

Company No. 2977740
Charity No. 1042046

Demos
Report & Financial Statements
31 December 2006

sayer vincent

consultants and auditors

Demos

Reference & administrative details

For the year ended 31 December 2006

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	

Demos

Report of the directors

For the year ended 31 December 2006

The directors present their report and the financial statements for the year ended 31 December 2006.

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 October 2000).

Activities and review

Demos is a company limited by guarantee with charitable objects.

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.

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. During the year the charity appointed its first Managing Director. The MD took responsibility for the management and development of the organisation reporting to the Director. The Director leads overall and specifically on the development of the intellectual and research agenda of the charity. Reporting to the Director are the head of programmes. 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.

Our specific objectives for 2006 were:

- To increase Demos' profile as one of the UK's leading think-tanks
- To continue to improve the standards and quality of our research output
- To lessen the volatility of project funding aiming for a smoother income flow across the year
- To plan and manage the departure of Tom Bentley and his replacement by a new Director
- To continue to build our national and international network of supporters, associates and partners
- To continue to develop our relationships with politicians from across the political spectrum

Demos

Report of the directors

For the year ended 31 December 2006

Overall 2006 saw us make good progress on all of these objectives. We continued to enjoy a high public profile and media presence throughout the year; many of our project launches and events received good coverage in the national media and Demos staff were regular contributors to radio and TV programmes and at conferences both in the UK and internationally. In addition the re-design and launch of our new award winning website was extremely well received by staff and public alike and has had significant impact on the our ability to communicate our work to the world. The quality of our work continued to improve and deliver against a high standard; the popularity of some of our publications, the degree to which our ideas clearly influenced the public policy agenda all point to satisfactory progress.

The management of our finances improved significantly over the course of the year with the implementation of new systems and cost control methods. Our associate network continued to grow over the year and our international relationships were strengthened through several projects and the increasing international profile of some of the senior staff. Relationships with other think-tanks globally continued to improve over 2006 with many guests speakers coming to the Demos London offices to host seminars, chair debates or take part in roundtable discussions. Demos also saw senior politicians from all the major UK political parties give speeches in Demos over the year with many more politicians from across the political parties attending our events and pamphlet launches. Only in the area of managing the transition from Tom Bentley to a new Director did find our objectives harder to reach. However with the eventual appointment of Dr Catherine Fieschi in December of 2006 that goal was eventually reached.

Looking ahead to 2007 our objectives will include:

- To strengthen the senior staff team in support of the new Director
- To grow our turnover by a minimum of 10% on our 2006 outturn
- To continue to improve the quality and standards of our research
- To develop our international profile and activities

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:

- *The Received Wisdom* by Jack Stilgoe, Alan Irwin & Kevin Jones
- *Bringing it Home* by Catherine Fieschi, Rachel Briggs & Hannah Lownsborough
- *Not a Sideshow: Leadership and Cultural Value* by Robert Hewison
- *Re-imagining Government* by Simon Parker and Duncan O'Leary
- *Talk us into it* by Samuel Jones
- *Serving a cause, serving a community* by Rt Hon Douglas Alexander & Dr Stella Creasey
- *The Big Picture* by John Holden
- *The Journey to the Interface* by Sophia Parker & Jo Heapy
- *The Business of Resilience* by Charles Edwards & Rachel Briggs
- *Production Values* edited by John Craig
- *The Slow Race* by Melissa Leach & Ian Scoones
- *Working Progress* by Duncan O'Leary
- *Progressive Nationalism* by David Goodheart
- *The Other Glass Ceiling* by Hannah Green & Sophia Parker
- *A Force for Change* by Charles Edwards and Paul Skidmore
- *Governing at the Nanoscale* by James Wilsdon, Matthew Kearnes & Phil Macnaghten

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Report of the directors

For the year ended 31 December 2006

- *Disablist Britain* by Julia Huber and Paul Miller
- *Better Humans* by Paul Miller & 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:

- A Northern Lights seminar series examining the future of Nordic Cities
- A seminar with Amartya Sen on the politics of identity
- A series of seminars on a range of security related topics with national and international experts
- A series of events with senior politicians including David Cameron, Douglas Alexander, Hilary Benn, John Reid, David Willets, Chris Hulne
- The Big Dream an event in Glasgow to imagine the future of the city
- The J Curve; a new way of thinking about foreign policy with Ian Bremmer

