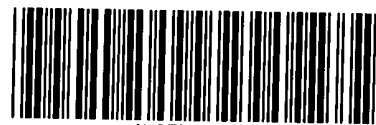


Registered number: 02977740  
Charity number: 1042046

DEMOS  
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

THURSDAY



\*L6FYA82P\*

LD2

28/09/2017

#333

COMPANIES HOUSE

---

DEMOS  
(A company limited by guarantee)

---

---

CONTENTS

---

	Page
Reference and administrative details of the charity, its trustees and advisers	1
Trustees' report	2 - 7
Independent auditors' report	8 - 9
Statement of financial activities	10
Balance sheet	11
Statement of cash flows	12
Notes to the financial statements	13 - 27

---

DEMOS

(A company limited by guarantee)

---

REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 DECEMBER 2016

---

Trustees

Kieran Brett  
Nicholas Claydon  
Philip Collins, Chair  
Elsbeth Johnson  
Damian Leeson  
Matt Nixon  
Neil Sherlock  
Ian Corfield

Company registered number

02977740

Charity registered number

1042046

Registered office

Lloyds Wharf, 2-3 Mill Street, London, SE1 2BD

Company secretary

Claudia Wood

Chief executive officer

Claudia Wood

Independent auditors

Leigh Saxton Green, Mutual House, 70 Conduit Street, London, W1S 2GF

Bankers

Santander, Bridle Road, Bootle, Merseyside, L30 4GB

Solicitors

Collins Benson Goldhill LLP, 28 Great Portland Street, London, W1W 8QT

---

**DEMOS**  
(A company limited by guarantee)

---

**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

The trustees present their report and the financial statements for the year ending 31 December 2016.

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 Chief Executive who provides leadership to the organisation and specifically leads the development of the intellectual and research agenda of the charity. Reporting to the Chief Executive is the Research Director, the Head of Operations, Events and Press & Communications managers. 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.

**Overview of 2016**

2015 was a challenging year for Demos due to a number of internal and external factors: Demos' lease at Magdalen House, Tooley Street expired and a move to new premises was necessary. The website also had to be re-worked, representing two large one-off expenses (moving costs and the website) falling in one financial year. The Demos Chief Executive, Claudia Wood went on maternity leave in January 2015 and returned part time from August 2015, with the research director Duncan O'Leary acting up in her absence. Demos Events Manager Alice meaning went on maternity leave in June 2015 for one year necessitating maternity cover, and a senior member of research staff and key fundraiser – the Head of the Citizenship Programme – left Demos in August 2015. In addition to these internal challenges, there was a general election in May 2015. What could not be predicted was the extended period of disruption in the leadership of the two main Opposition Parties following the election result, which meant there was a hiatus in fundraising activity over the summer of 2015 as potential sponsors and grant makers delayed funding decisions until the political climate was more certain. This affected both Party Conference 2015 as well as research projects.

It was not unexpected, then, that Demos ended 2015 with a substantial deficit. Our objective for 2016 was to claw as much of this back as possible, with the recognition that while the external factors that thwarted us in 2015 would not occur in 2016, there was the Brexit referendum scheduled for that year which could disrupt our funding pipeline in the way the General Election had. We began with a strong start to the year, securing funding for some large research projects. The unexpected Brexit result and the party political changes that created – while leading to some stagnation initially – arguably created more opportunities to develop interesting research and events, not less.

---

**DEMOS**  
**(A company limited by guarantee)**

---

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

---

However, three key resignations from the research team in the back half of the year did prove to hamper our fundraising efforts, as networks were lost, and more time was expended on recruitment and a rethink of our programme structures, and ensuring the continuity of projects in train, than on pro-active fundraising. Our objectives for 2016 were, therefore to:

- Generate a surplus to counter the deficit of 2015
- Ensure the Brexit referendum in summer 2016 did not disrupt our funding pipeline in the way the 2015 General Election did

And from Q3 2016:

- Maintain project continuity and reshape our programmes in anticipation of 2017 with new research staff.

