixed assets are shown in note 7 to the financial statements.

Funds

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

One restricted fund had a small deficit at the year-end. The project, Nanodialogues, was ongoing and more funding was expected in the next financial year.

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 two directors of Demos Projects Limited are also staff at Demos. The results of the subsidiary are shown in note 15 and have been consolidated with Demos results. All the profits made by the subsidiary are gift aided to Demos.

Demos

Report of the directors

For the year ended 31 December 2005

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 declined over the last twelve months against our expectations and plans. The target of £900,000, which represents six months budgeted expenditure, has not been met this year. Currently total reserves are £448,442 and £101,883 of this is restricted to particular purposes. The directors expect to make much better progress towards the target for reserves in 2006.

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.

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

At every annual general meeting one-third of the directors who are subject to retirement by rotation retire from office. The directors to retire by rotation are those who have been longest in office since their last appointment or reappointment.

If the charity at the meeting at which the directors retire by rotation does not fill the vacancy, the retiring directors are, if willing to act, deemed to have been reappointed unless a resolution for the reappointment of the directors is put the meeting and lost.

The directors may appoint a person who is willing to act to be a director whether to fill a vacancy or as an additional director.

Demos

Report of the directors

For the year ended 31 December 2005

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

Robert Tyrrell (Chair) (resigned December 2005)	Alan Parker (resigned March 2005)
Simon Cooper	Mary Rainey
Professor John Durant	Maeve Sherlock (Treasurer)
Ian Hargreaves (resigned December 2005)	Edward Straw (appointed March 2005)
Andrew MacKenzie (Chair)	Sukhvinder Stubbs (resigned March 2005)
Professor Christine King	

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 £10. The number of guarantees at 31 December 2005 was 11 (2004 - 10). 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

and signed on their behalf by

Mary Rainey - Director

Independent auditors' report

To the members of

Demos

We have audited the financial statements of Demos for the year ended 31 December 2005 which comprise the consolidated statement of financial activities, balance sheets and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005).

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 directors are responsible for preparing the annual report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005). The responsibilities of the directors 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 International Standards on Auditing (UK and Ireland).

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 report to you whether, in our opinion, the information given in the the annual report of the directors is consistent with the financial statements. We also report to you 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 other transactions is not disclosed.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the report of the directors. 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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.

Independent auditors' report

To the members of

Demos

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice as modified by the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005), of the group and charitable company's state of affairs as at 31 December 2005 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

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 2005

	Note	Restricted £	Unrestricted £	2005 Total £	2004 (Restated) Total £
Incoming resources					
Donations, legacies and similar incoming resources		-	-	-	1,000
<i>Activities in furtherance of the charity's objects:</i>					
Projects	2	488,378	1,140,952	1,629,330	1,658,932
Publications and subscriptions		-	37,731	37,731	37,681
Events and seminars		-	46,029	46,029	124,677
<i>Activities for generating funds:</i>					
Investment income		-	2,054	2,054	2,747
Rental income		-	2,458	2,458	-
Other incoming resources		-	15,912	15,912	7,610
Total incoming resources		<u>488,378</u>	<u>1,245,136</u>	<u>1,733,514</u>	<u>1,832,647</u>
Resources expended					
<i>Costs of generating funds:</i>					
Fundraising and publicity		-	1,795	1,795	7,193
<i>Charitable expenditure</i>					
Projects		489,495	901,181	1,390,676	1,162,113
Publications and subscriptions		-	81,767	81,767	117,886
Events and seminars		-	160,287	160,287	218,046
Support costs		-	146,948	146,948	165,249
Management and administration		-	31,199	31,199	34,702
Total resources expended	3	<u>489,495</u>	<u>1,323,177</u>	<u>1,812,672</u>	<u>1,705,189</u>
Net (outgoing)/incoming resources for the year	4	(1,117)	(78,041)	(79,158)	127,458
Funds at the start of the year		47,000	480,600	527,600	400,142
Prior year adjustment	16	<u>55,000</u>	<u>(55,000)</u>	<u>-</u>	<u>-</u>
Restated funds at the start of the year		<u>102,000</u>	<u>425,600</u>	<u>527,600</u>	<u>400,142</u>
Funds at the end of the year		<u>100,883</u>	<u>347,559</u>	<u>448,442</u>	<u>527,600</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 13 to the financial statements.

