

Company No. 2977740
Charity No. 1042046

Demos
Report & Financial Statements
31 December 2007

Demos

Reference & administrative details

For the year ended 31 December 2007

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
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 2007

The directors present their report and the financial statements for the year ended 31 December 2007.

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

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. 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 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 2007 were:

- To focus on renewing and developing the Demos brand
- To continue to improve the standards and quality of our research output
- To achieve a more robust financial position
- To develop the Demos leadership team
- To continue to develop our relationships with politicians from across the political spectrum

Overall 2007 saw positive progress on the non-financial objectives. However this was over-shadowed by a failure in financial control processes, causing a severe worsening of the organisation's financial position which led to the significant financial loss for the year and elimination of Demos's retained reserves. Towards the end of the year the problem was identified as being the consistent underestimation of the time and costs of projects, and steps were taken to improve the project costing process and to ensure that all proposals were subject to financial review before being submitted.

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Report of the directors

For the year ended 31 December 2007

Looking ahead to 2008 our objectives will include:

- To prepare and implement a recovery plan to achieve a turnaround of the organisation's finances
- To reduce headcount to a smaller core staff working at high utilisation
- To develop a broader cadre of Associates who can support Demos's projects
- To implement robust finance and business processes

Publications

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

- *Confronting the Skills Paradox* by Duncan O'Leary
- *Future Planners* by Pete Bradwell
- *BCL_LDN 2020* by Joost Beunderman
- *Cultural Diplomacy* by John Holden
- *As you like it* by Pete Bradwell
- *Collaborative State* by Simon Parker
- *Recruitment 2020* by Niamh Gallagher and Duncan O'Leary
- *The Atlas of Ideas - Europe* by Charles Leadbeater and James Wilsdon
- *Logging On* by John Holden
- *The Dreaming City* by Melissa Mean and Charlie Tims
- *So What Do You Do* by Charlie Tims and Shelagh Wright
- *Innovation Collection* by Simon Parker
- *Making Good Work* by Sam Jones
- *The Disrupters* by Molly Webb
- *Nanodialogues* by Jack Stilgoe
- *Seen and Heard* by Joost Beunderman, Celia Haddon and Pete Bradwell
- *Out of Step* by Tim Edmunds and Anthony Forster
- *FYI* by Pete Bradwell and Niamh Gallagher
- *National Security for the Twenty-first Century* by Charlie Edwards

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 speech on inter-generational fairness by David Willets MP
- A major conference on care and wellbeing
- A series of community engagement sessions on radicalisation
- Two seminars on race and deprivation held with the Commission on Racial Equality
- A series of fringe events at party political conferences
- Two events with Google on politics, privacy and the internet

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Report of the directors

For the year ended 31 December 2007

- A series of seminars on integration and participation with the Embassy of the Netherlands
- A speech on integration and Britishness by Liam Byrne MP
- A major lecture on security given by Sir Richard Mottram

Projects

A wide range of research projects were carried out during 2007, 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. Projects of particular note include:

- Extending the Atlas of Ideas project (examining the newly emerging geography of scientific and technical innovation globally) to include Europe.
- For Your Information - research into the new politics of personal information, and the implications for individuals, for businesses, and for government.
- A study of Knowledge Nomads, to understand what inspires or inhibits the movement of highly skilled highly mobile workers.
- Making it Personal - a major publication setting out a transformative, participative approach to social care through advocating self-directed services
- The Everyday Democracy Index - a new tool to measure and compare the democratic health of nations, taking on board people's lived experience of democracy and not just formal political activity.
- The Politics of Public Behaviour - a Demos edited collection of essays debating the public implications of private decisions.
- UK Confidential - an essay collection exploring the transformation of our social lives and the increases in surveillance and technological innovation.
- A Common Language - which sets out how English provision for speakers of different languages (ESOL) is vital to social inclusion, economic success, and individual empowerment.
- The Skills Paradox uncovers a worrying polarisation in skills amongst British citizens and the need for a coherent skills strategy in our labour market and training systems.
- The Talking Cure argues that improving the quality of conversation between doctors and patients - and not just focusing on new technologies - is key to the future of health care in an age where prevention and chronic illness management have become our top priority.
- The Future Face of Enterprise argues that creating a new enterprise culture requires a renewed interest in risk taking, a revised attitude to failure, and a structure for incentivising creativity.