**Achievements during 2016**

Specific achievements for 2016 include:

- Starting two flagship projects – one on populism and the “politics of fear” across the EU, with several think tank partners in European countries, and one on the attitudes of young adults in the UK
- Publishing a number of evaluations of the DfE Character Grant-funded ex-curricular activity pilots
- Releasing widely debated social media analysis of Islamophobia, xenophobia and misogyny online
- Carrying out analysis of youth drinking trends, countering many misconceptions about drinking habits among younger people

**PUBLICATIONS**

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

In 2016, alongside several of our standard Demos reports, we published four editions of Demos Quarterly, three summaries of event series, and stand-alone social media analysis by CASM with accompanying methodological papers.

Titles published during the year include:

*Banking for All*, Charlie Cadywould  
*Youth Drinking in Transition*, Ian Wybron  
*Commissioning in Children's Services, what works*, Simone Vibert  
*Invest, Devolve, liberate – new economic policy in the light of Brexit*, Tom Startup  
*Building companionship*, Claudia Wood  
*Next Steps for Financial Resilience*, Claudia Wood  
*MP dashboard: making sense of social media big data*, Alex Krasodonski-Jones

---

## DEMOS

(A company limited by guarantee)

---

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

---

#### 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:

- *Invest, devolve, liberate* – a series of expert round tables in London, Birmingham and Liverpool to discuss economic risks and opportunities in the wake of Brexit
- A keynote address by Dan Jarvis MP
- *Pupil Power: putting disengaged students back in the driving seat* – a panel discussion with Neil Carmichael MP, focusing on the findings of Demos' 2015 flagship pilot study of coproduction in schools
- *New Data, New Challenges*, a series policy breakfasts to explore the future of data and the internet. Speakers included representatives of Channel4, Nesta, the Oxford Internet Institute,

#### PROJECTS

Demos carried out a wide range of research projects during 2016, 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, and social media analysis. We also launched new evaluations frameworks.

##### **Hate Speech After Brexit**

The Centre for the Analysis of Social Media at Demos has been undertaking research into the impact that the European Referendum result has had on xenophobia and racism on Twitter, and also how the platform has been used to both report hate speech incidents and to express solidarity with migrants.

##### **The Character Hub**

In 2016, Demos is continuing its successful programme of research on character through a number of exciting projects, including:

A project that developed a holistic understanding of what England wants its young people to look like on leaving full-time education, in terms of knowledge, skills, capabilities and attitudes. This involved a series of structured deliberative discussions with members of the public. The project also drew lessons from other education systems, including the Scottish Curriculum for Excellence.

An evaluation of a co-curricular intervention being delivered by the Scout Association in six schools across the UK, supported by the Department for Education's Character Grant. 'Character by Doing' was a 12-month pilot project which sought to tackle the barriers to character education through non-formal educational methods by giving school decision makers, teachers and teaching assistants, parents and adult volunteers in Scouting the confidence to work in partnership. This project tested delivery models of Scouting with schools in deprived areas within the East Midlands and South East, evaluating their successes and their impacts on participants across a range of outcomes, including character capabilities like empathy, grit and self-regulation, as well as wellbeing, attendance at school and academic progress.

---

## DEMOS

(A company limited by guarantee)

---

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

---

An evaluation of the DfE character grant-funded pilot *On the Front Foot*, delivered by Premiership Rugby, to measure its impact on character and academic outcomes. The evaluation included a survey with participants and project leaders, case study interviews and other qualitative monitoring.

#### **Youth Drinking in Transition**

This report explored the drinking habits of young adults in Great Britain. It seeks to contribute evidence to explain some of the shifting trends in these drinking habits as reported in the official statistics – including the decline in binge drinking and rise in teetotalism. And it looked in particular at the drinking habits of students, those in work, and those not in education, employment or training (NEETs), as three major case studies. The report presented the findings of a major quantitative and qualitative research process, including new analysis of the Understanding Society Survey, Demos-led youth focus groups, Westminster policy-roundtables, and two new surveys of students and young workers.

#### **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. It is currently not trading and its use is under review by the trustees.

