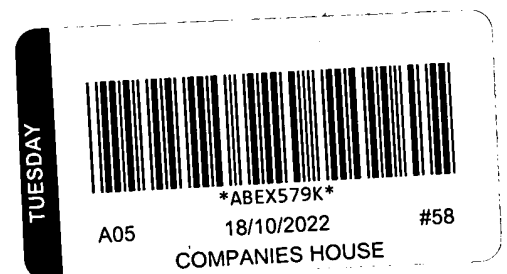


COMPANY REGISTRATION NUMBER: 02977740  
CHARITY REGISTRATION NUMBER: 1042046

**Demos**  
**Company Limited by Guarantee**  
**Financial Statements**  
**31 December 2021**

# DEMOS



**BURGESS HODGSON LLP**  
Chartered accountants & statutory auditor  
Camburgh House  
27 New Dover Road  
Canterbury  
Kent  
CT1 3DN

**Demos**  
**Company Limited by Guarantee**  
**Financial Statements**  
**Year ended 31 December 2021**

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# Demos

## Company Limited by Guarantee

### Trustees' Annual Report (Incorporating the Director's Report)

Year ended 31 December 2021

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The trustees, who are also the directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31 December 2021.

#### Reference and administrative details

**Registered charity name** Demos  
**Charity registration number** 1042046  
**Company registration number** 02977740  
**Principal office and registered office** 15 Whitehall  
London  
SW1A 2DD  
England

#### The trustees

M A Aziz  
Dr A Buonfino (Resigned 2 November 2021)  
I Corfield  
T McAuliffe  
Dame J Mellor (Chair)  
M W A Nixon (Resigned 2 November 2021)  
J P Wise  
Baroness S J Finn (Resigned 15 February 2021)  
M A Boo (Appointed 7 July 2021)  
A W K Dawson (Appointed 7 July 2021)  
D C Robb (Appointed 7 July 2021)  
(Appointed 7 July 2021, resigned  
12 May 2022)  
A K Mukwashi

**Company secretary** Polly Curtis

**Auditor** Burgess Hodgson LLP  
Chartered accountants & statutory auditor  
Camburgh House  
27 New Dover Road  
Canterbury  
Kent  
CT1 3DN

**Demos**  
**Company Limited by Guarantee**  
**Trustees' Annual Report (Incorporating the Director's Report) *(continued)***  
**Year ended 31 December 2021**

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**Chair's report**

Demos went from strength to strength in 2021, despite the continuing fall out from the pandemic, economic uncertainty and political instability. Over the course of the year we continued to secure new work, driving strong revenues and improving our internal processes to service all our contracted research work.

Our healthy revenues, along with the comfort of a significant reserve, meant we could take the time to really explore the purpose of our organisation, both through a thorough board-led strategic review and by developing the intellectual framework of our organisation. Our outgoing Chief Executive Polly Mackenzie leaves us with an important legacy in her "Making Democracy Work" series, which sets out the foundations of our thinking for years to come.

Our board renewed in 2021 with three new board members, bringing a fresh range of skills. A review of board effectiveness identified the need to familiarise the wider organisation with the work of the board better. This resulted in a range of initiatives, including increasing team invites to trustee meetings and more facetime with trustees generally.

It is a significant turnaround in the four years that I have been chair of Demos, and is a strong platform for the new chief executive to pick up to further our mission. The new chief executive is mandated to diversify our funding, so we can increase our impact in the areas that we have identified as core: Advocating for more humble policy-making, involving the public in decision-making and creating more relational approach to public services. Our work on digital democracy cuts across all these themes and is central to the Demos vision for a more collaborative democracy.

In 2022 we will continue to drive strong revenues, while seeking to diversify our funding to double down even more of what makes us Demos. There are risks associated with a significant change in leadership. We will, for example, rephase our plans for growth particularly around our participation tech offering. I am confident that we can continue to deliver against our charitable aims to promote education and research for the public benefit in issues of politics, economics, and public policy - and increase our impact. With careful collaboration between the board, the new chief executive and the team, I feel confident we can make the transition while still pursuing a stronger, more impactful Demos by the end of 2022.

**Structure, governance and management**

**Organisational structure and quality assurance**

The principal activities of research, education and publication, to the public benefit, 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 are the Research Director, Chief Technology Officer, External Affairs Director, Director of CASM and the Director of Operations.

Research projects are managed by senior staff; a team of researchers undertakes research projects, supported by temporary assistants and interns, while the external affairs team manages the programme of events. Freelance and sub-contracted 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.

**Demos**  
**Company Limited by Guarantee**  
**Trustees' Annual Report (Incorporating the Director's Report) *(continued)***  
**Year ended 31 December 2021**

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**Objectives and activities**

**Activities and review**

In 2021, Demos set out its core purpose and strategy, to help build a collaborative democracy in the United Kingdom by improving the way policy is made and politics is run. Over the course of the year Demos renewed its trustees, with a series of appointments to the board. The board then led a strategic review process to confirm the long term approach the charity will take, and the unique role it wants to play in our national life.

The charity continued to secure healthy revenues despite the challenging economic situation; with healthy reserves in place, the leadership team focused on maximising impact rather than margin, and therefore ran a smaller surplus than in previous years. For the second year running, Demos used its own resources to fund a programme of research and advocacy. In 2021, this was a series of pamphlets by the CEO, Making Democracy Work, that set out the challenges of democracy in the 21st century, the need for a radical transformation in the way policy is made, and called for a new "gravitational state", leveraging public services to build social capital. This has enabled the charity to centre its thinking and set out a clear agenda for future work.

At the core of our strategy is an approach we call "Humble Policy Making". Humble policy making identifies a central purpose of the state as building strong relationships: between people and each other, people and the economy, and people and politics. It recognises the need for consensus in creating lasting change, and prioritises what we can agree on over technocratic perfection. And finally, humble policy making is built on an expectation that citizens are involved in the policymaking process from start to finish, and that citizens (not just professionals) are part of the solutions to problems.

We want to make our approach to policy making popular, and well-understood. We will:

- Articulate the benefits of making policy in a different way both in person and through media/ social media.
- Make the case for change through high-level thought leadership events.
- Involve and advocate for change among decision makers & opinion formers.
- Engage with the ecosystem of thinkers and organisations working to similar goals.

We want to demonstrate that this approach to policy making works well. We will:

- Develop policy on a range of topics, involving the public, using our relational policy model and working on a cross-party basis.
- Advocate for the proposals that emerge from these processes, to governments and political leaders.
- Build the evidence base by researching and publishing on 'what works'.

We want to make public participation easier for policy makers at all levels to deploy. We will:

- Continue to develop and deploy our suite of Participation Tech products that make it easier to map lived experience and public opinion, and involve citizens in decision-making processes.
- Build & market (to central/local government and their agencies) this Participation Tech.
- Publish toolkits and further materials: advertising our methods and sharing best practice.