Fixed assets

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

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Report of the directors

For the year ended 31 December 2007

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.

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
- 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.

Demos

Report of the directors

For the year ended 31 December 2007

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 to September 2007)

Edward Straw (Chair from September 2007)

Simon Cooper

Nick Claydon

Mary Rainey

George Ferguson (from February 2007)

Phil Collins (from July 2008)

Neil Sherlock (from May 2008)

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 2007 was 6 (2006 - 6). 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.

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 30 October 2008 and signed on their behalf by



Phil Collins

Independent auditors' report

To the members of

Demos

We have audited the financial statements of Demos for the year ended 31 December 2007 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

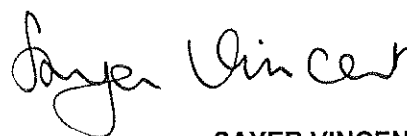
In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the group and charitable company's state of affairs as at 31 December 2007 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 report of the directors is consistent with the financial statements.

Emphasis of matter - going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures in note 1(a) of the financial statements concerning the charitable company's ability to continue as a going concern. At 31 December 2007 the charitable company had net liabilities of £135,982, but secured loan funding during 2008 to support the charitable company's cashflow requirements. Providing the loan continues to be available to the charitable company, it is appropriate to prepare the financial statements on the going concern basis as described in note 1(a) to the financial statements, but we consider that these disclosures should be brought to your attention.

31 October 2008



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 2007

	Note	Restricted £	Unrestricted £	2007 Total £	2006 Total £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income		-	-	-	460
Activities for generating funds					
Sales income		-	108,753	108,753	-
Rental income		-	-	-	2,250
Investment income		-	1,675	1,675	2,076
<i>Incoming resources from charitable activities</i>					
Projects	2	386,536	1,098,522	1,485,058	1,912,254
Events and seminars		-	113,671	113,671	65,543
Publications and subscriptions		-	25,818	25,818	21,915
Other incoming resources		-	3,397	3,397	7,956
Total incoming resources		<u>386,536</u>	<u>1,351,836</u>	<u>1,738,372</u>	<u>2,012,454</u>
Resources expended					
<i>Costs of generating funds:</i>					
Fundraising and publicity		-	3,615	3,615	440
<i>Charitable activities</i>					
Projects		450,215	1,323,318	1,773,533	1,737,234
Events and seminars		-	236,636	236,636	160,931
Publications and subscriptions		-	182,132	182,132	123,181
Governance costs		-	70,812	70,812	45,911
Total resources expended	3	<u>450,215</u>	<u>1,816,513</u>	<u>2,266,728</u>	<u>2,067,697</u>
Net outgoing resources for the year before transfers	4	(63,679)	(464,677)	(528,356)	(55,243)
Transfers between funds		<u>8,558</u>	<u>(8,558)</u>	<u>-</u>	<u>-</u>
Net expenditure for the year		(55,121)	(473,235)	(528,356)	(55,243)
Reconciliation of funds					
Funds at the start of the year		<u>72,890</u>	<u>320,309</u>	<u>393,199</u>	<u>448,442</u>
Funds at the end of the year		<u>17,769</u>	<u>(152,926)</u>	<u>(135,157)</u>	<u>393,199</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 2007**

	Note	The group		The charity	
		2007	2006	2007	2006
		£	£	£	£
Tangible fixed assets	7	<u>13,374</u>	<u>21,090</u>	<u>13,374</u>	<u>21,090</u>
Current assets					
Stock	8	15,380	61,922	15,380	61,922
Debtors	9	319,516	404,656	314,079	411,993
Cash at bank and in hand		<u>9,654</u>	<u>186,463</u>	<u>7,299</u>	<u>179,270</u>
		344,550	653,041	336,758	653,185
Liabilities					
Creditors: amounts falling due within one year	10	<u>493,081</u>	<u>280,932</u>	<u>464,435</u>	<u>280,932</u>
Net current liabilities		<u>(148,531)</u>	<u>372,109</u>	<u>(127,677)</u>	<u>372,253</u>
Net liabilities	12	<u>(135,157)</u>	<u>393,199</u>	<u>(114,303)</u>	<u>393,343</u>
Funds	13				
Restricted funds					
In surplus		17,769	72,890	17,769	72,890
Unrestricted funds					
General funds		<u>(152,926)</u>	<u>320,309</u>	<u>(132,072)</u>	<u>320,453</u>
Total funds		<u>(135,157)</u>	<u>393,199</u>	<u>(114,303)</u>	<u>393,343</u>

Approved by the directors on 30 October 2008 and signed on their behalf by



Phil Collins

Demos

Notes to the financial statements

For the year ended 31 December 2007

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.

