

**Company Number: 2977740**  
**Charity Number: 1042046**

**DEMOS**  
**REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2012**

**DEMOS**  
**COMPANY INFORMATION**

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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 establishes the objects and powers of the charity.
<b>COMPANY NUMBER</b>	2977740
<b>CHARITY NUMBER</b>	1042046
<b>REGISTERED OFFICE AND OPERATIONAL ADDRESS</b>	Magdalen House 136 Tooley Street London SE1 2TU
<b>BANKERS</b>	Santander Plc Birdle Road Bootle Merseyside L30 4GB
<b>AUDITORS</b>	Tudor John LLP Chartered Accountants Nightingale House 46 - 48 East Street Epsom Surrey KT17 1HQ

**DEMOS**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

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The directors present their report and the financial statements for the year ending 31 December 2012.

Reference and administrative information set out on page one forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities (issued in March 2005).

**ACTIVITIES AND REVIEW**

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

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

The trustees have had due regard to the Charity Commission's guidance on public benefit when considering the charity's objectives and activities. There have been no changes in the objects or the policies of the charity during the year. The principal activities of research, education and publication are reflected in the organisational structure of the charity. The overall management of Demos is the responsibility of the director who provides leadership to the organisation and specifically leads the development of the intellectual and research agenda of the charity. Reporting to the director are the Deputy Directors, the Head of Finance, the Head of External Affairs and heads of programmes. Research projects are managed by heads of programmes and other senior researchers. A team of senior researchers and researchers undertakes research projects, supported by temporary assistants and interns. Freelance collaborations are entered into to fulfil technical and consultancy roles, as well as helping with particular aspects of research, writing and the production of publications. All projects have a budgetary review before contracts with funders are signed, and are subject to an extensive quality review process from initiation through to publishing the final report. All staff are encouraged to contribute to any appropriate aspects of research, administration, the achievement of the charitable objects and the planning processes.

*Aims for 2012*

Our main aim for 2012 was to continue to improve the financial standing of the organisation following a year where we achieved a significant surplus. To do this, we set the following objectives:

- Continuing to improve Demos' reputation and profile
- Maintain stringent cost control measures on research projects
- To reduce fixed staff costs to give us greater flexibility regarding our single largest expense (wages)
- To deliver high profile, large research projects combined with shorter term pieces to maintain a more stable cash-flow throughout the year
- To host a comprehensive series of events at the autumn Party Conferences as well as a year-round events programme to supplement our research income

During 2012 we met most of our objectives despite significant staff turnover. David Goodhart became Demos Director in January 2012, working part time, but Julia Margo (deputy director); Sarah Kennedy (head of events), Sophie Duder (junior events) and Bea Burks (Head of communications) all left in the first quarter of the year. This caused some disruption, particularly in our events and party conference delivery, and we did not achieve the level of output we had planned for 2012 related to our year-round events and our autumn party conference programme.

**DEMOS**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

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However, we have used these changes to rethink and reorganise both the communications and events functions of the organisation – for example, we have not replaced Bea Burks with a candidate of equal seniority, but rather with a junior press officer, supplementing this with pro-bono strategic communication support from the Lodestone agency and giving Ralph Scott, Bea's assistant, an opportunity to move into a more senior overseeing role. Sophie Duder returned to Demos after six months in Gordon Brown's office and we reshaped her role to have greater strategic responsibility for partnership and fundraising. We have also hired a second Deputy Director (Duncan O'Leary) to work with Claudia Wood, providing a consistent senior management function given the director works part time. Each of these changes – and in particular the communications reorganisation – is proving successful while enabling us to reduce the overall salary cost of the organisation.

We have maintained the strategic decision taken in 2011 not to replace permanent staff lost through natural wastage unless it damaged the capacity of the organisation, and to continue to sub-let our events space. These steps led to continued reduction in our fixed costs.

*Achievements during 2012*

Specific achievements for 2012 include:

- The completion of our flagship Poverty in Perspective research project, a high profile multi-dimensional analysis of the in-poverty population, with an accompanying infographic micro-site.
- A new Demos unit has been launched: the Centre for Analysis of Social Media (CASM)
- A successful Party Conference where Demos hosted many of the best and most well-attended events, including our "Dragons Den" on immigration policy and the launch of "The Liberal Inside", an essay by Richard Reeves on his time as Nick Clegg's adviser.
- Many very high profile launches, including A Wider Lens, which gained blanket coverage in Scotland and which was debated at First Minister's Questions in the Scottish Parliament.