Projects

A wide range of research projects were carried out during 2006, 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 65 projects during the year. Projects of particular note include:

- Atlas of Ideas project examining the newly emerging geography of scientific and technical innovation globally with specific focus on China, India and South Korea
- Received Wisdom looking at role and function of experts and the need to open up models of expertise fit for modern societal challenges
- Examining the crucial role played by black and minority ethnic voluntary organisations in community cohesion
- Re-imagining government in New Zealand, mapping the next steps in the reform of New Zealand's public services
- Exploring the application of service design concepts to public sector reform problems
- Building a manifesto for corporate security reforms in the face of increasing security challenges
- Community approaches to counter terrorism; exploring mechanisms to put communities at the heart of our responses to terrorism
- Exploring the public value of the family, challenging traditional notions of what families are for and why they matter more than ever in our changing communities
- Exploring the meaning of Professionalism and the future implications for the way in which we use professional authority and legitimacy

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For the year ended 31 December 2006

- Looking at the implications of a range of technologies that can enhance human performance and capacity
- Examining the technical and social implications of nanotechnology
- Future Planners project looking the changing role of planners and the implications of democratic, environmental and cultural changes

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 notes 12 and 13 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 18 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 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 £393,199 and £72,890 of this is restricted to particular purposes. The Directors expect to make progress much better towards the six month target in 2007.

Risk assessment

A detailed risk assessment has been prepared in accordance with guidance set out by the Charity Commission. 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

Demos

Report of the directors

For the year ended 31 December 2006

- 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.

Each of the directors confirms that to the best of his/her knowledge there is no information relevant to the audit of which the auditors are unaware. The directors also confirm that they have taken all necessary steps to ensure that they themselves are aware of all relevant audit information and that this information has been communicated to the auditors.

The trustees (who serve as Company Directors for the purposes of the Companies Act)

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

Andrew MacKenzie (Chair)
Simon Cooper
Nick Claydon
Mary Rainey
Maeve Sherlock (Treasurer)
Edward Straw

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 2006 was 6 (2005 - 11). 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

New directors can be nominated by any of the current directors. New directors are elected by the current board at a General Meeting. New directors are found to replace members coming to the end of their term of office and also to strengthen the skills and experience of the director group as a whole.

Method of induction of new directors

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.

Demos

Report of the directors

For the year ended 31 December 2006

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 21/9/07 and signed on their behalf by



ANDREW S MACKENZIE
CHAIR OF TRUSTEES

Independent auditors' report

To the members of

Demos

We have audited the financial statements of Demos for the year ended 31 December 2006 which comprise the statement of financial activities, balance sheet and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

The responsibilities of the directors (who are also the directors of Demos for the purposes of company law) for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 also report to you whether the information given in the annual report of the directors is consistent with the financial statements. In addition, we report to you if, in our opinion, 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 the annual report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 the 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 of the charitable company's state of affairs as at 31 December 2006 and of its 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 report of the directors is consistent with the financial statements.

Sayer Vincent

21 September 2007

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 2006

	Note	Restricted £	Unrestricted £	2006 Total £	2005 Total £
Incoming resource					
<i>Incoming resources from generated funds</i>					
Voluntary income		-	460	460	-
<i>Activities for generating funds</i>					
Rental income		-	2,250	2,250	2,458
Investment income		-	2,076	2,076	2,054
<i>Incoming resources from charitable activities</i>					
Projects	2	289,561	1,622,693	1,912,254	1,629,330
Events and seminars		-	65,543	65,543	46,029
Publications and subscriptions		-	21,915	21,915	37,731
Other incoming resources		-	7,956	7,956	15,912
Total incoming resources		<u>289,561</u>	<u>1,722,893</u>	<u>2,012,454</u>	<u>1,733,514</u>
Resources expended					
<i>Costs of generating funds:</i>					
Fundraising and publicity		-	440	440	1,953
<i>Charitable activities</i>					
Projects		325,936	1,411,298	1,737,234	1,513,360
Events and seminars		-	160,931	160,931	174,427
Publications and subscriptions		-	123,181	123,181	88,980
Governance costs		-	45,911	45,911	33,952
Total resources expended	3	<u>325,936</u>	<u>1,741,761</u>	<u>2,067,697</u>	<u>1,812,672</u>
Net incoming/(outgoing) resources for the year before transfers	4	(36,375)	(18,868)	(55,243)	(79,158)
Transfers between funds		<u>8,382</u>	<u>(8,382)</u>	<u>-</u>	<u>-</u>
Net income/(expenditure) for the year		(27,993)	(27,250)	(55,243)	(79,158)
Reconciliation of funds					
Funds at the start of the year		<u>100,883</u>	<u>347,559</u>	<u>448,442</u>	<u>527,600</u>
Funds at the end of the year		<u>72,890</u>	<u>320,309</u>	<u>393,199</u>	<u>448,442</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 2006