Going concern

At 31 December 2007, the balance sheet showed net liabilities of £135,982. As directors, we have put a recovery plan in place to ensure that Demos is able to continue as a going concern. In particular, we have secured a loan facility to assist cashflow. We are confident that such actions will improve results for the charitable company in 2008 and 2009. Thus we consider it appropriate to prepare the financial statements on a going concern basis.

- 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.

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Notes to the financial statements

For the year ended 31 December 2007

1. Accounting policies (continued)

- 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	73%
Publications and subscriptions	3%
Events and seminars	8%
Support costs	12%
Governance	4%

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	80%
Publications and subscriptions	6%
Events and seminars	9%
Governance	5%

- k) Grants payable are included in the statement of financial activities in the year they are payable.
- l) Tangible fixed assets costing more than £500 are capitalised in the balance sheet at purchase cost 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.

- 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.

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Notes to the financial statements

For the year ended 31 December 2007

1. Accounting policies (continued)

- 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.

2. Project income

	Restricted £	Unrestricted £	2007 Total £	2006 Total £
Contracts				
Alan Baxter and Associates	-	17,241	17,241	-
Arts Council England	-	27,700	27,700	-
Association of Colleges London	-	20,400	20,400	-
Blue Rubicon Limited	-	25,000	25,000	-
British Council England	-	18,383	18,383	13,750
British Council Manchester	-	3,325	3,325	16,667
British Council Sweden	-	-	-	17,991
British Library	-	4,584	4,584	13,750
British Museum	-	4,584	4,584	13,750
BT Accounts Payable	-	46,900	46,900	-
Cabinet Office	-	15,625	15,625	12,500
Cambridge Assessment Agency	-	25,500	25,500	15,000
Cancer Research	-	-	-	15,000
Care Services Improvement	-	36,250	36,250	-
City & Guilds	-	12,930	12,930	64,650
Clackmanshire County Council	-	9,600	9,600	24,150
Cohn & Wolfe	-	-	-	15,000
CPRE	-	-	-	10,000
Creative and Cultural Industries	-	25,200	25,200	-
Creative Partnerships Durham	-	-	-	17,925
Creative Partnerships East London	-	-	-	21,500
Creative Partnerships	-	13,600	13,600	-
Commission for Racial equality	-	19,206	19,206	-
Culture Online	-	15,000	15,000	-
CWDC	-	25,750	25,750	-
Department for Education and Skills	-	-	-	146,941
Department of Culture, Media and Sport	-	-	-	15,000
Department of Health	-	20,000	20,000	-
DFEE	-	-	-	25,000
East Midlands Development Agency	-	-	-	33,800
EEDA	-	-	-	16,667
ESTEC	-	-	-	10,115
Subtotal carried forward	-	386,778	386,778	519,156

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Notes to the financial statements