**PUBLICATIONS**

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

In 2012, Demos entered new territory by launching our far right populist movements report series. This was composed of seven individual reports exploring far right parties in countries across Europe. These culminated in media strategies and launch events in countries including Hungary, Sweden, Denmark and the Netherlands.

We also produced two essay collections, one by a collection of up and coming female Conservative politicians and one on the legacy of Octavia Hill, which resurrected a format (the essay collection) which we hope to use more in 2013.

We also built our reputation in housing policy with Under One Roof and The Home Cure, before ending the year with two high profile poverty related reports, Poverty in Perspective and Wider Lens, the former concluding an 18 month-long project building the most comprehensive picture to date of the lived experience of poverty with a wholly new analytical model. This work has been particularly timely given the government's consultation on new multi-dimensional poverty measures and we have been in communication with the Child Poverty Unit and DWP regarding our methodology and findings. A Wider Lens was the first time anyone had mapped multiple disadvantage in Scotland and this has drawn substantial attention from the Scottish government and policy makers north of the border.

**DEMOS**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

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Titles published during the year include:

- **Populism in Europe: Hungary** – Jamie Bartlett et al
- **A model role** – Jamie Bartlett
- **Future Universities**– Matt Grist
- **Populism in Europe: Sweden** – Jamie Bartlett et al
- **Data Dividend** - Max Wind-Cowie
- **Stop the Union Bashing** – Robert Halfon MP
- **The warm up** – Peter Smith Will Bradley
- **Faithful citizens**– Jon Birdwell
- **Measuring up** – Claudia Wood and Max Wind-Cowie
- **#intelligence** – Jamie Bartlett
- **Being real on drugs** – JakeChapman
- **Ending forced marriage** – Max Wind-Cowie
- **Iron ladies** - various
- **Populism in Europe: Denmark** - Jamie Bartlett et al
- **Under one roof** – Claudia Wood and Jo Salter
- **The Enduring Relevance of Octavia Hill** – various
- **Destination Unknown:Summer 2013** – Claudia Wood
- **The Home Cure**– Claudia Wood and Jo Salter
- **The labor furore** – Andrew Lodge and Andrew Freeman
- **Ageing Sociably** – Louise Bazalgette
- **Populism in Europe: Netherlands**- Jamie Bartlett et al
- **The Data Dialogue**- Jamie Bartlett
- **A Liberal Inside** – Richard Reeves
- **Rebalancing risk andresponsibility** – Max Wind-Cowie
- **The long and the short of it: Demos Finance on the Kay Review**– Andrew Lodge and Andrew Freeman
- **Populism in Europe: Lega Nord** - Jamie Bartlett et al

- **Populism in Europe: Casa Pound** - Jamie Bartlett et al

**DEMOS  
DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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- **A Wider Lens** – Louise Bazalgette
- **Everyone's business** – Max Wind-Cowie and Duncan O'Leary
- **Poverty in perspective** – Claudia Wood et al
- **For starters** – Louise Bazalgette
- **Feelings the effects** – Jon Birdwell
- **Duty of care** – Max Wind-Cowie
- **Final score** – Claudia Wood, Max Wind-Cowie and Ally Paget

### **LECTURES, CONFERENCES AND SEMINARS**

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

#### **The Beveridge Anniversary Lecture**

Demos hosted the Beveridge Anniversary Lecture in Westminster at which Rt Hon Liam Byrne MP, Shadow Secretary of State for Work and Pensions set out his vision of an updated concept of universality, and the implications for welfare reform.

#### **#Intelligence**

Demos and the Frontline Club co-organised an event called *Cyber Snooping: A threat to freedom or necessary safeguard?* We were joined by an audience of over 100 people for a panel discussion with Jamie Bartlett, Head of the Violence and Extremism Programme; Rt Hon David Davis MP; Professor Anthony Glees MA MPhil DPhil, Professor of Politics at the University of Buckingham, and Isabella Sankey, Director of Policy at Liberty. Chaired by the BBC's Rory Cellan-Jones the discussion focused on recent government proposals to allow increased police and intelligence agencies' monitoring of email and social media communications and was streamed live online. It was produced at zero cost to Demos.