In June 2022 we saw the departure of our CEO, Polly Mackenzie, after four and a half years in post. Her tenure has seen the transformation of the charity's fortunes; under her leadership Demos has gone from more than a decade of negative assets to healthy reserves in line with Charity Commission guidelines. Even more importantly, over this period the trustees have been able to develop their long term thinking about Demos' role, and how it goes about fulfilling its charitable purpose. This insight and commitment from the board will help manage the transition to the new leader, who will

# Demos

## Company Limited by Guarantee

### Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

#### Year ended 31 December 2021

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continue the implementation of the charity's strategy set out above. Our teams work to bring that vision into being by conducting research, convening events, and developing and promoting ideas for policy change in government, business, and civil society.

#### Governance and finance

In 2021 our ability to deliver on our ambitions was underpinned by improved governance including:

- Appointment of four new trustees, improving the diversity of experience and background to the Board.
- A full strategic review and business planning process
- Regular performance monitoring and risk oversight
- Maintenance of 3 board subcommittees overseeing 'finance audit and risk', 'fundraising' and 'nominations and remuneration'
- Continuation of monthly fundraising meetings, held jointly between trustees and executive team

A comprehensive review of the board approach and effectiveness review. This covered foundational aspects (skills, role, relationships, strategy), board focus and controls (e.g. finance), the board in action (meetings, behaviours, practicalities) and board development (including review and learning). Actions were identified and will be taken forward by the new CEO.

Over the course of the year, Demos continued to improve its financial health, building on its strong reserves position. Given the healthy financial positions, the board directed the executive team to shift its priorities to maximising impact, rather than maximising the margin. This was delivered, with the charity running a much smaller surplus than in previous years, but still adding a small amount to reserves. Revenues were slightly down at £1,425,359 while expenditure - as a result of staffing investment and an increase in the external costs associated with some larger projects - rose from £1,265,155 to £1,395,942. This resulted in a surplus of £29,417. Very close to the budget set by the board at the start of the year.

Going into 2022, this gave the trustees confidence to support some immediate capital investment in the charity's main external outlet, its website. The trustees also set out their confidence in the financial viability of Demos' strategy and have committed to making further investments in staff capacity once the new CEO is in post. This will be focused on expanding the charity's political reach through events and advocacy work, and expanding our participation tech team, to ensure policy makers at all levels of government know about the opportunity to maximise public participation in policy through tech.

Demos' financial year runs in line with the calendar year, from January 1 to December 31. In recent years, the board and executive have worked on business planning and budgeting during the autumn, from September to November. However, this period coincides with one of the busiest periods for Demos: party conference season, which puts strain on the executive team and reduces the amount of time available for high quality input into the process.

At two consecutive board meetings, trustees considered the risks and benefits of altering our financial year-end to enable us to schedule the business planning process in the spring. The board conducted a full review of the finance team's ability to manage such a transition, to ensure this would not compromise our ability to compare current, previous and future accounting periods. Thanks to the improved financial oversight documented in previous Annual Reports, Demos now has management accounts produced in a consistent format for every quarter period from 2019 onwards. Trustees were therefore confident that comparable accounts could be produced to provide clarity about our current and future financial position, even if we made this change.

On the basis of that risk analysis, the board decided to extend the financial year 2022 to an 18-month period, and has agreed a budget and business plan for that period. The 2022 financial year will end in

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# Demos

## Company Limited by Guarantee

### Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

#### Year ended 31 December 2021

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June 2023. From then, Demos will report on the basis of a year running from July 1 to June 30, starting with July 2023 to June 2024.

#### Charitable objectives

The Chair and Trustees conducted a full review of Demos' charitable activities, and concluded that in order to fully reflect the current and future work of Demos, the charity's objects should be updated. Demos is a research and education charity which has used the insights and findings of its research to advance social and policy change.

Some of its work, while research-led, has a secondary objective of advancing other charitable purposes such as tackling social exclusion, promoting sustainable development, relieving poverty, or improving the efficiency of public services which serve a charitable purpose. The charitable objectives of Demos are as follows:

(1) To promote education for the public benefit in issues of politics, economics, technology and the digital economy, methods and practices of public deliberation, the environment and public policy. (2) To promote for the public benefit research in any of the above fields of education and to publish the useful results of such research. (3) To further such other purposes which are exclusively charitable under the law of England and Wales as the Trustees shall determine, with a focus on preventing social exclusion, promoting sustainable development, promoting the efficiency and effectiveness of public services, and relieving poverty.

(4) For the purposes of Article 3:

(a) "social exclusion" means being excluded from society, or part of society, as a result of being a member of a socially and economically deprived community; and (b) "sustainable development" means development which meets the needs of the present without compromising the ability of future generations to meet their own needs.

#### Achievements and performance

##### Achievements during 2021

Leading achievements for 2021 include:

- Making Democracy Work by Polly Mackenzie, launched in autumn 2021, setting out the purpose and intellectual underpinnings of our approach to policy making. This included: Making Democracy Work, Living in the Exponential Age, The Humble Policy Maker and The Gravitational State.
  - States, Corporations, Individuals and Machines. In this landmark paper, Alex Krasodonski-Jones sets out a new framework for understanding the politics of technology, a framework that will underpin CASM's work going forward. He argues that without a principled vision for the web, our democratic traditions, values, government and society risk falling behind authoritarian states, technopolistic industry giants and autonomous technology in the race to reshape the most important international political, cultural and social space in existence.
  - The Social State. In 2021 we kicked off a major programme on relational public services, beginning with The Social State, which outlined a provocative vision to shift public service provision away from the dominant transactional model. The report included new research that found that people were less likely to make and build new relationships than they were during the first lockdown.
  - The Climate Consensus. At a decisive point for climate action, this major report presented a viable path to meeting the UK's 2030 target, with the UK public united in support of a climate
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## Demos

### Company Limited by Guarantee

#### Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 December 2021

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policy package. Made possible by innovative new technology, the Climate Calculator, we outlined a package of policies that represent the commitments and trade-offs we as a country are prepared to make, based on the input from a nationally representative group of nearly 20,000 people. These measures, if taken together and taken soon, would result in a 42% reduction in emissions by 2030, exceeding the Government's existing target and setting the country on a clear path to net zero.

- **Everyday Places.** As tackling regional inequality rose to the top of the Government's priorities through its levelling up agenda, we launched the Place Satisfaction Index, an innovative tool through which to explore public priorities. The research, which drew on a nationally representative poll of 20,000 adults, captured how satisfied people are with their local areas by measuring people's priorities against how they rate actual provision, on issues linked to the practical necessities of daily life such as housing, transport, internet access and shopping.
- **Collective Intelligence Networks in Policy Making.** This year we worked with the UK government's Policy Lab to pilot new technology to enable better collaboration between people and policymakers, building a collective intelligence network using a modified version of open source software Polis. For the Government, the COIN (Collective Intelligence Network) platform provided an effective, anonymous space to encourage all levels and areas of the civil service to challenge received ideas and propose new approaches. For the public, the tool enables a kind of democratic praxis - by submitting statements voted on by others, participants gain experience forming, and deliberating, provocative ideas relevant to policy.
- **Renew Normal.** In Spring 2021, we published the final report of our major commission on the future of public policy after Covid-19. Over 50,000 people were involved in the process, which set out a number of recommendations built around a single story that our evidence suggested could unite the country: building national resilience. Build Back Stronger was welcomed across the political spectrum and its recommendations reflected in the House of Lords' committee on Covid in early 2022.