#### **FINANCE REVIEW**

The results of the year's activity are set out in the attached financial statements. Total incoming resources were £1,183,425 (2015 - £929,513), an increase of £253,912. The majority of income streams are broadly similar year on year. Total expenditure was £1,103,760 (2015 - £1,064,870), an increase of £38,890. Net incoming resources for the year was therefore – s u r p l u s 79,665 (2015 - deficit £135,807). Further details regarding the going concern assumption can be found below.

#### **RESERVES & GOING CONCERN**

As set out in the Accounting Policies in Note 1.4 to the financial statements, the accounts have been prepared on the going concern basis, i.e. on the basis that the charity will continue in operational existence for the foreseeable future (being at least 12 months from the date of signing the financial statements). We acknowledge the remaining £56,142 deficit carried over from 2016 however see that 2017 is continuing to move in the right direction. The going concern basis is appropriate for these accounts on the grounds that the overall staffing and business model is sound, overheads and project costs remain tightly controlled, and they are confident that there is sufficient work in train in 2017, and planned future work, to enable the charity to continue in operation. The key objectives for the reserves policy is to return the charity to positive reserves, at which point a formal review of its policy will be undertaken by the trustees.

---

**DEMOS**  
**(A company limited by guarantee)**

---

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**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 trustees review Demos' risks and the actions put in place to mitigate them.

**TRUSTEES**

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

Kieran Brett  
Nick Claydon  
Phil Collins  
Elsbeth Johnson  
Neil Sherlock  
Ian Corfield  
Damien Leeson  
Matt Nixon

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 2016 was 8 (2015 – 8). 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.

**Future Development**

The trustees have reviewed the latest results for 2016 and anticipated income and workflow projection for 2017. 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.

2017 will be politically turbulent given the triggering of Article 50. However, the Brexit referendum and its implications have proved a fruitful source of interest in research and events - our aim for 2017 is therefore to work hard to maximise funding opportunities and improve our financial position, building on the surplus of 2016.

**Credit risks**

The charitable company's principal financial assets are bank balances, cash and trade debtors which represent the company's maximum exposure to credit risk in relation to financial assets.

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one funder depending upon their credit rating. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the charitable company's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings and / or with Government support, where applicable, assigned by international credit-rating agencies. The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.



---

**DEMOS**  
**(A company limited by guarantee)**

---

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**TRUSTEES' RESPONSIBILITIES STATEMENT**

The Trustees are responsible for keeping adequate 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees (who are also directors of Demos for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102 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 charitable company will continue in operation.

**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- the Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Approved by the trustees on ...25/7/17... and signed on their behalf by

  
Phil Collins

---

**DEMOS**

(A company limited by guarantee)

---

---

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DEMOS**

---

We have audited the financial statements of Demos for the year ended 31 December 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Trustees' Responsibilities Statement, the trustees 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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016; and
- of its incoming resources and application of resources, including its income and expenditure for the year then ended; and
- 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 matters prescribed by the Companies Act 2006**

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

**Group accounts**

Under section 399 of the Companies Act 2006, the charitable company is not required to prepare group Accounts.

---

**DEMOS**

(A company limited by guarantee)

---

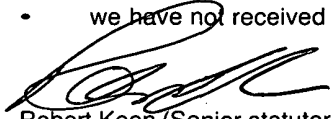
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DEMOS**

---

**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



Robert Keen (Senior statutory auditor)