#### **Demos and Financial Times – Perspectives on the crisis**

Demos Finance hosted its inaugural meeting - Interesting Times: Perspectives on the Current Crisis in Finance at Cass Business School. This half-day conference was organised in partnership with the Financial Times and featured leading academics, policy makers and practitioners, including Charles Goodhart, Emeritus Professor, London School of Economics; Sony Kapoor, Managing Director, Re-Define and Gus O'Donnell, former Cabinet Secretary. It was attended by over 100 guests.

#### **Ageing Sociably**

This half-day conference saw the launch of the new Demos report - Ageing Sociably. It featured a keynote speech from Paul Burstow MP, Minister of State for Care Services, Liz Bramley, Head of Employee Engagement & Diversity, The Co-operative Group, followed by a series of workshop and plenary sessions with the audience.

**Under One Roof**

Launch event and roundtable of Demos report on the role social housing provides in enabling independence and reducing costs to health and social care saw a panel of experts from DCLG, the Lords and housing sector organisations.

**Home Cure**

The launch of The Home Cure report at Church House in Westminster featured Stephen Dorrell MP on the panel and a diverse audience of housing providers, charities, care providers and members of housing associations, and focused on the findings of the report for how reablement outcomes can be improved.

**Measuring Up**

This event, with the Rt Hon Tessa Jowell MP, Shadow Minister for London and the Olympics; launched a new model to measure the social value of events sponsorship and how this could be quantified by events sponsors over and above direct commercial gain.

**Population and ageing cities**

Demos and RIBA Building Futures debated the motion 'This House Believes that our cities are not prepared for an ageing population'. Joining us to decide whether we are in danger of designing out great swathes of our future society were Alan Hatton-Yeo, Chief Executive, The Beth Johnson Foundation; Dr RosAltmann, Director General, Saga; Indy Johar, Architect and Victoria Thornton, Founding Director, OpenCity.

**The Data Dialogue**

We debated public perceptions of data and privacy to launch our report on this issue, with Christopher Graham, UK Information Commissioner.

**DEMOS**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

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**PROJECTS**

Demos carried out a wide range of research projects during 2012, drawing on a varied range of innovative methodologies which Demos is now known for, including focus groups and interviews, citizen's juries and ethnographic study. We added a wholly new and innovative Facebook polling approach to our suite of research tools in 2011, and in 2012 added new social media analytics in partnership with the University of Sussex to enable us to analyse Twitter content. We also worked in partnership with the statisticians at NatCen, to carry out more robust quantitative analysis this year. Highlights include:

**Poverty in Perspective**

A pioneering project which created an entirely new model designed to analyse poverty in a multi-dimensional way. This created a typology of poverty which has stimulated considerable debate and has proved to be highly influential as the government consults on a new measure of child poverty. A dedicated micro-site with infographics was created to communicate the findings.

**A Wider Lens**

For the first time, the scale of multi-dimensional disadvantage in Scotland was quantified and mapped, which gained significant interest in the Scottish media and among policy makers. The findings were raised in First Ministers' Questions and Demos have been to Edinburgh to brief policy makers on the methodology and results.

**Populism in Europe**

This series of reports and events used a pioneering new approach – Facebook surveys – to gain an insight into the followings of populist parties in different countries across Europe. The reports consistently gained traction in different national medias, some of the reports were translated into other languages, and the team behind the work continue to have ongoing conversations with policy makers in these countries to examine the results.

**#Intelligence**

This paper was the first effort to examine the ethical, legal and operational challenges involved in using social media for intelligence and insight purposes and coined the phrase SOCMINT – social media intelligence. The six ethical principles for using SOCMINT were adopted by the pre-legislative committee of the Communications Bill.

**For Starters**

Analysis of the Millennium Cohort Study explored the relationship between infant and toddler nutrition and later life outcomes, giving weight to the under-explored issue of parental confusion when it comes to pre-school children's proper diet and eating habits.

**Ageing Sociably**

This project provided a comprehensive good practice review of the variety of ways in which the private sector is facilitating older people's social networks and developed a typology to categorise these activities, including partnership with the third sector through to volunteering, adapting products and using retail locations as community hubs.