For the year ended 31 December 2007

2. Project income (continued)

			2007	2006
	Restricted £	Unrestricted £	Total £	Total £
Contracts (continued)				
Brought forward from previous page	-	386,778	386,778	519,156
Embassy of the Kingdom of the Netherlands	-	11,906	11,906	-
English Partnerships	-	-	-	20,000
FSA	-	34,200	34,200	-
Foreign and Commonwealth Office	-	-	-	81,746
Enterprise Insight	-	24,640	24,640	-
General Teaching Council England	-	-	-	19,000
Glasgow School of Art	-	12,200	12,200	-
Groundwork	-	-	-	15,000
The Guardian	-	573	573	10,000
Hants County Council	-	-	-	14,000
Heritage Lottery Fund	-	-	-	13,920
Hewlett Packard	-	-	-	25,000
In Control	-	7,500	7,500	-
Institute of Education	-	-	-	-
Improvement and Development Agency	-	56,600	56,600	64,400
Irish Management Institute	-	-	-	23,077
Kammarkollegiet	-	-	-	14,952
Kent County Council	-	-	-	-
Kew Gardens	-	4,583	4,583	13,750
Learning and Conference Centre	-	23,900	23,900	-
London Borough of Hackney	-	12,000	12,000	-
Mars	-	17,040	17,040	-
Microsoft	-	4,000	4,000	-
Metropolitan Police	-	-	-	30,000
MLA	-	-	-	25,548
Mori	-	5,100	5,100	-
Munro and Foster	-	-	-	22,500
National Childrens Bureau	-	30,350	30,350	15,000
National College for School Leadership	-	29,600	29,600	215,189
Natural History Museum	-	4,583	4,583	13,750
Neighbourhood Renewal Unit	-	18,950	18,950	-
NESTA	-	51,250	51,250	-
Newcastle Gateshead Initiative	-	-	-	-
NZ Public Services Associations	-	9,255	9,255	43,495
Orange PCS Ltd	-	-	-	38,983
Pfizer	-	53,325	53,325	-
Publicis Consultant	-	14,250	14,250	-
PWC	-	10,050	10,050	53,145
Royal Shakespeare Company	-	18,900	18,900	-
Subtotal carried forward	-	841,533	841,533	1,291,611

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Notes to the financial statements

For the year ended 31 December 2007

2. Project income (continued)

	2007			2006
	Restricted £	Unrestricted £	Total £	Total £
Contracts (continued)				
Brought forward from previous page	-	841,533	841,533	1,291,611
Scottish Enterprise	-	109,010	109,010	11,111
Screen England	-	-	-	-
SEEDA	-	-	-	11,111
SITRA	-	-	-	48,565
SECO	-	936	936	-
State Services Authority	-	19,575	19,575	-
Royal National Institute for Deaf	-	-	-	10,000
Telefonica O2	-	56,950	56,950	-
Thales Corporate Services	-	13,500	13,500	-
The Centre	-	11,925	11,925	-
University of Liverpool	-	-	-	23,313
UK Trade & Investment	-	-	-	20,970
Victoria & Albert Museum	-	4,583	4,583	13,750
Vodafone	-	-	-	13,333
Other contracts	-	40,510	40,510	160,179
Contract income totals	-	<u>1,098,522</u>	<u>1,098,522</u>	<u>1,603,943</u>
Grant income				
Careers Scotland Centre	-	-	-	32,250
Clore	21,000	-	21,000	-
Communities and Local Government (formerly Office of the Deputy Prime Minister)	85,000	-	85,000	18,750
Communities Scotland	-	-	-	-
Department of Trade and Industry	14,066	-	14,066	60,000
Dialogue by Design	5,050	-	5,050	15,234
Environment Agency	-	-	-	15,000
Esmee Fairburn Foundation	65,000	-	65,000	65,000
European Community	22,393	-	22,393	-
ESF - Creative Race	40,000	-	40,000	-
European Social Research Council	31,839	-	31,839	10,000
Glasgow Caledonian University	-	-	-	-
Glasgow Centre for Population	-	-	-	-
Glasgow City Council	-	-	-	-
Glasgow Housing Association	16,988	-	16,988	-
Subtotal carried forward	<u>301,336</u>	<u>-</u>	<u>301,336</u>	<u>216,234</u>

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Notes to the financial statements

For the year ended 31 December 2007

2. Project income (continued)	Restricted £	Unrestricted £	2007 Total £	2006 Total £
Grants (continued)				
Brought forward from previous page	301,336	-	301,336	216,234
Improvement and Development Agency	9,000	-	9,000	-
IEPPP	-	-	-	7,296
ITDG	-	-	-	15,000
NESTA - The disrupters	58,200	-	58,200	-
Reno Pelekanou - Future Recruitment	10,000	-	10,000	-
Scottish Enterprise	-	-	-	15,000
Unilever	6,000	-	6,000	24,000
University of Glasgow	-	-	-	-
Other Grants	2,000	-	2,000	30,781
Grant income totals	<u>386,536</u>	<u>-</u>	<u>386,536</u>	<u>308,311</u>
Total project income	<u>386,536</u>	<u>1,098,522</u>	<u>1,485,058</u>	<u>1,912,254</u>

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Notes to the financial statements