#### Publications

Titles published during the year include:

**THE IMPACT OF THE PANDEMIC ON THE CHARITABLE SECTOR:** Claudia Wood's report with New Philanthropy Capital mapped the wide ranging and complex impacts that the Covid-19 pandemic had within the charity sector, affected fundraising, delivery costs, need and more.

**POTENTIAL LIMITED:** This report by Kitty Ussher and Ben Glover explored the economic impact on patients from being unable to control their asthma - in particular through lower earnings and more limited opportunities to work and study.

**THE CARE COMMITMENT:** Conservative MP Danny Kruger - former Political Secretary to Boris Johnson and the author of a recent government review of civil society - called for a shift to a more family and community-centred care system in a paper supported by the County Councils Network.

**GOOD FOUNDATIONS:** In this paper, Josh Smith, Alex Krasodonski-Jones and Ciaran Cummins examined two examples of internet protocols which may represent the next evolution of the Internet: New IP, developed by China's Huawei, and DNS over HTTPS (or 'DoH'), developed and championed, among others, by the Mozilla Foundation and Cloudflare. For each, we discuss the significant effects which these changes could have on the human and social layers of the Internet. T

**A PICTURE OF HEALTH:** Using an algorithm to analyse discussions on the social media platform Reddit, authors Josh Smith, Alex Krasodonski Jones, Ellen Judson and Maria Olanipekun found that users in online spaces do not behave consistently across multiple forums, but adjust their negative behaviour to the rules of the platform they are using.

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# Demos

## Company Limited by Guarantee

### Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

#### Year ended 31 December 2021

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**FOOD IN A PANDEMIC:** Rose Lasko Skinner and James Sweetland's report with the Food Standards Agency found that our experiences of food have diverged widely during the pandemic. While some saw their eating habits improve, others faced acute levels of food insecurity.

**POST PANDEMIC PLACES:** This report by Kitty Ussher found that areas with more remote working are likely to see higher levels of local spending, suggesting that enabling remote working could key to the Government's plans for regeneration after the pandemic.

**COMMUNITIES OF HUMANITARIAN THOUGHT:** This essay collection brought together leading thinkers from political and civil society to mark the British Red Cross' 150th year and to outline a vision for the future.

**RACE TO THE TOP: A NEW CORPORATE TAX DEAL FOR THE UK:** This report by Charles Seaford and Ben Glover drew on 20 interviews with tax directors at large businesses with UK operations. Aligning strongly with President Biden's proposals for a global minimum corporation tax rate, we found that the current system's complexity and unpredictability posed a challenge to businesses, and that many big businesses are largely accepting of higher corporation tax rates.

**THE NOWHERE OFFICE:** This provocative paper by Julia Hobsbawm OBE launched our Workshift Commission. It set out a vision of workplace and work life reform on the back of the pandemic disruption, to improve our wellbeing and social health.

**TIME FOR CHANGE:** Our report, supported by the Joffe Charitable Trust, found that the Government should provide a boost to retailers on the high street by shifting the burden of business rates from retailers to landlords. It was written by Ben Glover, Charles Seaford and James Sweetland.

**THE POWER OF FOOD:** This research by Rose Lasko Skinner was supported by the British Poultry Council. It called for the Government to introduce funding to help tackle food insecurity by creating environments that improve social capital for those on low incomes.

**DISTANCED REVOLUTION:** This paper by Rose Lasko Skinner for our Workshift Commission used data and polling to better understand employees' experiences of working from home during the pandemic - the benefits, challenges and future opportunities.

**DELIVERING LEVELLING UP:** This second major report from our LIPSIT collaboration with a number of major UK universities drew together a wide range of evidence collected during our two-year investigation. The report mobilised the project's findings on regional institutions and regional economies in order to assess the potential for delivering 'levelling up' in the UK.

**BOUNCING BACK:** This research funded by Yorkshire Building Society looked at young people's financial resilience in the light of the pandemic. Ciaran Cummins and Ben Glover found that nearly half of young people had low financial resilience.

**GOOD CREDIT INDEX 2021:** The Good Credit Index 2021, supported by New Day, found that the financial support provided by the Government during the pandemic provided many households with a vital lifeline. In the Index's third year, there was an average increase in access to credit in the UK, mostly due to effective government intervention to prevent a financial crisis.

**ALL EARS:** This report by Ben Glover and Andrew Philips, made possible by the Politics and Economics Research Trust, argued that the public must be put at the heart of levelling up, finding that the public wants to be involved in local economic decision-making.

**INSIDE JOBS:** Research by Andrew Philips and Rose Lasko-Skinner explored the experiences of low-paid homeworkers. Supported by Stonewater Housing, it recommended ways of making home

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# Demos

## Company Limited by Guarantee

### Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 December 2021

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working more viable for those on low incomes.

SILENCE, WOMAN: In partnership with BBC Panorama, Ellen Judson, Josh Smith and Alex Krasodonski Jones investigated the gendered abuse that contestants on reality shows Love Island and Married At First Sight UK faced online.

#### The Centre for the Analysis of Social Media

CASM strengthened its profile and influence in 2021, giving evidence in Parliament three times in 2021, building new long-term relationships with half a dozen MPs and presenting work at the EU, to the UK government and the White House. Its efforts on the "Good Web" project culminated in the Declaration for the Future of the Internet signed by 60 governments in countries around the world. CASM work is routinely cited in decision-making around current legislation, its networks into government are deep and broad, and it has built a strong reputation in places where previously we had a gap: notably charitable foundations.

As a team within Demos, CASM strengthened through the year, with solid fundraising and a strong cohort of research managers and researchers. Ellen Judson in particular has cemented herself as the engine driving our engagement with government and civil society networks.

#### Public Participation and Demos Technology

2021 has entrenched our reputation for running robust online deliberative polling. In particular, we have greatly expanded the number of projects using the deliberative tool Polis and developed a new methodology for combining the outcome of online conversations with focus groups exploring issues in more depth. Alongside new funders, we have strengthened our relationship with BT, and saw ways in which our influence is having lasting effects: after working with us last year the Cabinet Office have now hired a dedicated team to apply our participative approach across the civil service.