25/7/17

for and on behalf of

**Leigh Saxton Green**

Chartered Accountants  
Mutual House  
70 Conduit Street  
London  
W1S 2GF

DEMOS

(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(Incorporating income and expenditure account)  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds:					
Voluntary income	2	1,032	10,000	11,032	-
Activities for generating funds	3	32,432	-	32,432	27,267
Investment income - bank interest		452	-	452	163
Incoming resources from charitable activities	4	528,737	546,105	1,074,843	929,513
Other incoming resources	6	64,665	-	64,665	12,081
<b>TOTAL INCOMING RESOURCES</b>		<b>627,319</b>	<b>556,105</b>	<b>1,183,425</b>	<b>969,023</b>
<b>RESOURCES EXPENDED</b>					
Charitable activities	7	499,660	556,105	1,055,765	1,030,137
Governance costs	10	24,146	-	24,146	19,067
Other resources expended	8	23,848	-	23,848	15,666
<b>TOTAL RESOURCES EXPENDED</b>		<b>547,654</b>	<b>556,105</b>	<b>1,103,760</b>	<b>1,064,870</b>
<b>MOVEMENT IN TOTAL FUNDS FOR THE YEAR - NET INCOME/(EXPENDITURE)</b>					
<b>FOR THE YEAR</b>		<b>79,665</b>	<b>-</b>	<b>79,665</b>	<b>(95,847)</b>
Total funds at 1 January 2016		(135,807)	-	(135,807)	(39,960)
<b>TOTAL FUNDS AT 31 DECEMBER 2016</b>		<b>(56,142)</b>	<b>-</b>	<b>(56,142)</b>	<b>(135,807)</b>

The notes on pages 14 to 27 form part of these financial statements.

---

DEMOS

(A company limited by guarantee)  
REGISTERED NUMBER: 02977740

---

**BALANCE SHEET  
AS AT 31 DECEMBER 2016**

			2015		2014
	Note	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	14		23,569		29,600
<b>CURRENT ASSETS</b>					
Debtors	16	150,745		295,176	
Cash at bank and in hand		35,883		16,277	
			<u>186,628</u>	<u>311,454</u>	
<b>CREDITORS:</b> amounts falling due within one year	17	(266,339)		(476,861)	
			<u>(79,711)</u>	<u>(165,407)</u>	
<b>NET CURRENT LIABILITIES</b>					
			<u>(56,142)</u>	<u>(136,807)</u>	
<b>CHARITY FUNDS</b>					
Restricted funds	18		-		-
Unrestricted funds	18		(56,142)		(135,807)
			<u>(56,142)</u>	<u>(135,807)</u>	
<b>TOTAL DEFICIT</b>			<u>(56,142)</u>	<u>(135,807)</u>	

The financial statements were approved by the Trustees on ....25/7/17..... and signed on their behalf, by:

**Philip Collins, Chair**

*P.J. Collins*

The notes on pages 14 to 27 form part of these financial statements.

DEMOS  
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS FOR THE  
YEAR ENDED 31 DECEMBER 2016**

	2016 £	2015 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net cash provided by operating activities	22,966	3,930
Interest paid	(1,510)	(1,091)
	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	<b>21,456</b>	<b>2,839</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	452	163
Purchase of tangible fixed assets	(2,303)	(37,209)
	<hr/>	<hr/>
<b>NET CASH PROVIDED BY / (USED BY) INVESTING ACTIVITIES</b>	<b>(1,851)</b>	<b>(37,046)</b>
Change in cash and cash equivalents in the year	19,605	(34,207)
Cash and cash equivalents at the beginning the year	16,277	50,485
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>35,883</b>	<b>16,277</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Reconciliation of net incoming / (outgoing) resources from operating activities</b>		
Net movement of resources in year	79,665	(95,847)
Interest received	(452)	(163)
Finance costs	1,510	1,091
Depreciation	8,334	7,609
(Increase) / decrease in debtors	144,432	(19,182)
(Decrease) / increase in creditors	(210,523)	110,422
	<hr/>	<hr/>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>22,966</b>	<b>3,930</b>
	<hr/> <hr/>	<hr/> <hr/>

---

DEMOS

(A company limited by guarantee)

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

---

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The charity constitutes a public benefit entity as defined by FRS 102. These financial statements have been prepared in accordance with Accounting and Reporting by Charities Statement of Recommended Practice (SORP) applicable to charities preparing their financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 and the Charities Act 2011. This is the first set of financial statements prepared under FRS 102. The date of transition to FRS 102 is 1 January 2015.

Consolidated financial statements have not been prepared as the group constitutes a small group.