For the year ended 31 December 2007

3. Total resources expended

	Fundraising and publicity £	Projects £	Events & seminars £	Publications & subscriptions £	Governance £	Support costs £	2007 Total £	2006 Total £
Staff costs (note 5)	-	750,279	82,222	30,833	41,111	123,334	1,027,779	998,802
Other staff costs	-	19,913	2,152	881	-	3,128	26,074	55,558
Office costs	-	68,857	7,441	3,047	-	10,820	90,165	79,160
Premises	-	83,803	9,056	3,708	-	8,880	105,447	105,613
Venue & catering	-	34,256	106,954	-	-	-	141,210	107,542
Consultancy, professional fees & freelance payments	-	490,516	-	-	-	1,935	492,451	417,222
Publications design & print	-	28,359	-	88,424	-	-	116,783	98,631
Public relations	3,615	-	-	-	-	-	3,615	440
Travel	-	52,254	5,647	2,312	-	8,210	68,423	84,426
Bank charges	-	2,627	284	116	-	412	3,439	2,243
Audit & accountancy	-	-	-	-	-	-	-	-
Irrecoverable VAT	-	43,644	4,716	1,931	20,359	15,992	36,351	37,088
Depreciation	-	10,440	1,129	462	-	12,233	62,524	46,007
Grants payable	-	39	4	2	-	1,639	13,670	17,078
Bad debts	-	27,790	-	-	-	6	51	-
Write off of Obsolete Stock	-	-	-	38,752	-	-	27,790	-
Loss on disposal	-	335	36	15	-	53	38,752	-
Sundry expenditure	-	10,954	180	439	-	192	11,765	17,887
Total resources expended	3,615	1,624,066	219,821	170,922	61,470	186,834	2,266,728	2,067,697
Support costs	-	149,467	16,815	11,210	9,342	(186,834)	-	-
Total resources expended	3,615	1,773,533	236,636	182,132	70,812	-	2,266,728	2,067,697

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Notes to the financial statements

For the year ended 31 December 2007

4. Net outgoing resources for the year

This is stated after charging:

	2007 £	2006 £
Depreciation	13,670	17,078
Directors' remuneration	Nil	Nil
Directors' reimbursed expenses	Nil	Nil
Auditors' remuneration:		
▪ Audit	8,636	6,580
▪ Under accrual in previous year	7,329	8,615
▪ Other services	5,875	7,438
Operating lease rentals:		
▪ Property	80,000	80,000

5. Staff costs and numbers

Staff costs were as follows:

	2007 £	2006 £
Salaries and wages	875,522	856,963
Social security costs	96,646	97,557
Pension costs	40,611	44,282
Ex Gratia	15,000	-
	1,027,779	998,802

One (2006: Nil) employee received emoluments amounted to over £60,000 in the year, including pension contributions of £3,900.

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

	2007 No.	2006 No.
Projects	19.5	20.0
Events & seminars	2.1	1.6
Publications & subscriptions	0.8	1.1
Support costs	3.2	2.8
Governance	1.1	0.8
	26.7	26.3

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Notes to the financial statements

For the year ended 31 December 2007

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 2007	27,929	32,775	60,704
Additions in year	-	6,393	6,393
Disposals in year	-	(5,059)	(5,059)
At 31 December 2007	<u>27,929</u>	<u>34,109</u>	<u>62,038</u>
DEPRECIATION			
At 1 January 2007	16,429	23,185	39,614
Charge for the year	5,586	8,084	13,670
Disposals in year	-	(4,620)	(4,620)
At 31 December 2007	<u>22,015</u>	<u>26,649</u>	<u>48,664</u>
NET BOOK VALUE			
At 31 December 2007	<u>5,914</u>	<u>7,460</u>	<u>13,374</u>
At 31 December 2006	<u>11,500</u>	<u>9,590</u>	<u>21,090</u>

All tangible fixed assets are used for direct charitable purposes.