**Measuring Up/Final Score**

This project pioneered a new model to measure the social value of events sponsorship. In light of the Olympics, this model can be used by event sponsors to capture the value of sponsorship above and beyond direct commercial gain.



## **DEMOS PROJECTS LIMITED**

The charity controls Demos Projects Limited (company number 2667039), a company limited by guarantee. Two Directors of Demos Projects Limited are also Directors of Demos. The results of the subsidiary are shown in note 16 and have been consolidated with Demos results, all the profits made by the subsidiary are gift aided to Demos. It is currently not trading and its use is under review by the trustees.

**DEMOS**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

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**RESERVES**

Demos currently has no reserves and is in a net liabilities position as described below. However we paid down a considerable amount of debt in 2011, and in 2012 cleared all of our legacy debt including HMRC and our loan with Venturesome. Our strategy for achieving this was to take a firmer hold of project costs and to reduce our fixed costs (rent and staff costs), which we have been able to do without undermining Demos' capacity to deliver high quality work to deadline. This was combined with a number of smaller projects which could be completed within a shorter time frame to maintain a more stable cash-flow while longer term projects were underway. Our policy going forward to build up reserves is to put aside £3,000 per month by the second quarter of 2013 in order to build a moderate (unrestricted) reserve by the end of 2013 to cope with fluctuations in income. Our longer term plan is to build reserves of £250,000 by end of 2015.

Our events and party conference income was not as large as we'd hoped in 2012 for many reasons, including having to replace both members of the events team, it being a mid-term conference where there was less interest in hosting fringes, plus a ministerial reshuffle anticipated directly before conference putting some funders off arranging events when new ministerial posts remained unclear. Nonetheless, reductions in research and events delivery costs meant we ended the year with a moderate surplus in spite of this lower than expected income.

The reorganisation of events and communications functions, combined with a new research strategy and outreach strategy for 2013 to coincide with our 20<sup>th</sup> Birthday year, means we are confident that our research and events income and subsequent surplus will be healthy in 2013. We plan on building reserves gradually through 2013.

**RISK ASSESSMENT**

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

**RESPONSIBILITIES OF THE DIRECTORS**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its net incoming/outgoing resources for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 presume that the charity will continue to operate.

**DEMOS**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

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**RESPONSIBILITIES OF THE DIRECTORS (Continued)**

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

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

**TRUSTEES**

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

Nick Claydon  
Phil Collins  
Penny Egan  
Elsbeth Johnson  
John Knell (from January 2012)

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 2012 was 5 (2011 – 5). The directors have no beneficial interest in the charitable company nor in its activities and are not remunerated. A register of business interests is maintained.

**Method of recruitment of new directors**

The Board is looking for one or two new directors this year, having already replaced Neil Sherlock who served on the board until the end of 2011. All new directors are given an in-depth induction to the organisation through meetings with senior officers and the Chair of Directors. All new directors are also furnished with relevant documentation including examples of recent work, minutes of meetings and our annual report.

**BASIS OF PREPARATION OF THE ACCOUNTS**

At 31 December 2011, the balance sheet showed net liabilities of £204,346. In 2012 the team continued to monitor and reduce project and fixed costs and maintain a strong focus on fundraising throughout the year. Despite a slow start, productivity increased throughout the year even with a substantially smaller team so that quarters 3 and 4 were particularly strong. The procedures introduced to bear down on costs have ensured that outside freelancers are not brought in until permanent staff are working at full capacity.

**DEMOS**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

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The audited balance sheet at the end of December 2012 shows a net liability of £77K which includes deferred income for contracts that are in the process of being delivered of around £153K, indicating that we have paid down £128K in outstanding debts. The figure shows that the company ended the year with a surplus of £128K. As a result, all long-term creditors have now been paid, including the Venturesome Loan and HMRC debts.

Despite higher than average staff turnover in 2012, research and events delivery were undisrupted and our financial position has stabilised with a reasonable surplus for 2012. Our team is now much smaller but better organised, with a larger number of senior fundraisers combined with junior research delivery staff.