		The group		The charity	
		2006	2005	2006	2005
	Note	£	£	£	£
Tangible fixed assets	7	<u>21,090</u>	<u>31,209</u>	<u>21,090</u>	<u>31,209</u>
Current assets					
Stock	8	61,922	56,320	61,922	56,320
Debtors	9	404,656	543,475	411,993	550,811
Cash at bank and in hand		<u>186,463</u>	<u>55,377</u>	<u>179,270</u>	<u>48,041</u>
		653,041	655,172	653,185	655,172
Liabilities					
Creditors: amounts falling due within one year	10	<u>280,932</u>	<u>237,939</u>	<u>280,932</u>	<u>237,939</u>
Net current assets		<u>372,109</u>	<u>417,233</u>	<u>372,253</u>	<u>417,233</u>
Net assets	12	<u>393,199</u>	<u>448,442</u>	<u>393,343</u>	<u>448,442</u>
Funds	13				
Restricted funds					
In surplus		72,890	101,883	72,890	101,883
In deficit		-	(1,000)	-	(1,000)
Unrestricted funds					
General funds		<u>320,309</u>	<u>347,559</u>	<u>320,453</u>	<u>347,559</u>
Total funds		<u>393,199</u>	<u>448,442</u>	<u>393,343</u>	<u>448,442</u>

Approved by the directors on

and signed on their behalf by

Mary Rainey - Director


 ANDREW S. MACKENZIE
 CHAIR OF TRUSTEES

Demos

Notes to the financial statements

For the year ended 31 December 2006

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 March 2005) 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. Gifts in kind and donated services and facilities 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) Contractual income is recognised in the Statement of Financial Activities when the organisation fulfils its contractual terms, where the amounts receivable can be reasonably measured and the recoverability is certain.
- f) Rental income is included in the Statement of Financial Activities in the period which it is receivable.
- g) Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the funds.
- h) Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.
- i) Costs of generating funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it.
- j) 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	83%
Publications and subscriptions	4%
Events and seminars	6%
Support costs	5%
Governance	2%

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Notes to the financial statements

For the year ended 31 December 2006

1. Accounting policies (continued)

- j) Governance costs include the management of the charitable company's assets, organisational management and compliance with constitutional and statutory requirements.

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

Projects	84%
Publications and subscriptions	6%
Events and seminars	8%
Governance	2%

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

- m) 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.
- n) 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.
- o) 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.
- p) Where a restricted fund does not cover the full costs of the specific activity it is given for, a transfer is made from the unrestricted fund to compensate the shortfall where appropriate.

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Notes to the financial statements