Demos (Limited by Guarantee)

Balance sheets

As at 31 December 2005

	Note	The group		The charity	
		2005 £	2004 (Restated) £	2005 £	2004 (Restated) £
Tangible fixed assets	8	31,209	30,121	31,209	30,121
Current assets					
Stock	9	56,320	50,549	56,320	50,549
Debtors	10	543,475	461,631	550,811	463,291
Cash at bank and in hand		55,377	216,282	48,041	214,622
		655,172	728,462	655,172	728,462
Creditors: amounts falling due within one year	11	237,939	230,983	237,939	230,983
Net current assets		417,233	497,479	417,233	497,479
Net assets	13	448,442	527,600	448,442	527,600
Funds	14				
Restricted funds					
In surplus		101,883	102,000	101,883	102,000
In deficit		(1,000)	-	(1,000)	-
Unrestricted funds					
General funds		347,559	425,600	347,559	425,600
Total funds		448,442	527,600	448,442	527,600

Approved by the directors on

and signed on their behalf by

Mary Rainey - Director

Demos

Notes to the financial statements

For the year ended 31 December 2005

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	77%
Publications and subscriptions	6%
Events and seminars	8%
Support costs	8%
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 2005

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.

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Notes to the financial statements

For the year ended 31 December 2005

2. Project income	Restricted £	Unrestricted £	2005 Total £	2004 Total £
Contracts				
AOL	-	16,425	16,425	41,062
Area 3Q	-	11,250	11,250	-
Arts Council England	-	83,175	83,175	31,800
Blue Ribicon Ltd	-	-	-	21,900
British Council England	-	13,333	13,333	-
British Council Manchester	-	14,150	14,150	-
Care 21	-	59,950	59,950	-
Centrica	-	-	-	20,000
Confederation of Swedish Enterprise	-	10,000	10,000	-
Council of City of Newcastle upon Tyne	-	-	-	11,900
Creative and Cultural Industries	-	25,000	25,000	-
Creative Partnerships	-	25,524	25,524	43,300
CRISIS	-	12,500	12,500	-
Department for Education and Skills	-	185,061	185,061	317,462
Department of Culture, Media and Sport	-	10,000	10,000	-
Discovery Europe	-	-	-	25,000
Edexcel	-	-	-	14,238
Electoral Commission	-	-	-	67,000
Environment Agency	-	-	-	20,000
Foreign and Commonwealth Office	-	40,000	40,000	-
Gatenby Sanderson	-	26,650	26,650	-
General Teaching Council	-	25,000	25,000	-
Heritage Lottery Fund	-	-	-	15,000
IKEA	-	-	-	28,915
Institute of Education	-	19,900	19,900	-
Kent County Council	-	17,350	17,350	-
MLA	-	17,417	17,417	-
MMO2	-	-	-	1,391
National College for School Leadership	-	109,251	109,251	132,950
National Health Service University	-	-	-	21,250
NESTA	-	16,693	16,693	-
New Opportunities Fund	-	-	-	41,209
Newcastle Gateshead Initiative	-	11,900	11,900	-
ODPM	-	-	-	25,840
Office of the Deputy Prime Minister	-	22,200	22,200	-
Orange PCS Ltd	-	31,400	31,400	-
Screen England	-	59,700	59,700	-
Subtotal carried forward	-	<u>863,829</u>	<u>863,829</u>	<u>880,217</u>

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Notes to the financial statements

For the year ended 31 December 2005

2. Project income (continued)	Restricted £	Unrestricted £	2005 Total £	2004 Total £
Contracts				
Brought forward from previous page	-	863,829	863,829	880,217
SEEDA	-	18,889	18,889	-
SITRA	-	28,885	28,885	-
SJPB	-	10,000	10,000	-
Specialist School Trust	-	-	-	22,050
The Countryside Agency	-	-	-	39,000
University of Sussex	-	-	-	8,000
Wellcome Trust	-	34,000	34,000	-
Women's Royal Voluntary Service	-	-	-	20,000
Other contracts	-	185,349	185,349	72,377
Contract income totals	<u>-</u>	<u>1,140,952</u>	<u>1,140,952</u>	<u>1,041,644</u>
Grant income				
BP	-	-	-	15,000
Careers Scotland Centre	10,000	-	10,000	-
Communities Scotland	10,000	-	10,000	-
Crisis	-	-	-	25,900
Demos Athens	-	-	-	92,437
Department for Education and Skills	-	-	-	50,000
Environment Agency	15,000	-	15,000	15,000
European Social Research Council	-	-	-	43,068
Glasgow Caledonian University	10,000	-	10,000	-
Glasgow Centre for Population	10,000	-	10,000	-
Glasgow City Council	10,000	-	10,000	-
Glasgow Housing Association	10,000	-	10,000	-
Heritage Lottery Fund	-	-	-	50,000
Home Front	80,000	-	80,000	-
IEPPP	35,217	-	35,217	-
Orange	-	-	-	47,150
OSTS	40,000	-	40,000	-
Paul Hamlyn Foundation	16,304	-	16,304	17,500
Practical Action (in kind)	15,000	-	15,000	-
Qinetiq	-	-	-	15,000
Reading Agency	-	-	-	15,750
Scope	48,833	-	48,833	56,975
Scottish Enterprise	10,000	-	10,000	-
Scottish Executive Health	10,000	-	10,000	-
Shell	-	-	-	15,000
Strathclyde Fire and Rescue	10,000	-	10,000	-
The Joseph Rowntree Foundation	68,355	-	68,355	42,854
University of Glasgow	10,000	-	10,000	-
Other Grants	69,669	-	69,669	115,654
Grant income totals	<u>488,378</u>	<u>-</u>	<u>488,378</u>	<u>617,288</u>
Total project income	<u>488,378</u>	<u>1,140,952</u>	<u>1,629,330</u>	<u>1,658,932</u>