#### **Future Development**

2013 is Demos's 20<sup>th</sup> birthday – we have a new research strategy and a comprehensive events and communications plan to mark the occasion. This is focused on promoting the Demos brand, widening the partnership programme and reaching new funding channels. The birthday has given the Director a reason to contact all of our old funders and many new potential funders, including universities. Outputs will include a greater number of essays and events, which have a faster turnaround and healthier margin than our traditional research work. This renewed fundraising momentum, combined with the existing pipeline of funded work, much reduced staff and project costs and greater weight placed on experienced fundraisers means it is possible to make a reasonable assumption that the company will be able to build reserves by the second quarter of 2013. However, we have also discussed contingencies with the trustees, including reducing staff costs further. Demos does not have access to bank lending, however if necessary it would also be possible to arrange an additional facility through Venturesome, but at this stage the company has no plans to do this.

The quality of the work remains strong, with a high volume of original work being published and a strong media profile. Some large media hits in late 2012 and early 2013 have – combined with our systematic birthday-related fundraising drive – already generated considerable interest among potential funders to carry out research, events, and expressions of interest for 2013 Conference.

The Directors have reviewed the latest results for 2012 and the budget for 2013 together with a cash flow forecast. Based upon these forecasts they consider that these indicate that Demos can meet its liabilities as they fall due for the foreseeable future and have therefore prepared the financial statements on the going concern basis.

The directors' report has been taking advantage of the exemptions available to small companies under the Companies Act 2006.

Approved by the directors on **26.3.2013** and signed on their behalf by



Phil Collins

## **Report of the Independent Auditors to the Members of Demos**

We have audited the financial statements of Demos for the period ended 31 December 2012 which comprise the Statement of Financial Activities, the Balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2012 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

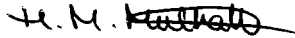
In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Report of the Independent Auditors to the Members of Demos

### Matters on which we are required to report by exception

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

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



Hazel Mulhall BSc FCA DChA  
Senior Statutory Auditor  
Tudor John LLP  
Chartered Accountants  
and Statutory Auditors  
Nightingale House  
46-48 East Street  
Epsom  
Surrey  
KT17 1HQ

Date: ..... 08/12/03 .....

**DEMOS**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN**  
**INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	Restricted £	Unrestricted £	<b>Total 2012 £</b>	<i>Total 2011 £</i>
<b>INCOMING RESOURCES</b>					
<i>Incoming resources from generated funds</i>					
Voluntary income			47,253	<b>47,253</b>	5,082
Rental income			60,591	<b>60,591</b>	33,854
Investment income		-	-	-	-
<i>Incoming resources from charitable Activities</i>					
Projects	2	121,711	982,005	<b>1,103,716</b>	1,438,065
Events and seminars		14,000	129,050	<b>143,050</b>	271,476
Publications and subscriptions		-	52,195	<b>52,195</b>	54,148
Secondments		-	14,241	<b>14,241</b>	95,293
Other incoming resources		-	52,453	<b>52,453</b>	-
<b>Total incoming resources</b>		<u>135,711</u>	<u>1,337,788</u>	<b><u>1,473,499</u></b>	<u>1,897,918</u>
<b>Resources expended</b>					
<i>Charitable activities</i>					
Projects		175,487	916,448	<b>1,091,935</b>	1,177,530
Events and seminars		21,500	189,157	<b>210,657</b>	220,376
Publications and subscriptions		-	3,825	<b>3,825</b>	1,589
Other resources expended		-	-	-	63,254
Governance costs		-	39,142	<b>39,142</b>	90,224
<b>Total resources expended</b>	3	<u>196,987</u>	<u>1,148,572</u>	<b><u>1,345,559</u></b>	<u>1,552,973</u>
<b>Net (outgoing)/incoming resources for the year before transfers</b>	4	(61,276)	189,216	<b>127,940</b>	344,945
Transfers between funds		-	-	-	-
<b>Net (expenditure)/income for the year and net movement in funds</b>		(61,276)	189,216	<b>127,940</b>	344,945
<b>Reconciliation of funds</b>					
Funds at the start of the year		64,556	(269,663)	<b>(205,107)</b>	(550,052)
<b>Funds at the end of the year</b>		<u>3,280</u>	<u>(80,447)</u>	<b><u>(77,167)</u></b>	<u>(205,107)</u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