Alongside Polis, we have continued to present our research in novel ways, with climatecalculator.com, built in partnership with WWF, representing a new high watermark in Demos' web development. The site allows people to set their own policies for hitting the governments 2030 emissions targets, showing the economic cost of changes as well as the environmental impact of their choices. This is a new way of involving the public in policy. More recently, peoplepower.demos.co.uk takes a fresh look at publishing more traditional reports, in a collaboration between the research, design and development teams. In 2022 we will further entrench Polis as one of Demos' core research methodologies.

#### Financial review

##### DEMOS CONSULTING LIMITED

The charity controls Demos Consulting Limited (company number 2667039), a company limited by guarantee. The two Directors of Demos Consulting Limited are the chief executive of Demos and one of the charity's trustees. Demos Consulting traded profitably during the year 2021.

#### FINANCE REVIEW

The results of the year's activity are set out in the attached financial statements. Total incoming resources were £1,425,358: an decrease of £88,982 in the previous year (£1,514,340). Prior to 2017, the majority of income streams are broadly similar year on year ((2016 - £969,023), (2015 - £1,064,870),)/ Similarly, until 2017, resource expenditure remained relatively consistent (2016 - £1,103,760), (2015 - £1,064,870), (2014 - £1,182,085). Like 2020, 2021 shows a significant increase in expenditure, reflecting in the main the significant increase in staff to support new projects undertaken. Expenditure for the year was £1,395,942, compared with £1,265,155 in the prior year.

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**Demos**  
**Company Limited by Guarantee**  
**Trustees' Annual Report (Incorporating the Director's Report) *(continued)***  
**Year ended 31 December 2021**

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Despite the fall in income and the increase in spending, there was still a positive surplus of £29,417, leading to positive reserves of £406,262.

**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). The trustees have made this judgement on the grounds that 2019 represented a good base year and that there is every sign that even allowing for the uncertainties of COVID and other factors, the charity will continue to build on this last successful year. The chief executive has taken substantial measures to manage costs and resources and deliver revenues wherever possible, working with the trustees to establish and embed improved governance and financial risk management. The trustees have set an overarching goal to improve net assets, in which the charity holds an appropriate balance of reserves, as soon as possible, recognising that this is likely to be achieved in the medium term.

Trustees have considered the impact of Covid-19 on the charity's ability to continue its work. The pandemic has affected the charity's pipeline of funded projects, but there are still a substantial number of projects in development with funders whose resource allocations will not be affected. At the time of writing, Demos' reserves have more than doubled since the end of 2019. In the event of a serious decline in revenues into 2022, the charity retains substantial flexibility on staffing, and would be able to downsize to meet its needs. Therefore the trustees consider the charity is well-placed to withstand the impact of the pandemic.

**RISK ASSESSMENT**

Demos continued to make significant improvements to its risk management approach in 2022. Demos continued to develop its project management controls, using technology, training and processes that encourage Demos personnel to recognise and prepare for risk events at project outset and consider "lessons learned" at their conclusion. In addition to this, Demos continued to review its operations against the operational risk register and developed numerous new internal policies relevant to risk areas, including but not limited to employee safeguarding, data protection and anti-fraud. To address financial risk, Demos overhauled numerous financial management processes and spending controls.

Demos selected new suppliers for its accountancy and legal requirements as part of strengthening risk management. Whilst rolling out these improvements, Demos received ongoing guidance and scrutiny at a Governance level from Demos' Finance and Audit subcommittee.

**Future Development**

The trustees have reviewed the latest results for 2021 and anticipated income and workflow projection for 2022 and beyond. The trustees are confident that Demos will continue to be in a strong financial position, and is able to weather any dip in revenue associated with the transition to a new CEO. Trustees continue to scrutinise budgets, spending and revenue forecasts to ensure 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.

**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

# Demos

## Company Limited by Guarantee

### Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 December 2021

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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.

#### Trustees' responsibilities statement

The trustees, who are also directors 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 charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, 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 applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

#### Auditor

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

## Demos

### Company Limited by Guarantee

#### Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

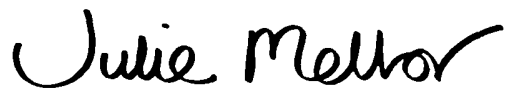
Year ended 31 December 2021

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##### **Small company provisions**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

The trustees' annual report was approved on 30/09/2022 and signed on behalf of the board of trustees by:



Dame J Mellor (Chair)  
Trustee

# **Demos**

## **Company Limited by Guarantee**

### **Independent Auditor's Report to the Members of Demos** *(continued)*

#### **Year ended 31 December 2021**

##### **Opinion**

We have audited the financial statements of Demos (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the consolidated statement of financial activities (including income and expenditure account), consolidated statement of financial position, charity statement of financial position, consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 December 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

##### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

# **Demos**

## **Company Limited by Guarantee**

### **Independent Auditor's Report to the Members of Demos** *(continued)*

#### **Year ended 31 December 2021**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

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

#### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

# **Demos**

## **Company Limited by Guarantee**

### **Independent Auditor's Report to the Members of Demos *(continued)***

**Year ended 31 December 2021**

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we have considered; the nature of the industry, control environment and charity performance.

We also consider the results of our enquiries of management, relating to their own identification and assessment of the risks of irregularities and possible related fraud. This includes reviewing available documentation on their policies and procedures and performing tests of controls to evidence their effectiveness.

Throughout the audit testing we are considering the incentives that may exist within the organisation for fraud. Key areas include timing of recognising income around the year end and posting of unusual journals.

We ensure we have an understanding of the relevant laws and regulations and remain alert to possible non-compliance throughout the audit.

Despite proper planning and audit work in accordance with auditing standards there are inherent limitations and unavoidable risk that we may not detect some irregularities and material misstatements in the financial statements. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

## Demos

### Company Limited by Guarantee

#### Independent Auditor's Report to the Members of Demos *(continued)*

#### Year ended 31 December 2021

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Use of our report

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Collyer (Senior Statutory Auditor)

For and on behalf of  
Burgess Hodgson LLP  
Chartered accountants & statutory auditor  
Camburgh House  
27 New Dover Road  
Canterbury  
Kent  
CT1 3DN