For the year ended 31 December 2006

2. Project income	Restricted	Unrestricted	2006 Total	2005 Total
	£	£	£	£
Contracts				
AOL	-	-	-	16,425
Area 3Q	-	-	-	11,250
Arts Council England	-	-	-	83,175
British Council England	-	13,750	13,750	13,333
British Council Manchester	-	16,667	16,667	14,150
British Council Sweden	-	17,991	17,991	-
British Library	-	13,750	13,750	-
British Museum	-	13,750	13,750	-
Cabinet Office	-	12,500	12,500	-
Cambridge Assessment Agency	-	15,000	15,000	-
Cancer Research	-	15,000	15,000	-
Care 21	-	-	-	59,950
City & Guilds	-	64,650	64,650	-
Clackmanshire County Council	-	24,150	24,150	-
Cohn & Wolfe	-	15,000	15,000	-
Confederation of Swedish Enterprise	-	-	-	10,000
CPRE	-	10,000	10,000	-
Creative and Cultural Industries	-	-	-	25,000
Creative Partnerships	-	-	-	25,524
Creative Partnerships Durham	-	17,925	17,925	-
Creative Partnerships East London	-	21,500	21,500	-
CRISIS	-	-	-	12,500
Department for Education and Skills	-	146,941	146,941	185,061
Department of Culture, Media and Sport	-	15,000	15,000	10,000
DFEE	-	25,000	25,000	-
East Midlands Development Agency	-	33,800	33,800	-
EEDA	-	16,667	16,667	3,333
ESTEC	-	10,115	10,115	-
English Partnerships	-	20,000	20,000	-
Foreign and Commonwealth Office	-	81,746	81,746	40,000
Gatenby Sanderson	-	-	-	26,650
General Teaching Council	-	-	-	25,000
General Teaching Council England	-	19,000	19,000	-
Groundwork	-	15,000	15,000	-
The Guardian	-	10,000	10,000	-
Hants County Council	-	14,000	14,000	-
Heritage Lottery Fund	-	13,920	13,920	-
Hewlett Packard	-	25,000	25,000	-
Institute of Education	-	-	-	19,900
Improvement and Development Agency	-	64,400	64,400	-
Irish Management Institute	-	23,077	23,077	6,923
Kammarkollegiet	-	14,952	14,952	-
Kent County Council	-	-	-	17,350
Kew Gardens	-	13,750	13,750	-
Metropolitan Police	-	30,000	30,000	-
MLA	-	25,548	25,548	17,417
Subtotal carried forward	-	889,549	889,549	622,941

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Notes to the financial statements

For the year ended 31 December 2006

2. Project income (continued)	Restricted £	Unrestricted £	2006 Total £	2005 Total £
Contracts (continued)				
Brought forward from previous page	-	889,549	889,549	622,941
Munro and Foster	-	22,500	22,500	-
National Childrens Bureau	-	15,000	15,000	-
National College for School Leadership	-	215,189	215,189	109,251
Natural History Museum	-	13,750	13,750	-
NESTA	-	-	-	16,693
Newcastle Gateshead Initiative	-	-	-	11,900
NZ Public Services Associations	-	43,495	43,495	-
Communities and Local Government (formerly Office of the Deputy Prime Minister)	-	18,750	18,750	22,200
Orange PCS Ltd	-	38,983	38,983	31,400
PWC	-	53,145	53,145	-
Scottish Enterprise	-	11,111	11,111	8,889
Screen England	-	-	-	59,700
SEEDA	-	11,111	11,111	18,889
SITRA	-	48,565	48,565	28,885
SJPB	-	-	-	10,000
Royal National Institute for Deaf	-	10,000	10,000	-
University of Liverpool	-	23,313	23,313	-
UK Trade & Investment	-	20,970	20,970	-
Victoria & Albert Museum	-	13,750	13,750	6,667
Vodafone	-	13,333	13,333	-
Wellcome Trust	-	-	-	34,000
Other contracts	-	160,179	160,179	159,537
Contract income totals	-	<u>1,622,693</u>	<u>1,622,693</u>	<u>1,140,952</u>
Grant income				
Careers Scotland Centre	32,250	-	32,250	10,000
Communities Scotland	-	-	-	10,000
Department of Trade and Industry	60,000	-	60,000	-
Dialogue by Design	15,234	-	15,234	-
Environment Agency	15,000	-	15,000	15,000
Esmee Fairburn Foundation	65,000	-	65,000	-
European Social Research Council	10,000	-	10,000	-
Glasgow Caledonian University	-	-	-	10,000
Glasgow Centre for Population	-	-	-	10,000
Glasgow City Council	-	-	-	10,000
Glasgow Housing Association	-	-	-	10,000
Subtotal carried forward	<u>197,484</u>	<u>-</u>	<u>197,484</u>	<u>75,000</u>