**1.2 Incoming resources**

All incoming resources are included in the Statement of financial activities when the company has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability. This is shown net of VAT.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

**1.3 Resources expended**

Expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Governance costs are those incurred in connection with administration of the company 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	85%
Publications and subscriptions	5%
Events and seminars	5%
Governance	5%

---

DEMOS

(A company limited by guarantee)

---

NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2016

---

1. ACCOUNTING POLICIES (continued)

1.4 Going concern

The charity continues to have negative net assets though these were reduced due to the surplus made in the year ended 31 December 2016. The charity however remains a going concern as it is able to meet its liabilities as they arise through judicious management of cash flows. Due to the manner in which Demos obtains funding and is commissioned to undertake projects, it continually undertakes business development activities. The charity enters each year in the knowledge that its anticipated income for the year is not fully secured, hence it carefully monitors its pipeline of new work and the success of the bids it makes for funding. Historically this business model has proven to be appropriate and hence the trustees consider there are no material uncertainties over going concern, and there is a valid expectation that the charity will continue in operational existence for the foreseeable future (at least 12 months from the date of signing the financial statements). The financial statements have therefore been prepared on a going concern basis.

1.5 Tangible fixed assets and depreciation

All assets costing more than £100 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	5 years
Computer equipment	3 years

1.6 Investments

Investments are stated at market value at the balance sheet date. The Statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

1.7 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.8 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of financial activities.



---

DEMOS

(A company limited by guarantee)

---

NOTES TO THE FINANCIAL  
STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016

---

1. ACCOUNTING POLICIES (continued)

1.10 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at Call with banks.

1.12 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

---

DEMOS

(A company limited by guarantee)

---

NOTES TO THE FINANCIAL  
STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016

1. ACCOUNTING POLICIES (continued)

1.13 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

**Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

**Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

**Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

---

DEMOS

(A company limited by guarantee)

---

NOTES TO THE FINANCIAL  
STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016

1. ACCOUNTING POLICIES (continued)

**Basic financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

1.16 Critical judgements

Revenue from contracts is assessed on an individual basis with revenue earned being ascertained based on the stage of completion of the contract which is estimated using the time spent to date compared to the total time required to undertake the contract. Estimates of the total time required to undertake the contracts are made on a regular basis and subject to a management review. These estimates may differ from the actual results due to a variety of factors such as efficiency of working and accuracy of assessment of the progress to date. See note 17 for disclosure of the amount by which billing exceeds revenue.

---

DEMOS  
(A company limited by guarantee)

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

2 VOLUNTARY INCOME

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Donations	1,032	10,000	11,032	-

3 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Rental income	32,432	-	32,432	27,267
	27,267	-	27,267	98,117

NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2016

4 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Projects	431,050	300,470	731,521	513,153
Events and seminars	91,080	-	91,080	150,400
Publications and subscriptions	6,608	-	6,608	26,900
Grant funded research	-	245,635	245,635	239,059
	<u>528,737</u>	<u>546,105</u>	<u>1,074,843</u>	<u>929,513</u>

5 PROJECT AND GRANT FUNDED RESEARCH

	2016 £
Charities and Foundations	226,184
Commercial organisations	225,272
Cultural and Educational organisations	126,949
NDPB	30,484
Government department	75,121
Non UK organisation	293,147
Total	<u>977,156</u>

6 OTHER INCOMING RESOURCES

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Other incoming resources	1,551	-	1,551	12,081
Secondments income	48,578	-	48,578	-
Internships income	14,537	-	14,537	-
	<u>64,665</u>	<u>-</u>	<u>64,665</u>	<u>12,081</u>

DEMOS  
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

7 EXPENDITURE BY CHARITABLE ACTIVITY  
SUMMARY BY FUND TYPE

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Projects	308,350	556,105	864,455	776,694
Events and seminars	143,583		143,583	150,935
Publications and subscriptions	47,727		47,727	102,507
	<u>499,660</u>	<u>556,105</u>	<u>1,055,765</u>	<u>1,030,137</u>

8 OTHER RESOURCES EXPENDED

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Irrecoverable VAT	6,273	-	6,273	15,666
	<u>6,273</u>	<u>-</u>	<u>6,273</u>	<u>15,666</u>