30/09/2022

**Demos**  
**Company Limited by Guarantee**  
**Consolidated Statement of Financial Activities**  
**(including income and expenditure account)**  
**Year ended 31 December 2021**

|                                             |       | Unrestricted<br>funds | 2021<br>Restricted<br>funds | Total funds      | 2020<br>Total funds |
|---------------------------------------------|-------|-----------------------|-----------------------------|------------------|---------------------|
|                                             | Note  | £                     | £                           | £                | £                   |
| <b>Income and endowments</b>                |       |                       |                             |                  |                     |
| Donations and legacies                      | 5     | 486                   | –                           | 486              | 32,281              |
| Charitable activities                       | 6     | 1,030,536             | 393,491                     | 1,424,027        | 1,248,212           |
| Other trading activities                    | 7     | 577                   | –                           | 577              | 233,067             |
| Investment income                           | 8     | 268                   | –                           | 268              | 780                 |
| <b>Total income</b>                         |       | <u>1,031,867</u>      | <u>393,491</u>              | <u>1,425,358</u> | <u>1,514,340</u>    |
| <b>Expenditure</b>                          |       |                       |                             |                  |                     |
| Expenditure on charitable activities        | 10,11 | 1,002,451             | 393,491                     | 1,395,942        | 1,214,200           |
| Expenditure on trading activities           | 9     | –                     | –                           | –                | 50,955              |
| <b>Total expenditure</b>                    |       | <u>1,002,451</u>      | <u>393,491</u>              | <u>1,395,942</u> | <u>1,265,155</u>    |
| <b>Net income and net movement in funds</b> |       | <u>29,416</u>         | <u>–</u>                    | <u>29,416</u>    | <u>249,165</u>      |
| <b>Reconciliation of funds</b>              |       |                       |                             |                  |                     |
| Total funds brought forward                 |       | 376,846               | –                           | 376,846          | 127,661             |
| <b>Total funds carried forward</b>          |       | <u>406,262</u>        | <u>–</u>                    | <u>406,262</u>   | <u>376,846</u>      |

The statement of financial activities includes all gains and losses recognised in the year.  
All income and expenditure derive from continuing activities.

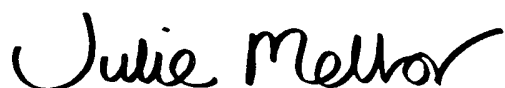
The notes on pages 20 to 31 form part of these financial statements.

**Demos**  
**Company Limited by Guarantee**  
**Consolidated Statement of Financial Position**  
**31 December 2021**

|                                                       | Note | 2021<br>£      | 2020<br>£      |
|-------------------------------------------------------|------|----------------|----------------|
| <b>Fixed assets</b>                                   |      |                |                |
| Tangible fixed assets                                 | 16   | 18,713         | 4,533          |
| <b>Current assets</b>                                 |      |                |                |
| Debtors                                               | 17   | 288,299        | 374,111        |
| Cash at bank and in hand                              |      | 371,706        | 531,625        |
|                                                       |      | <u>660,005</u> | <u>905,736</u> |
| <b>Creditors: amounts falling due within one year</b> | 18   | 272,456        | 533,423        |
| <b>Net current assets</b>                             |      | <u>387,549</u> | <u>372,313</u> |
| <b>Total assets less current liabilities</b>          |      | <u>406,262</u> | <u>376,846</u> |
| <b>Net assets</b>                                     |      | <u>406,262</u> | <u>376,846</u> |
| <b>Funds of the charity</b>                           |      |                |                |
| Unrestricted funds                                    |      | 406,262        | 376,846        |
| Restricted funds                                      |      | —              | —              |
| <b>Total charity funds</b>                            | 21   | <u>406,262</u> | <u>376,846</u> |

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the board of trustees and authorised for issue on 30/09/2022, and are signed on behalf of the board by:



Dame J Mellor (Chair)  
Trustee

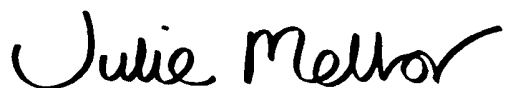
The notes on pages 20 to 31 form part of these financial statements.

**Demos**  
**Company Limited by Guarantee**  
**Consolidated Statement of Financial Position**  
**31 December 2021**

|                                                       | Note | 2021<br>£      | 2020<br>£      |
|-------------------------------------------------------|------|----------------|----------------|
| <b>Fixed assets</b>                                   |      |                |                |
| Tangible fixed assets                                 | 16   | 18,713         | 4,533          |
| <b>Current assets</b>                                 |      |                |                |
| Debtors                                               | 17   | 345,987        | 488,858        |
| Cash at bank and in hand                              |      | 276,551        | 365,877        |
|                                                       |      | <u>622,538</u> | <u>854,735</u> |
| <b>Creditors: amounts falling due within one year</b> | 18   | 234,989        | 482,422        |
| <b>Net current assets</b>                             |      | <u>387,549</u> | <u>372,313</u> |
| <b>Total assets less current liabilities</b>          |      | <u>406,262</u> | <u>376,846</u> |
| <b>Net assets</b>                                     |      | <u>406,262</u> | <u>376,846</u> |
| <b>Funds of the charity</b>                           |      |                |                |
| Unrestricted funds                                    |      | 406,262        | 376,846        |
| Restricted funds                                      |      | —              | —              |
| <b>Total charity funds</b>                            | 21   | <u>406,262</u> | <u>376,846</u> |

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the board of trustees and authorised for issue on 30/09/2022, and are signed on behalf of the board by:



Dame J Mellor (Chair)  
Trustee

The notes on pages 20 to 31 form part of these financial statements.

**Demos**  
**Company Limited by Guarantee**  
**Consolidated Statement of Cash Flows**  
**Year ended 31 December 2021**

|                                                             | <b>2021</b> | 2020     |
|-------------------------------------------------------------|-------------|----------|
|                                                             | <b>£</b>    | <b>£</b> |
| <b>Cash flows from operating activities</b>                 |             |          |
| Net (expenditure)/income                                    | 29,417      | 249,185  |
| <i>Adjustments for:</i>                                     |             |          |
| Depreciation of tangible fixed assets                       | 4,251       | 1,293    |
| Other interest receivable and similar income                | (268)       | (780)    |
| Accrued expenses/(income)                                   | 14,786      | (17,786) |
| <i>Changes in:</i>                                          |             |          |
| Trade and other debtors                                     | (9,455)     | (52,939) |
| Trade and other creditors                                   | (180,987)   | 61,450   |
| Cash generated from operations                              | (142,256)   | 240,423  |
| Interest received                                           | 268         | 780      |
| Net cash (used in)/from operating activities                | (141,988)   | 241,203  |
| <b>Cash flows from investing activities</b>                 |             |          |
| Purchase of tangible assets                                 | (17,931)    | (4,836)  |
| Net cash used in investing activities                       | (17,931)    | (4,836)  |
| <b>Net (decrease)/increase in cash and cash equivalents</b> | (159,919)   | 236,367  |
| <b>Cash and cash equivalents at beginning of year</b>       | 531,625     | 295,258  |
| <b>Cash and cash equivalents at end of year</b>             | 371,706     | 531,625  |

The notes on pages 20 to 31 form part of these financial statements.

# Demos

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

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#### 1. General information

The charity is a public benefit entity and a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is 15 Whitehall, London, SW1A 2DD, England.

#### 2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Companies Act 2006.

#### 3. Accounting policies

##### Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

##### Going concern

Due to the surplus made in the year ended 31 December 2021, the charity has moved to an even stronger positive net reserves position when compared to the last financial year. Due to the manner in which Demos obtains funding and is commissioned to undertake projects, it continually undertakes business development activities. Careful management of cash in the financial year has led to a significant increase in cash over the period which has enabled the charity to develop resources to acquire, manage and deliver projects. 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 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 been prepared on a going concern basis.