**DEMOS  
BALANCE SHEETS  
AS AT 31 DECEMBER 2012  
(REG NO 2977740)**

	Notes	Group		Charity	
		2012 £	2011 £	2012 £	2011 £
<b>TANGIBLE FIXED ASSETS</b>	7	<u>3,266</u>	<u>9,763</u>	<u>3,266</u>	<u>9,763</u>
<b>CURRENT ASSETS</b>					
Debtors	8	<b>345,485</b>	214,369	<b>367,720</b>	236,591
Cash at bank and in hand		<u>6,625</u>	<u>65,483</u>	<u>6,625</u>	<u>65,483</u>
		<b>352,110</b>	279,852	<b>374,345</b>	302,074
<b>LIABILITIES</b>					
<b>CREDITORS:</b> amounts falling due within one year	9	<u>432,543</u>	<u>494,721</u>	<u>432,543</u>	<u>494,721</u>
<b>NET CURRENT LIABILITIES</b>		<u>(80,433)</u>	<u>(214,869)</u>	<u>(58,198)</u>	<u>(192,648)</u>
<b>NET LIABILITIES</b>	10	<u>(77,167)</u>	<u>(205,106)</u>	<u>(54,932)</u>	<u>(182,885)</u>
<b>FUNDS</b>	11				
Restricted funds in surplus		<b>3,280</b>	64,556	<b>3,280</b>	64,556
Unrestricted funds					
General funds		<u>(80,447)</u>	<u>(269,663)</u>	<u>(58,212)</u>	<u>(247,441)</u>
<b>TOTAL FUNDS</b>		<u>(77,167)</u>	<u>(205,107)</u>	<u>(54,932)</u>	<u>(182,885)</u>

Approved by the directors and authorised for issue on **26.3.2013**  
and signed on their behalf by



Director  
Phil Collins



**DEMOS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

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**1. ACCOUNTING POLICIES**

**(a) Basis of Accounting**

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities (issued in March 2005) and the Companies Act 2006.

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 s408 of Companies Act 2006. There was just one transaction within Demos Projects Limited during the year.

**(b) Voluntary income**

Voluntary income is received by way of donations and grants, and is included in full in the Statement of Financial Activities when receivable.

**(c) Grants and contracts**

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.

Contractual income is recognised in the Statement of Financial Activities as entitlement is earned through completion of the contract.

**DEMOS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

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**1. ACCOUNTING POLICIES (Continued)**

**(d) Fund accounting**

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is chargeable to the funds. Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

**(e) Foreign currency translation**

Transactions in foreign currencies are translated at the exchange rate on the date of the transaction.

**(f) Resources expended**

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. The direct payroll costs of each activity are allocated on the basis of job function.

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

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

Governance costs include compliance with constitutional and statutory requirements.

**(g) Tangible fixed assets**

Tangible fixed assets costing more than £500 are capitalised in the balance sheet at purchase costs plus the cost of bringing the asset into working condition for its intended use. 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.

Assets are reviewed for impairment if circumstances indicate that their carrying amount may not be recoverable. Impaired assets are written down to their recoverable value being the higher of their net realisable value and value in use.

**DEMOS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

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**1. ACCOUNTING POLICIES (Continued)**

**(h) Operating leases**

Rent payable under operating leases, where all the risks and rewards of ownership remain with the lessors, are charged to the Statement of Financial Activities in the year in which they fall due.

**(i) Pensions**

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.

Included in note 9 is £5,854 (2011 £2,524) of contributions due to the money purchase pension scheme.

**2. PROJECT INCOME**

	Restricted	Unrestricted	Total 2012	Total 2011
	£	£	£	£
Financial Services	-	124,350	<b>124,350</b>	88,063
Local Government	-	53,400	<b>53,400</b>	39,390
NDPBs	-	27,170	<b>27,170</b>	77,125
Non-UK Organisations	-	142,130	<b>142,130</b>	27,960
Commercial organisations	-	165,121	<b>165,121</b>	312,107
Charities and Foundations	121,711	120,261	<b>241,972</b>	559,375
Cultural and Educational organisations	-	62,594	<b>62,594</b>	55,643
Other sources	-	68,668	<b>68,668</b>	121,127
Centre for London	-	218,311	<b>218,311</b>	157,275
	<u>121,711</u>	<u>982,005</u>	<u><b>1,103,716</b></u>	<u>1,438,065</u>