9 DIRECT COSTS

	Projects £	Events and seminars £	Publications and subscriptions £	Total Funds 2016 £	Total Funds 2015 £
Other costs	261,704	46,245	37,362	345,311	261,174
Wages & salaries	360,437	75,750		436,186	415,152
National insurance	31,649	7,242		38,891	44,194
Pension costs	17,703	3,983		21,685	21,751
Depreciation	7,500			7,500	6,848
	<u>678,993</u>	<u>133,219</u>	<u>37,362</u>	<u>849,574</u>	<u>749,120</u>

DEMOS

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

10 SUPPORT COSTS

	Governance	Projects	Events & seminars	Publications & subscriptions	Total Funds 2016	Total Funds 2015
	£	£	£	£	£	£
Auditors						
remuneration	23,045	-	-	-	23,045	15,489
Other costs	-	50,868	2,826	2,826	56,521	51,631
Premises costs						
and rates	-	96,900	5,383	5,383	107,666	131,015
Office costs	-	18,222	1,012	1,012	20,246	29,618
Wages and salaries	1,101	18,722	1,101	1,101	22,026	71,571
Depreciation	-	750	42	42	833	761
	<u>24,146</u>	<u>185,462</u>	<u>10,365</u>	<u>10,365</u>	<u>230,338</u>	<u>300,084</u>

11 ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Direct costs 2016 £	Support costs 2016 £	Total Funds 2016 £	Total Funds 2015 £
Projects	678,993	185,462	864,455	776,694
Events and seminars	133,219	10,365	143,583	150,935
Publications and subscriptions	37,362	10,365	47,727	102,507
	<u>849,574</u>	<u>206,191</u>	<u>1,055,765</u>	<u>1,030,137</u>

12 AUDITORS' REMUNERATION

	2016 £	2015 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	10,000	12,000
Fees payable to the company's auditor and its associates in respect of accounts preparation services	13,045	3,489
	<u>23,045</u>	<u>15,489</u>

---

DEMOS

(A company limited by guarantee)

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

13 STAFF COSTS

Staff costs were as follows:

	2016	2015
	£	£
Wages	456,100	478,824
Social	40,502	49,760
Pension	22,186	24,084
	<hr/>	<hr/>
	518,788	552,668
	<hr/>	<hr/>

The average monthly number of employees during the year was as follows:

	2016	2015
	No.	No.
Projects	14	11
External affairs	3	3
Support costs	1	1
	<hr/>	<hr/>
	18	16
	<hr/>	<hr/>

No employees had employee benefits in excess of £60,000 (2015: nil).

Total remuneration paid to key management personnel, including benefits such as employer pension contributions, amounted to £67,840 (2015: £73,851).



DEMOS  
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

14. TANGIBLE FIXED ASSETS

	Computer Equipment	Fixtures & Fittings	Total
<b>Cost</b>			
At 1 January 2016	79,812	64,461	144,273
Additions	1,986	317	2,304
Disposals			-
At 31 December 2016	81,798	64,778	146,577
<b>Depreciation</b>			
At 1 January 2016	78,979	35,694	123,007
Charge for the year	1,079	7,255	8,334
Released on disposals			-
At 31 December 2016	80,057	42,949	123,007
<b>Net Book Value</b>			
At 31 December 2016	1,741	21,829	23,569
At 31 December 2015	833	28,767	29,600

15. INVESTMENTS

The Charity owns 100% of Demos Projects Limited (company number 02667039), a company limited by guarantee and registered in England and Wales. The company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies and was dormant during the year.

	2016 £	2015 £
Net liabilities	(22,290)	(22,290)
	<hr/>	<hr/>
	2016 £	2015 £
Profit		
	<hr/>	<hr/>

DEMOS

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2016

16 DEBTORS	2016	2015
	£	£
Trade debtors	14,212	153,522
Other debtors	26,615	26,400
Prepayments & accrued income	109,918	115,255
	<u>150,745</u>	<u>295,176</u>

17 CREDITORS	2016	2015
Amounts falling due within one year	£	£
Trade creditors	85,926	158,319
Other taxation & social security	70,894	72,343
Other creditors	15,068	31,746
Accruals & deferred income	94,451	214,453
	<u>266,339</u>	<u>476,861</u>