##### Disclosure exemptions

The parent charity satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) No cash flow statement has been presented for the charity.
- (b) Disclosures in respect of financial instruments have not been presented.

**Demos**  
**Company Limited by Guarantee**  
**Notes to the Financial Statements** *(continued)*  
**Year ended 31 December 2021**

---

**3. Accounting policies** *(continued)*

**Consolidation**

The financial statements consolidate the financial statements of Demos and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the period are included from or to the date that control passes.

The parent charity has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

**Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**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 estimates using the time spent to date compared with 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 to a variety of factors such as efficiency of working and accuracy of assessment of the progress to date. See note 20 for disclosure of the amount by which billing exceeds revenue.

**Foreign currencies**

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the statement of financial activities.

**Fund accounting**

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

# Demos

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

---

#### 3. Accounting policies *(continued)*

##### 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 from projects, grants, events and seminars is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. Should income invoiced exceed the income that should be recognised in the accounts for the year, then this difference will be deferred.

##### 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                       | 90% |
| Publications and subscriptions | 5%  |
| Events and seminar             | 5%  |

##### Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

##### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

# Demos

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

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#### 3. Accounting policies *(continued)*

##### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

|                       |           |
|-----------------------|-----------|
| Fixtures and fittings | - 5 years |
| Computer equipment    | - 3 years |

##### Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

##### Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

##### Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

#### 4. Limited by guarantee

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 2021 was 7 (2020: 7). 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.

# Demos

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

#### 5. Donations and legacies

|                  | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Total Funds<br>2021<br>£ |
|------------------|----------------------------|--------------------------|--------------------------|
| <b>Donations</b> |                            |                          |                          |
| Donations        | 486                        | —                        | 486                      |

|                  | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Total Funds<br>2020<br>£ |
|------------------|----------------------------|--------------------------|--------------------------|
| <b>Donations</b> |                            |                          |                          |
| Donations        | 12,281                     | 20,000                   | 32,281                   |

#### 6. Charitable activities

|                       | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Total Funds<br>2021<br>£ |
|-----------------------|----------------------------|--------------------------|--------------------------|
| Projects              | 872,058                    | —                        | 872,058                  |
| Events and seminars   | 76,451                     | —                        | 76,451                   |
| Publications and subs | 1,026                      | —                        | 1,026                    |
| Grant funded research | 81,001                     | 393,491                  | 474,492                  |
|                       | <u>1,030,536</u>           | <u>393,491</u>           | <u>1,424,027</u>         |

|                       | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Total Funds<br>2020<br>£ |
|-----------------------|----------------------------|--------------------------|--------------------------|
| Projects              | 745,172                    | 109,320                  | 854,492                  |
| Events and seminars   | 4,300                      | —                        | 4,300                    |
| Publications and subs | 774                        | —                        | 774                      |
| Grant funded research | 10,000                     | 378,646                  | 388,646                  |
|                       | <u>760,246</u>             | <u>487,966</u>           | <u>1,248,212</u>         |

#### 7. Analysis of grants

|                                        | 2021<br>£        | 2020<br>£        |
|----------------------------------------|------------------|------------------|
| <b>Grants to institutions</b>          |                  |                  |
| Charities and Foundations              | 206,375          | 217,585          |
| Commercial organisations               | 594,473          | 551,954          |
| Cultural and Educational organisations | 71,017           | 79,496           |
| NPDB                                   | 48,410           | 141,750          |
| Government department                  | 120,849          | 174,988          |
| Non UK organisation                    | 22,594           | 33,824           |
| Other                                  | 171,024          | 80,726           |
|                                        | <u>1,234,741</u> | <u>1,280,323</u> |
| Total grants                           | <u>1,234,741</u> | <u>1,280,323</u> |

# Demos

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

#### 8. Other trading activities

|                    | Unrestricted<br>Funds<br>£ | Total Funds<br>2021<br>£ | Unrestricted<br>Funds<br>£ | Total Funds<br>2020<br>£ |
|--------------------|----------------------------|--------------------------|----------------------------|--------------------------|
| Internships Income | –                          | –                        | 3,000                      | 3,000                    |
| Other Income       | 577                        | 577                      | 230,067                    | 230,067                  |
|                    | <u>577</u>                 | <u>577</u>               | <u>233,067</u>             | <u>233,067</u>           |

#### 9. Investment income

|                          | Unrestricted<br>Funds<br>£ | Total Funds<br>2021<br>£ | Unrestricted<br>Funds<br>£ | Total Funds<br>2020<br>£ |
|--------------------------|----------------------------|--------------------------|----------------------------|--------------------------|
| Bank interest receivable | 268                        | 268                      | 780                        | 780                      |

#### 10. Expenditure on charitable activities by fund type

|                     | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Total Funds<br>2021<br>£ |
|---------------------|----------------------------|--------------------------|--------------------------|
| Projects            | 837,972                    | 393,491                  | 1,231,463                |
| Events and seminars | 10,693                     | –                        | 10,693                   |
| Support costs       | 153,786                    | –                        | 153,786                  |
|                     | <u>1,002,451</u>           | <u>393,491</u>           | <u>1,395,942</u>         |

|                     | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Total Funds<br>2020<br>£ |
|---------------------|----------------------------|--------------------------|--------------------------|
| Projects            | 572,112                    | 537,993                  | 1,110,105                |
| Events and seminars | 509                        | –                        | 509                      |
| Support costs       | 102,168                    | 1,418                    | 103,586                  |
|                     | <u>674,789</u>             | <u>539,411</u>           | <u>1,214,200</u>         |

#### 11. Expenditure on charitable activities by activity type

|                     | Activities<br>undertaken<br>directly<br>£ | Support<br>costs<br>£ | Total funds<br>2021<br>£ | Total funds<br>2020<br>£ |
|---------------------|-------------------------------------------|-----------------------|--------------------------|--------------------------|
| Projects            | 1,231,463                                 | 120,050               | 1,351,513                | 1,181,841                |
| Events and seminars | 10,693                                    | –                     | 10,693                   | 509                      |
| Governance costs    | –                                         | 33,736                | 33,736                   | 31,850                   |
|                     | <u>1,242,156</u>                          | <u>153,786</u>        | <u>1,395,942</u>         | <u>1,214,200</u>         |

# Demos

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

#### 12. Analysis of support costs

|                              | Projects       | Events &<br>Seminars | Publications<br>&<br>Subscriptions | Total 2021     | Total 2020    |
|------------------------------|----------------|----------------------|------------------------------------|----------------|---------------|
|                              | £              | £                    | £                                  | £              | £             |
| Premises                     | 70,532         | 3,918                | 3,918                              | 78,369         | 704           |
| General office               | 6,554          | 364                  | 364                                | 7,282          | 42,029        |
| Support costs - Other costs  | 57,496         | 3,194                | 3,194                              | 63,884         | 27,710        |
| Support costs - Depreciation | 3,826          | 213                  | 213                                | 4,251          | 1,293         |
|                              | <u>138,407</u> | <u>7,689</u>         | <u>7,689</u>                       | <u>153,786</u> | <u>71,736</u> |