8. Stock

	The group		The charity	
	2007	2006	2007	2006
	£	£	£	£
Finished goods for resale	<u>15,380</u>	<u>61,922</u>	<u>15,380</u>	<u>61,922</u>

9. Debtors

	The group		The charity	
	2007	2006	2007	2006
	£	£	£	£
Trade debtors	232,830	329,461	215,557	329,461
Amounts due from Subsidiary	-	-	13,336	7,337
Prepayments	52,156	51,023	52,156	51,023
Accrued income	<u>34,530</u>	<u>24,172</u>	<u>33,030</u>	<u>24,172</u>
	<u>319,516</u>	<u>404,656</u>	<u>314,079</u>	<u>411,993</u>

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Notes to the financial statements

For the year ended 31 December 2007

10. Creditors : Amounts falling due within one year

	The group		The charity	
	2007	2006	2007	2006
	£	£	£	£
Trade creditors	123,982	70,391	96,647	70,391
Deferred income	238,736	107,442	238,736	107,442
Taxations and social security	58,994	55,311	57,683	55,311
Other creditors	49,600	30,000	49,600	30,000
Accruals	21,769	17,788	21,769	17,788
	<u>493,081</u>	<u>280,932</u>	<u>464,435</u>	<u>280,932</u>

11. Deferred income

	The group		The charity	
	2007	2006	2007	2006
	£	£	£	£
At 1 January 2007	107,442	110,335	107,442	110,335
Released to Statement of Financial Activities	(107,442)	(110,335)	(107,442)	(110,335)
Contractual project income received and deferred in year	238,736	107,442	238,736	107,442
At 31 December 2007	<u>238,736</u>	<u>107,442</u>	<u>238,736</u>	<u>107,442</u>

12. Analysis of net assets between funds

	Restricted funds	General funds	Total funds
	£	£	£
Tangible fixed assets	-	13,374	13,374
Net current liabilities	17,769	(166,300)	(148,531)
Net liabilities at 31 December 2007	<u>17,769</u>	<u>(152,926)</u>	<u>(135,157)</u>

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Notes to the financial statements

For the year ended 31 December 2007

13. Movement in funds

	At 1 January 2007	Incoming resources	Outgoing resources	Transfers	At 31 December 2007
	£	£	£	£	£
Restricted funds					
Nesta - The disrupters	-	58,200	(58,200)	-	-
Esmee Fairburn	60,125	65,000	(125,125)	-	-
GTC	-	-	-	-	-
WIST-SCIW 2, Nanodialogues	11,484	27,116	(38,600)	-	-
Clore	-	21,000	(21,000)	-	-
ESRC - Radicalisation	-	31,839	(28,546)	-	3,293
ESF - Tribal education	-	40,000	(40,000)	-	-
CLG Tackling Extremism	-	85,000	(85,000)	-	-
Future Recruitment - Rene Pelekanou	-	10,000	(10,000)	-	-
Professionalism # 1	1,281	9,000	(10,281)	-	-
Science & Innovation					
STACS	-	22,393	(7,917)	-	14,476
Democracy and Government					
Glasgow 2020	-	16,988	(25,546)	8,558	-
Total restricted funds	<u>72,890</u>	<u>386,536</u>	<u>(450,215)</u>	<u>8,558</u>	<u>17,769</u>
Unrestricted funds:					
General fund	<u>320,309</u>	<u>1,351,836</u>	<u>(1,816,513)</u>	<u>(8,558)</u>	<u>(152,926)</u>
Total funds	<u><u>393,199</u></u>	<u><u>1,738,372</u></u>	<u><u>(2,266,728)</u></u>	<u><u>-</u></u>	<u><u>(135,157)</u></u>

14. Operating lease commitments

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

	Land and buildings		Equipment	
	2007	2006	2007	2006
	£	£	£	£
Within one year	-	-	-	-
2 - 5 years	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>960</u>

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Notes to the financial statements

For the year ended 31 December 2007

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:

	2007 £	2006 £
Turnover	107,095	-
Cost of sales	<u>(111,035)</u>	<u>-</u>
Gross profit	(3,940)	-
Administrative expenses	(18,576)	(461)
Other income	<u>1,500</u>	<u>-</u>
Operating profit	(21,016)	(461)
Interest receivable	<u>306</u>	<u>316</u>
Profit on ordinary activities	(20,710)	(145)
Deed of covenant to parent undertaking	<u>-</u>	<u>-</u>
	(20,710)	(145)
Funds brought forward	(145)	-
Profit/(Loss) for the financial year	<u>(20,855)</u>	<u>(145)</u>
The aggregate of the assets, liabilities and funds was:		
Assets	21,127	7,192
Liabilities	<u>(41,982)</u>	<u>(7,337)</u>
Funds	<u>(20,855)</u>	<u>(145)</u>