Other taxation and social security	2016	2015
	£	£
PAYE/NI	44,817	38,851
VAT	26,077	33,493
	<u>70,894</u>	<u>72,343</u>

<b>Deferred income:</b>	2016
	£
Deferred income at 1 January 2016	81,206
Resources deferred during year	45,484
Amounts released from previous years	( 81,206)
	<u>45,484</u>
Deferred income at 31 December 2016	

DEMOS  
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2016

18 STATEMENT OF FUNDS	Brought Forward £	Incoming Resources £	Resources Expended £	Carried Forward £
Unrestricted funds:				
General funds - all funds	(135,807)	627,319	(547,654)	(56,142)
Restricted funds				
Restricted funds - all funds	-	556,105	(556,105)	-
Total funds	(135,807)	1,183,425	(1,103,760)	(56,142)
SUMMARY OF FUNDS	Brought Forward £	Incoming Resources £	Resources Expended £	Carried Forward £
General funds	(135,807)	627,319	(547,654)	(56,142)
Restricted funds	-	556,105	(556,105)	-
	(135,807)	1,183,425	(1,103,760)	(56,142)
19 ANALYSIS OF NET ASSETS BETWEEN FUNDS	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Tangible fixed assets	23,569	-	23,569	29,600
Current assets	186,628	-	186,628	311,454
Creditors due within one year	(266,339)	-	(266,339)	(476,861)
	(56,142)	-	(56,142)	(135,807)

DEMOS  
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2016

19	RESTRICTED FUNDS	Brought Forward £	Incoming Resources £	Outgoing Resources £	Carried Forward £
	Redefining developmental success	-	48,900	48,900	-
	Digital character and citizenship	-	75,121	75,121	-
	Gambling in schools	-	51,208	51,208	-
	Populism in the EU Grant	-	229,610	229,610	-
	Economic Imbalances	-	20,000	20,000	-
	Scottish Government - Poverty	-	1,840	1,840	-
	Rethinking Incapacity	-	28,211	28,211	-
	Digital Democracy	-	3,062	3,062	-
	Gambling & Social Media	-	930	930	-
	Policing Hate Crime	-	86,480	86,480	-
	Disabled children	-	4,500	4,500	-
	ESRC CASM project	-	9,219	9,219	-
	Grant through Political Capital	-	115	115	-
	Coproduction in Schools / Pupil Power	-	2,519	2,519	-
	Voices of Discontent part 2	-	1,397	1,397	-
	Revolution for health	-	1,995	1,995	-
		-	556,105	556,105	-

The following funders provided funding for these restricted projects:

Big Change Charitable Trust (BCCT) - Redefining developmental success  
Home Office - Digital character and citizenship  
Responsible Gambling Trust - Gambling in schools  
Open Society Institute (OSI) - Populism in the EU Grant  
Politics and Economics Research Trust (PERT) & John Mills - Economic Imbalances  
City University - Scottish Government - Poverty  
Kent University - Rethinking Incapacity  
Open Society European Policy Institute - Digital Democracy  
Responsible Gambling Trust - Gambling & Social Media  
Sussex University/ Police Knowledge Fund - Policing Hate Crime  
True Colour Trust - Disabled children  
Warwick - ESRC CASM project  
European Commission - Grant through Political Capital  
Paul Hamlyn Foundation - Coproduction in Schools / Pupil Power  
Open Society European Policy Institute - Voices of Discontent part 2  
Wellcome Trust - Revolution for health

---

DEMOS

(A company limited by guarantee)

---

NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2016

---

21 PENSION COMMITMENTS

Contributions totalling £5,011 (2015: £8,103) were payable at the balance sheet date and are included in creditors.

22 OPERATING LEASE COMMITMENTS

At 31 December 2016 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2016	2015
Expiry date:	£	£
Within 1 year	105,600	105,600
Between 2 and 5 years	246,400	352,000

23 RELATED PARTY TRANSACTIONS

During the year, no Trustees received any remuneration or benefits in kind (2015 - £Nil). During the year, no Trustees received reimbursement of expenses (2015 - £Nil).