#### 13. Net (expenditure)/income

Net (expenditure)/income is stated after charging/(crediting):

|                                       | 2021       | 2020         |
|---------------------------------------|------------|--------------|
|                                       | £          | £            |
| Depreciation of tangible fixed assets | 4,251      | 1,293        |
| Foreign exchange differences          | <u>870</u> | <u>1,355</u> |

#### 14. Auditors remuneration

|                                                        | 2021          | 2020          |
|--------------------------------------------------------|---------------|---------------|
|                                                        | £             | £             |
| Fees payable for the audit of the financial statements | 6,150         | 6,000         |
| Fees payable for tax advisory services                 | 500           | 450           |
| Fees payable for non-audit services                    | 4,100         | 4,050         |
|                                                        | <u>10,750</u> | <u>10,500</u> |

#### 15. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

|                                         | 2021           | 2020           |
|-----------------------------------------|----------------|----------------|
|                                         | £              | £              |
| Wages and salaries                      | 673,737        | 646,917        |
| Social security costs                   | 68,161         | 60,300         |
| Employer contributions to pension plans | 35,933         | 35,277         |
|                                         | <u>777,831</u> | <u>742,494</u> |

Total remuneration paid to key management personnel, including benefits such as employer pension contributions, amounted to £106,000 (2020: £106,000).

The average head count of employees during the year was 20 (2020: 19). The average number of full-time equivalent employees during the year is analysed as follows:

# Demos

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

#### 15. Staff costs *(continued)*

|                  | 2021<br>No. | 2020<br>No. |
|------------------|-------------|-------------|
| Projects         | 16          | 15          |
| External affairs | 3           | 3           |
| Support costs    | 1           | 1           |
|                  | <u>20</u>   | <u>19</u>   |

The number of employees whose remuneration for the year fell within the following bands, were:

|                    | 2021<br>No. | 2020<br>No. |
|--------------------|-------------|-------------|
| £90,000 to £99,999 | <u>1</u>    | <u>1</u>    |

#### 16. Trustee remuneration and expenses

During the year, no Trustees received any remuneration or benefits in kind (2020: £nil). During the year, no Trustees received reimbursement of expenses (2020: £nil).

#### 17. Tangible fixed assets

|                            | Fixtures and<br>fittings<br>£ | Computer<br>Equipment<br>£ | Total<br>£    |
|----------------------------|-------------------------------|----------------------------|---------------|
| <b>Cost</b>                |                               |                            |               |
| At 1 January 2021          | 3,305                         | 6,773                      | 10,078        |
| Additions                  | <u>1,933</u>                  | <u>16,498</u>              | <u>18,431</u> |
| <b>At 31 December 2021</b> | <u>5,238</u>                  | <u>23,271</u>              | <u>28,509</u> |
| <b>Depreciation</b>        |                               |                            |               |
| At 1 January 2021          | 846                           | 4,699                      | 5,545         |
| Charge for the year        | <u>1,237</u>                  | <u>3,014</u>               | <u>4,251</u>  |
| <b>At 31 December 2021</b> | <u>2,083</u>                  | <u>7,713</u>               | <u>9,796</u>  |
| <b>Carrying amount</b>     |                               |                            |               |
| <b>At 31 December 2021</b> | <u>3,155</u>                  | <u>15,558</u>              | <u>18,713</u> |
| At 31 December 2020        | <u>2,459</u>                  | <u>2,074</u>               | <u>4,533</u>  |

#### 18. Debtors

|                                | Group          |                | Company        |                |
|--------------------------------|----------------|----------------|----------------|----------------|
|                                | 2021           | 2020           | 2021           | 2020           |
|                                | £              | £              | £              | £              |
| Trade debtors                  | 175,870        | 182,167        | 86,562         | 166,076        |
| Prepayments and accrued income | 77,507         | 156,202        | 64,464         | 156,202        |
| Other debtors                  | <u>34,922</u>  | <u>35,742</u>  | <u>194,961</u> | <u>166,580</u> |
|                                | <u>288,299</u> | <u>374,111</u> | <u>345,987</u> | <u>488,858</u> |

# Demos

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year ended 31 December 2021

#### 19. Creditors: amounts falling due within one year

|                                 | Group          |                | Company        |                |
|---------------------------------|----------------|----------------|----------------|----------------|
|                                 | 2021           | 2020           | 2021           | 2020           |
|                                 | £              | £              | £              | £              |
| Trade creditors                 | 55,381         | 84,656         | 55,381         | 84,613         |
| Accruals and deferred income    | 132,840        | 260,055        | 112,367        | 260,055        |
| Social security and other taxes | 61,045         | 97,036         | 44,651         | 91,028         |
| Other creditors                 | 23,190         | 91,676         | 22,590         | 46,726         |
|                                 | <u>272,456</u> | <u>533,423</u> | <u>234,989</u> | <u>482,422</u> |

#### 20. Deferred income

|                           | Group         |                | Company       |                |
|---------------------------|---------------|----------------|---------------|----------------|
|                           | 2021          | 2020           | 2021          | 2020           |
|                           | £             | £              | £             | £              |
| At 1 January 2021         | 197,491       | 152,253        | 180,341       | 152,253        |
| Amount released to income | (197,491)     | (340,115)      | (180,341)     | (340,115)      |
| Amount deferred in year   | 63,600        | 385,353        | 63,600        | 368,203        |
| At 31 December 2021       | <u>63,600</u> | <u>197,491</u> | <u>63,600</u> | <u>180,341</u> |

#### 21. Pensions and other post retirement benefits

##### Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £35,933 (2020: £35,277).