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Notes to the financial statements

For the year ended 31 December 2005

3. Total resources expended

	Fundraising and publicity £	Projects £	Publications & subscriptions £	Events & seminars £	Support costs £	Management and administration £	2005 Total £	2004 Total £
Staff costs (note 5)	-	738,954	61,291	76,840	80,182	18,559	975,826	894,275
Other staff costs	-	14,831	1,156	1,542	1,541	193	19,263	19,615
Office costs	-	70,666	5,506	7,342	7,342	918	91,774	106,333
Premises	-	76,828	5,985	7,980	7,980	966	99,739	77,274
Venue & catering	-	-	-	60,337	-	-	60,337	72,805
Consultancy, professional fees & freelance payments	-	270,542	-	-	23,750	-	294,292	261,113
Publications design & print	-	70,609	3,145	-	-	-	73,754	71,201
Public relations	1,795	-	-	-	-	-	1,795	7,193
Travel	-	80,698	1,510	2,013	2,014	252	86,487	78,532
Bank charges	-	1,555	121	162	162	20	2,020	2,215
Audit & accountancy	-	-	-	-	19,906	9,780	29,686	21,090
Irrecoverable VAT	-	19,918	1,552	2,069	2,069	259	25,867	27,965
Depreciation	-	11,715	963	1,284	1,284	160	15,406	12,806
Grants payable	-	10,053	-	-	-	-	10,053	40,000
Loss on disposal	-	-	-	-	-	-	-	1,026
Sundry expenditure	-	24,307	538	718	718	92	26,373	11,746
Total resources expended	1,795	1,390,676	81,767	160,287	146,948	31,199	1,812,672	1,705,189

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Notes to the financial statements

For the year ended 31 December 2005

4. Net (outgoing)/incoming resources for the year

This is stated after charging:

	2005	2004
	£	£
Depreciation	15,406	12,806
Directors' remuneration	nil	nil
Directors' reimbursed expenses	nil	nil
Auditors' remuneration:		
▪ Audit	6,600	5,175
▪ Under accrual in previous year	3,180	4,012
▪ Other services	6,220	2,800
Operating lease rentals:		
▪ Property	93,108	84,780
▪ Other	-	975
	<u> </u>	<u> </u>

5. Staff costs and numbers

Staff costs were as follows:

	2005	2004
	£	£
Salaries and wages	831,383	776,769
Social security costs	94,801	82,859
Pension costs	49,642	34,647
	<u>975,826</u>	<u>894,275</u>

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

	2005	2004
	No.	No.
	£	£
£50,000 - £60,000	-	2
£60,000 - £70,000	1	-
£70,000 - £80,000	1	1
	<u> </u>	<u> </u>

Contributions of £8,017 (2004: £9,600) 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 2005

5. Staff costs and numbers (continued)

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

	2005	2004
	No.	No.
Projects	19.8	10.5
Publications & subscriptions	1.8	5.5
Events & seminars	2.1	3.1
Support costs	3.4	2.7
Management & administration	0.3	0.2
	27.4	22.0

6. Taxation

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

7. Tangible fixed assets - group and charity

	Office equipment £	Computer equipment £	Total £
COST			
At 1 January 2005	26,291	47,154	73,445
Additions in year	1,638	14,856	16,494
Disposals in year	-	(31,620)	(31,620)
At 31 December 2005	27,929	30,390	58,319
DEPRECIATION			
At 1 January 2005	5,258	38,066	43,324
Charge for the year	5,585	9,821	15,406
Disposals in year	-	(31,620)	(31,620)
At 31 December 2005	10,843	16,267	27,110
NET BOOK VALUE			
At 31 December 2005	17,086	14,123	31,209
At 31 December 2004	21,033	9,088	30,121

All tangible fixed assets are used for direct charitable purposes.