**DEMOS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

<b>3. TOTAL RESOURCES EXPENDED</b>	Projects £	Events & seminars £	Publications &subscriptions £	Governance £	Support costs £	2012 Total £	2011 Total £
Staff costs (note 5)	389,870	81,486	-	25,289	42,148	538,793	682,507
Other staff costs	18,096	2,728	-	-	2,580	23,404	24,400
Office costs	38,569	5,815	-	-	5,499	49,883	54,779
Premises	91,392	13,778	-	-	13,029	118,199	113,027
Venue and catering	84,575	89,012	-	-	-	173,587	266,992
Consultancy and freelance fees	75,427	-	-	-	-	75,427	103,755
Publications, design and print	68,005	10,252	-	-	9,695	87,952	101,556
Travel	1,309	197	-	-	187	1,693	1,269
Interest payable and charges	2,362	356	-	-	337	3,055	10,890
Audit and accountancy	-	-	-	10,000	-	10,000	11,989
Irrecoverable VAT	15,535	2,342	-	-	2,215	20,092	37,168
Depreciation	5,023	757	-	-	716	6,496	13,524
Centre for London	231,024	-	-	-	-	231,024	125,205
Bad debt	5,000	-	-	-	-	5,000	-
Sundry expenditure	717	109	-	27	101	953	5,912
<b>Total resources expended</b>	<b>1,026,904</b>	<b>206,832</b>	<b>-</b>	<b>35,316</b>	<b>76,507</b>	<b>1,345,558</b>	<b>1,552,973</b>
Support costs	65,031	3,825	3,825	3,826	(76,507)	-	-
<b>Total resources expended</b>	<b>1,091,935</b>	<b>210,657</b>	<b>3,825</b>	<b>39,142</b>	<b>-</b>	<b>1,345,558</b>	<b>1,552,973</b>

**DEMOS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

<b>4.</b>	<b>NET INCOMING RESOURCES FOR THE YEAR</b>	<b>2012</b>	<b>2011</b>
		£	£
	This is stated after charging:		
	Depreciation	<b>6,497</b>	14,127
	Directors' remuneration	<b>Nil</b>	Nil
	Directors' reimbursed expenses	<b>Nil</b>	Nil
	Auditors' remuneration:		
	Audit	<b>10,000</b>	10,000
	Under accrual for previous year's fee	-	-
	Other assurance services	-	-
	Operating lease rentals:		
	Property	<b>90,000</b>	80,000
		<u>90,000</u>	<u>80,000</u>

<b>5.</b>	<b>STAFF COSTS AND NUMBERS</b>	<b>2012</b>	<b>2011</b>
		£	£
	Salaries and wages	<b>465,444</b>	588,865
	Social security costs	<b>52,693</b>	63,389
	Pension costs	<b>20,656</b>	30,253
		<u>538,793</u>	<u>682,507</u>

The number of employees who earned more than £60,000 during the year was as follows:

	<b>2012</b>	<b>2011</b>
£60,001 - £70,000	2	1
£70,001 - £80,000	-	1
£80,001 - £90,000	-	1

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

	<b>2012</b>	<b>2011</b>
	No	No
Projects	9.3	11.6
Events and seminars	1.9	1.8
Support costs	1.0	1.2
Governance	0.6	0.5
	<u>12.8</u>	<u>15.1</u>

The trustees received nil remuneration and expenses during the year.

**6. TAXATION**

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

**DEMOS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

**7. TANGIBLE FIXED ASSETS- Group And Charity**

	Office Equipment £	Computer equipment and website £	Total £
<b>Cost</b>			
At 1 January 2012	28,502	78,562	<b>107,064</b>
Additions	-	-	-
Disposals	-	-	-
At 31 December 2012	<b>28,502</b>	<b>78,562</b>	<b>107,064</b>
<b>Depreciation</b>			
At 1 January 2012	28,289	69,012	<b>97,301</b>
Charge for the year	120	6,377	<b>6,497</b>
Disposals	-	-	-
At 31 December 2012	<b>28,409</b>	<b>75,389</b>	<b>103,798</b>
<b>Net book value</b>			
At 31 December 2012	<b>93</b>	<b>3,173</b>	<b>3,266</b>
At 31 December 2011	213	9,550	9,763

All tangible fixed assets are used for direct charitable purposes

**8. DEBTORS**

	Group 2012 £	2011 £	Charity 2012 £	2011 £
Trade debtors	225,717	123,072	225,717	123,072
Other debtors	29,500	29,500	29,500	29,500
Amounts due from subsidiary	-	-	22,235	22,222
Prepayments	35,712	35,331	35,712	35,331
Accrued income	54,556	26,467	54,556	26,467
	<b>345,485</b>	<b>214,369</b>	<b>367,720</b>	<b>236,591</b>