#### 22. Analysis of charitable funds

##### Unrestricted funds

##### Group and company

|               | At<br>1 January 2021 | Income           | Expenditure        | At<br>31 December 2021 |
|---------------|----------------------|------------------|--------------------|------------------------|
|               | £                    | £                | £                  | £                      |
| General funds | <u>376,846</u>       | <u>1,031,868</u> | <u>(1,002,451)</u> | <u>406,262</u>         |

|               | At<br>1 January 2020 | Income           | Expenditure      | At<br>31 December 2020 |
|---------------|----------------------|------------------|------------------|------------------------|
|               | £                    | £                | £                | £                      |
| General funds | <u>96,216</u>        | <u>1,050,121</u> | <u>(769,491)</u> | <u>376,846</u>         |



# Demos

## Company Limited by Guarantee

### Notes to the Detailed Statement of Financial Activities

#### Year ended 31 December 2021

| Company       | At<br>1 January 2021<br>£ | Income<br>£      | Expenditure<br>£ | At<br>31 December<br>2021<br>£ |
|---------------|---------------------------|------------------|------------------|--------------------------------|
| General funds | <u>376,846</u>            | <u>1,001,290</u> | <u>(971,874)</u> | <u>406,262</u>                 |

|               | At<br>1 January 2020<br>£ | Income<br>£    | Expenditure<br>£ | At<br>31 December<br>2020<br>£ |
|---------------|---------------------------|----------------|------------------|--------------------------------|
| General funds | <u>96,216</u>             | <u>953,391</u> | <u>(672,761)</u> | <u>376,846</u>                 |

#### Restricted funds

#### Group and company

The subsidiaries have no restricted funds.

|                                   | At 1<br>January<br>2021<br>£ | Income<br>£    | Expenditure<br>£ | At 31<br>December<br>2021<br>£ |
|-----------------------------------|------------------------------|----------------|------------------|--------------------------------|
| LIPSIT                            | –                            | 42,917         | (42,917)         | –                              |
| Catholic Church – Death and Dying | –                            | 21,850         | (21,850)         | –                              |
| 10Today Phase 2                   | –                            | 171,024        | (171,024)        | –                              |
| Hyde                              | –                            | 37,500         | (37,500)         | –                              |
| WWF Climate Calculator            | –                            | 110,000        | (110,000)        | –                              |
| Barrow Cadbury                    | –                            | 10,200         | (10,200)         | –                              |
|                                   | <u>–</u>                     | <u>393,491</u> | <u>(393,491)</u> | <u>–</u>                       |

|                                | At<br>1 January 2020<br>£ | Income<br>£ | Expenditure<br>£ | At<br>31 December<br>2020<br>£ |
|--------------------------------|---------------------------|-------------|------------------|--------------------------------|
| Digital Power and Trust Online | –                         | –           | –                | –                              |
| Character and social media     | –                         | –           | –                | –                              |
| Active Radio                   | –                         | 66,397      | (66,397)         | –                              |
| The Wealth Within              | –                         | –           | –                | –                              |
| Pathways from Poverty          | –                         | –           | –                | –                              |
| Gendered Disinformation        | 3,500                     | 33,824      | (37,324)         | –                              |
| GCI Interventions              | 23,893                    | 92,222      | (116,115)        | –                              |
| Power                          | –                         | 7,464       | (7,464)          | –                              |
| Nuffield Bid                   | 4,052                     | –           | (4,052)          | –                              |
| LIPSIT                         | –                         | 52,846      | (52,846)         | –                              |
| Good Credit Index Year 2       | –                         | 30,000      | (30,000)         | –                              |

# Demos

## Company Limited by Guarantee

### Notes to the Detailed Statement of Financial Activities

#### Year ended 31 December 2021

|                                   |               |                |                  |          |
|-----------------------------------|---------------|----------------|------------------|----------|
| Standard Life Tax                 | –             | 109,460        | (109,460)        | –        |
| Investment App                    | –             | 20,000         | (20,000)         | –        |
| Catholic Church - Death and Dying | –             | 22,650         | (22,650)         | –        |
| Open Rights Group - Deliberation  | –             | 4,000          | (4,000)          | –        |
| 10Today Award Extension           | –             | 52,001         | (52,001)         | –        |
| 10Today Phase 2                   | –             | 17,102         | (17,102)         | –        |
|                                   | <u>31,445</u> | <u>507,966</u> | <u>(539,411)</u> | <u>–</u> |

#### 23. Analysis of net assets between funds

##### Group

|                            | Unrestricted Funds<br>£ | Restricted Funds<br>£ | Total Funds<br>2021<br>£ |
|----------------------------|-------------------------|-----------------------|--------------------------|
| Tangible fixed assets      | 18,713                  | –                     | 18,713                   |
| Current assets             | 660,005                 | –                     | 660,005                  |
| Creditors less than 1 year | (272,456)               | –                     | (272,456)                |
| <b>Net assets</b>          | <u>406,262</u>          | <u>–</u>              | <u>406,262</u>           |

|                            | Unrestricted Funds<br>£ | Restricted Funds<br>£ | Total Funds<br>2020<br>£ |
|----------------------------|-------------------------|-----------------------|--------------------------|
| Tangible fixed assets      | 4,533                   | –                     | 4,533                    |
| Current assets             | 905,736                 | –                     | 905,736                  |
| Creditors less than 1 year | (533,423)               | –                     | (533,423)                |
| <b>Net assets</b>          | <u>376,846</u>          | <u>–</u>              | <u>376,846</u>           |

##### Company

|                            | Unrestricted Funds<br>£ | Restricted Funds<br>£ | Total Funds<br>2021<br>£ |
|----------------------------|-------------------------|-----------------------|--------------------------|
| Tangible fixed assets      | 18,713                  | –                     | 18,713                   |
| Current assets             | 622,538                 | –                     | 622,538                  |
| Creditors less than 1 year | (234,989)               | –                     | (234,989)                |
| <b>Net assets</b>          | <u>406,262</u>          | <u>–</u>              | <u>406,262</u>           |

|                            | Unrestricted Funds<br>£ | Restricted Funds<br>£ | Total Funds<br>2020<br>£ |
|----------------------------|-------------------------|-----------------------|--------------------------|
| Tangible fixed assets      | 4,533                   | –                     | 4,533                    |
| Current assets             | 854,735                 | –                     | 854,735                  |
| Creditors less than 1 year | (482,422)               | –                     | (482,422)                |
| <b>Net assets</b>          | <u>376,846</u>          | <u>–</u>              | <u>376,846</u>           |

## Demos

### Company Limited by Guarantee

#### Notes to the Detailed Statement of Financial Activities

Year ended 31 December 2021

#### 24. Analysis of changes in net debt

##### Group

|                          | At<br>1 Jan 2021<br>£ | Cash flows<br>£  | At<br>31 Dec 2021<br>£ |
|--------------------------|-----------------------|------------------|------------------------|
| Cash at bank and in hand | <u>531,625</u>        | <u>(159,919)</u> | <u>371,706</u>         |

##### Company

|                          | At<br>1 Jan 2021<br>£ | Cash flows<br>£ | At<br>31 Dec 2021<br>£ |
|--------------------------|-----------------------|-----------------|------------------------|
| Cash at bank and in hand | <u>365,877</u>        | <u>(89,326)</u> | <u>276,551</u>         |

#### 25. Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

|                                              | 2021<br>£      | 2020<br>£      |
|----------------------------------------------|----------------|----------------|
| Not later than 1 year                        | 74,184         | 74,437         |
| Later than 1 year and not later than 5 years | <u>33,763</u>  | <u>107,947</u> |
|                                              | <u>107,947</u> | <u>182,384</u> |

#### 26. Related parties

##### Company

At the balance sheet date £16,737 (2020: £2,912) was owed to companies under common control.