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Notes to the financial statements

For the year ended 31 December 2005

8. Stock	The group		The charity	
	2005	2004	2005	2004
	£	£	£	£
Finished goods for resale	56,320	50,549	56,320	50,549

9. Debtors	The group		The charity	
	2005	2004	2005	2004
	£	£	£	£
Trade debtors	358,616	299,841	358,616	283,362
VAT	-	1,671	-	-
Amounts due from Subsidiary	-	-	7,336	19,810
Prepayments	50,661	53,905	50,661	53,905
Accrued income	134,198	106,214	134,198	106,214
	543,475	461,631	550,811	463,291

10. Creditors : Amounts falling due within one year

	The group		The charity	
	2005	2004	2005	2004
	£	£	£	£
Trade creditors	44,198	53,775	44,198	53,775
Deferred income	110,335	21,500	110,335	21,500
Taxations and social security	56,020	118,883	56,020	118,883
Other creditors	3,884	19,082	3,884	19,082
Accruals	23,502	17,743	23,502	17,743
	237,939	230,983	237,939	230,983

11. Deferred income

	The group		The charity	
	2005	2004	2005	2004
	£	£	£	£
At 1 January 2005	21,500	91,440	21,500	91,440
Released to statement of financial activities	(21,500)	(91,440)	(21,500)	(91,440)
Contractual project income received and deferred in year	110,335	21,500	110,335	21,500
At 31 December 2005	110,335	21,500	110,335	21,500

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Notes to the financial statements

For the year ended 31 December 2005

12. Analysis of net assets between funds

	Restricted funds £	General funds £	Total funds £
Tangible fixed assets	-	31,209	31,209
Current assets	100,883	554,289	655,172
Current liabilities	-	(237,939)	(237,939)
Net assets at 31 December 2005	100,883	347,559	448,442

13. Movement in funds

	At 1 January 2005 (Restated) £	Incoming resources £	Outgoing resources £	At 31 December 2005 £
Restricted funds				
Education and Learning				
Evaluating learning and participation programme	17,500	18,804	(36,304)	-
Futures Conference - Personalised	10,000	-	(10,000)	-
We're all Professionals Now	-	10,000	(10,000)	-
Cities				
Public Spaces, Shared Places	-	42,230	(42,230)	-
International Relations				
European Forum	4,500	-	(4,500)	-
Getting Down to Business	55,000	29,368	(84,368)	-
Innovation and Technology				
Nanodialogues	-	85,000	(86,000)	(1,000)
Nanotechnology, Risk and Sustainability	-	35,217	(27,534)	7,683
Social Affairs				
Change Within	-	9,000	(9,000)	-
Disabilism Audit	-	15,475	(15,475)	-
Home Front	-	82,000	(7,200)	74,800
Independent living through personalised support	15,000	33,358	(48,358)	-
Democracy and Government				
Participation: Who Benefits?	-	26,126	(26,126)	-
Scotland 2020	-	1,800	(1,800)	-
Glasgow 2020	-	100,000	(80,600)	19,400
Total restricted funds	102,000	488,378	(489,495)	100,883
Unrestricted funds:				
General fund	425,600	1,245,136	(1,323,177)	347,559
Total funds	527,600	1,733,514	(1,812,672)	448,442

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Notes to the financial statements

For the year ended 31 December 2005

14. Operating lease commitments

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

	Land and buildings		Equipment	
	2005	2004	2005	2004
	£	£	£	£
Within one year	-	-	-	213
2 - 5 years	<u>110,000</u>	<u>80,000</u>	<u>960</u>	<u>1,536</u>
	<u>110,000</u>	<u>80,000</u>	<u>960</u>	<u>1,749</u>

15. 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:

	2005	2004
	£	£
Turnover	37,499	77,250
Cost of sales	<u>30,502</u>	<u>64,075</u>
Gross profit	6,997	13,175
Administrative expenses	<u>38</u>	<u>38</u>
Operating profit	6,959	13,137
Interest receivable	<u>377</u>	<u>363</u>
Profit on ordinary activities	7,336	13,500
Deed of covenant to parent undertaking	<u>(7,336)</u>	<u>(13,500)</u>
Profit for financial year	<u>-</u>	<u>-</u>
The aggregate of the assets, liabilities and funds was:		
Assets	7,336	19,810
Liabilities	<u>(7,336)</u>	<u>(19,810)</u>
Funds	<u>-</u>	<u>-</u>

16. Prior year adjustment

A total of £55,000 was transferred from opening unrestricted funds to restricted funds for restricted income unspent at 31 December 2004. The fund was fully utilised for the specific project *Getting Down to Business* in 2005 and has been reflected in note 13.