Demos

Notes to the financial statements

For the year ended 31 December 2006

2. Project income (continued)	Restricted £	Unrestricted £	2006 Total £	2005 Total £
Grants (continued)				
Brought forward from previous page	197,484	-	197,484	75,000
Home Front	-	-	-	80,000
IEPPP	7,296	-	7,296	35,217
ITDG	15,000	-	15,000	15,000
OSTS	-	-	-	40,000
Paul Hamlyn Foundation	-	-	-	16,304
Practical Action (in kind)	-	-	-	15,000
Scope	-	-	-	48,833
Scottish Enterprise	15,000	-	15,000	10,000
Scottish Executive Health	-	-	-	10,000
Strathclyde Fire and Rescue	-	-	-	10,000
The Joseph Rowntree Foundation	-	-	-	68,355
Unilever	24,000	-	24,000	-
University of Glasgow	-	-	-	10,000
Other Grants	30,781	-	30,781	54,669
Grant income totals	<u>289,561</u>	<u>-</u>	<u>289,561</u>	<u>488,378</u>
Total project income	<u>289,561</u>	<u>1,622,693</u>	<u>1,912,254</u>	<u>1,629,330</u>

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Notes to the financial statements

For the year ended 31 December 2006

3. Total resources expended

	Fundraising and publicity £	Projects £	Events & seminars £	Publications & subscriptions £	Governance £	Support costs £	2006 Total £	2005 Total £
Staff costs (note 5)	-	829,005	59,928	39,952	19,976	49,941	998,802	975,826
Other staff costs	-	47,390	1,888	2,284	-	3,996	55,558	19,263
Office costs	-	65,704	4,750	3,166	-	5,540	79,160	91,774
Premises	-	87,659	6,336	4,226	-	7,392	105,613	99,739
Venue & catering	-	35,486	72,056	-	-	-	107,542	60,337
Consultancy, professional fees & freelance payments	-	415,287	-	-	-	1,935	417,222	294,292
Publications design & print	-	37,870	-	60,761	-	-	98,631	73,754
Public relations	440	-	-	-	-	-	440	1,795
Travel	-	70,075	5,066	3,377	-	5,908	84,426	86,487
Bank charges	-	1,862	135	90	-	156	2,243	2,020
Audit & accountancy	-	-	-	-	24,078	13,010	37,088	29,686
Irrecoverable VAT	-	38,186	1,845	2,756	-	3,220	46,007	25,867
Depreciation	-	14,175	1,025	683	-	1,195	17,078	15,406
Grants payable	-	-	-	-	-	-	-	10,053
Sundry expenditure	-	16,544	474	315	-	554	17,887	26,373
Total resources expended	440	1,659,243	153,503	117,610	44,054	92,847	2,067,697	1,812,672
Support costs	-	77,991	7,428	5,571	1,857	(92,847)	-	-
Total resources expended	440	1,737,234	160,931	123,181	45,911	-	2,067,697	1,812,672

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Notes to the financial statements

For the year ended 31 December 2006

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

This is stated after charging:

	2006 £	2005 £
Depreciation	17,078	15,406
Directors' remuneration	nil	nil
Directors' reimbursed expenses	nil	nil
Auditors' remuneration:		
▪ Audit	6,580	6,600
▪ Under accrual in previous year	8,615	3,180
▪ Other services	7,438	6,220
Operating lease rentals:		
▪ Property	<u>80,000</u>	<u>93,108</u>

5. Staff costs and numbers

Staff costs were as follows:

	2006 £	2005 £
Salaries and wages	856,963	831,383
Social security costs	97,557	94,801
Pension costs	<u>44,282</u>	<u>49,642</u>
	<u>998,802</u>	<u>975,826</u>

The number of employees whose emoluments amounted to over £60,000 in the year was as follows:

	2006 No. £	2005 No. £
£60,000 - £70,000	-	1
£70,000 - £80,000	<u>-</u>	<u>1</u>

In 2005, £8,017 in contributions 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 2006

5. Staff costs and numbers (continued)

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

	2006 No.	2005 No.
Projects	20.1	19.8
Events & seminars	1.6	2.1
Publications & subscriptions	1.1	1.8
Support costs	2.8	3.4
Governance	0.8	0.3
	<u>26.3</u>	<u>27.4</u>