**DEMOS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

**9. CREDITORS: amounts falling due within one year**

	<b>Group</b>		<b>Charity</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Venturesome loan	-	36,027	-	36,027
Trade creditors	<b>114,951</b>	139,424	<b>114,951</b>	139,424
Deferred income	<b>152,810</b>	159,867	<b>152,810</b>	159,867
Taxation and social security	<b>59,776</b>	39,991	<b>59,776</b>	39,991
Other creditors	<b>29,454</b>	56,624	<b>29,454</b>	56,624
Accruals	<b>75,552</b>	62,788	<b>75,552</b>	62,788
	<b><u>432,543</u></b>	<u>494,721</u>	<b><u>432,543</u></b>	<u>494,721</u>

**10. DEFERRED INCOME**

	<b>Group</b>		<b>Charity</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2012	<b>159,867</b>	261,125	<b>159,867</b>	261,125
Released to Statement of Financial Activities	<b>(159,867)</b>	(261,125)	<b>(159,867)</b>	(261,125)
Project income received and deferred in year	<b>152,810</b>	159,867	<b>152,810</b>	159,867
<b>At 31 December 2012</b>	<b><u>152,810</u></b>	<u>159,867</u>	<b><u>152,810</u></b>	<u>159,867</u>

Income is deferred where the conditions required for entitlement were not met at 31 December.

**DEMOS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

**11. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	<b>Restricted funds £</b>	<b>General funds £</b>	<b>Total Funds £</b>
Tangible fixed assets	-	3,266	3,266
Net current liabilities	3,280	(83,713)	(80,433)
Long-term liabilities	-	-	-
<b>Net liabilities at 31 December 2012</b>	<b>3,280</b>	<b>(80,447)</b>	<b>(77,167)</b>

**12. MOVEMENT IN FUNDS**

	<i>At 1 January 2012 £</i>	<i>Incoming resources £</i>	<i>Outgoing resources £</i>	<i>Transfers £</i>	<b>At 31 December 2012 £</b>
<b>Restricted funds</b>					<b>1,000</b>
Donations	1,000	-	-		1,000
OSi Hungary	-	13,858	(13,858)	-	-
Media & Literacy	-	15,000	(15,000)	-	-
Young People's attitudes to the EU	-	15,200	12,920	-	2,280
Calouste Gulbenkian	28,943	-	(28,943)	-	-
Multi-dimensional poverty	27,113	77,653	104,766	-	-
Party Conference	7,500	14,000	(21,500)	-	-
<b>Total restricted funds</b>	<b>64,556</b>	<b>135,711</b>	<b>(196,987)</b>	<b>-</b>	<b>3,280</b>
<b>Unrestricted funds:</b>					
Designated fund	32,070	218,311	(231,024)	-	19,358
General fund	(300,972)	1,119,477	(917,534)	-	(99,029)
<b>Total</b>	<b>(204,346)</b>	<b>1,473,499</b>	<b>(1,345,545)</b>	<b>-</b>	<b>(76,392)</b>

Restricted funds are represented by grants donated for the projects named above. Further information on these projects is included in the trustees' annual report or on the charity's website.



**DEMOS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

**13. OPERATING LEASE COMMITMENTS**

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

	<b>Land and buildings</b>	
	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Within two to five years	<b>72,250</b>	<b>90,000</b>

The Landlord has increased the rent effective from September to £109,000. The premises are sublet at an annual income of £67,200.

**14. 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.

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Turnover	-	-
Cost of sales	-	-
<b>Gross profit</b>	-	-
Administrative expenses	(13)	(764)
Other income	-	-
<b>Operating loss</b>	(13)	(764)
Interest receivable	-	-
Loss on ordinary activities	(13)	(764)
Funds brought forward	(22,222)	(21,458)
<b>Funds carried forward</b>	<b>(22,235)</b>	<b>(22,222)</b>
The aggregate of the assets, liabilities and funds was:		
Assets	-	-
Liabilities	(22,235)	(22,222)
<b>Funds</b>	<b>(22,235)</b>	<b>(22,222)</b>