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 2006	27,929	30,390	58,319
Additions in year	-	6,959	6,959
Disposals in year	-	(4,574)	(4,574)
At 31 December 2006	<u>27,929</u>	<u>32,775</u>	<u>60,704</u>
DEPRECIATION			
At 1 January 2006	10,843	16,267	27,110
Charge for the year	5,586	11,492	17,078
Disposals in year	-	(4,574)	(4,574)
At 31 December 2006	<u>16,429</u>	<u>23,185</u>	<u>39,614</u>
NET BOOK VALUE			
At 31 December 2006	<u>11,500</u>	<u>9,590</u>	<u>21,090</u>
At 31 December 2005	<u>17,086</u>	<u>14,123</u>	<u>31,209</u>

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 2006

8. Stock	The group		The charity	
	2006	2005	2006	2005
	£	£	£	£
Finished goods for resale	61,922	56,320	61,922	56,320

9. Debtors	The group		The charity	
	2006	2005	2006	2005
	£	£	£	£
Trade debtors	329,461	358,616	329,461	358,616
Amounts due from Subsidiary	-	-	7,337	7,336
Prepayments	51,023	50,661	51,023	50,661
Accrued income	24,172	134,198	24,172	134,198
	404,656	543,475	411,993	550,811

10. Creditors : Amounts falling due within one year

	The group		The charity	
	2006	2005	2006	2005
	£	£	£	£
Trade creditors	70,391	44,198	70,391	44,198
Deferred income	107,442	110,335	107,442	110,335
Taxations and social security	55,311	56,020	55,311	56,020
Other creditors	30,000	3,884	30,000	3,884
Accruals	17,788	23,502	17,788	23,502
	280,932	237,939	280,932	237,939

11. Deferred income

	The group		The charity	
	2006	2005	2006	2005
	£	£	£	£
At 1 January 2006	110,335	21,500	110,335	21,500
Released to Statement of Financial Activities	(110,335)	(21,500)	(110,335)	(21,500)
Contractual project income received and deferred in year	24,369	110,335	24,369	110,335
At 31 December 2006	24,369	110,335	24,369	110,335

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Notes to the financial statements

For the year ended 31 December 2006

12. Analysis of net assets between funds

	Restricted funds £	General funds £	Total funds £
Tangible fixed assets	-	21,090	21,090
Net current assets	72,890	299,219	372,109
Net assets at 31 December 2006	72,890	320,309	393,199

13. Movement in funds

	At 1 January 2006 £	Incoming resources £	Outgoing resources £	Transfers £	At 31 December 2006 £
Restricted funds					
Capturing cultural value	-	-	(5,802)	5,802	-
Esmee Fairburn	-	65,000	(4,875)	-	60,125
GTC	-	2,000	(2,000)	-	-
WIST-SCIW 2	-	15,234	(3,750)	-	11,484
Professionalism # 1	-	1,281	-	-	1,281
Science & Innovation					
Nanodialogues	(1,000)	129,000	(128,000)	-	-
Nanotechnology, Risk and Sustainability	7,683	7,296	(14,979)	-	-
Social Affairs					
Home Front	74,800	10,000	(85,108)	308	-
Democracy and Government					
Glasgow 2020	19,400	59,750	(81,422)	2,272	-
Total restricted funds	100,883	289,561	(325,936)	8,382	72,890
Unrestricted funds:					
General fund	347,559	1,722,893	(1,741,761)	(8,382)	320,309
Total funds	448,442	2,012,454	(2,067,697)	-	393,199

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Notes to the financial statements

For the year ended 31 December 2006

14. Operating lease commitments

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

	Land and buildings		Equipment	
	2006	2005	2006	2005
	£	£	£	£
Within one year	-	-	-	-
2 - 5 years	80,000	110,000	960	960
	<u>80,000</u>	<u>110,000</u>	<u>960</u>	<u>960</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:

	2006	2005
	£	£
Turnover	-	37,499
Cost of sales	-	(30,502)
Gross profit	-	6,997
Administrative expenses	(460)	(38)
Operating profit	(460)	6,959
Interest receivable	316	377
Profit on ordinary activities	(144)	7,336
Deed of covenant to parent undertaking	-	(7,336)
Loss for the financial year	<u>(144)</u>	<u>-</u>
The aggregate of the assets, liabilities and funds was:		
Assets	7,192	7,336
Liabilities	<u>(7,336)</u>	<u>(7,336)</u>
Funds	<u>(144)</u>	<u>-</u>