

Company registration number 03855274 (England and Wales)

OPENDEMOCRACY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
PAGES FOR FILING WITH REGISTRAR

OPENDEMOCRACY LIMITED

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OPENDEMOCRACY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	6		12,167		2,425
Current assets					
Debtors	7	125,506		95,341	
Cash at bank and in hand		1,372,113		1,484,776	
		<u>1,497,619</u>		<u>1,580,117</u>	
Creditors: amounts falling due within one year	8	<u>(1,173,614)</u>		<u>(1,546,131)</u>	
Net current assets			324,005		33,986
Total assets less current liabilities			336,172		36,411
Provisions for liabilities			(170,000)		-
Net assets			<u>166,172</u>		<u>36,411</u>
Capital and reserves					
Called up share capital			2		2
Profit and loss reserves			166,170		36,409
Total equity			<u>166,172</u>		<u>36,411</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

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

The financial statements were approved by the board of directors and authorised for issue on 25 January 2023 and are signed on its behalf by:

Mr Satbir Kumar Singh
Director

Company Registration No. 03855274

OPENDEMOCRACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Opendemocracy Limited is a private company limited by shares incorporated in England and Wales. The registered office is 18 Ashwin Street, London, E8 3DL.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The company is able to fund its operational costs and meet its liabilities, through utilisation of existing cash resources and with continued support from grants and donations. The company is therefore dependant upon its grantors and donors for continuing financial support. As at 31 December 2021, the company made a profit before tax of £158k (2020: £50k). The company was in a shareholders funds surplus of £166k (2020: £36k). The company has prepared forecasts for the operations over the next twelve months from the date of signing the annual report.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of value added taxes. Turnover includes revenue earned from the rendering of services, grants and donations.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Rendering of services

Contract services are recognised as income when the service is provided.

Donations

Cash donations are recognised on receipt. Other donations are recognised once the company has been entitled to the donation.

Grants

Grants relating to revenue are recognised in income on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate. A grant that becomes receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the entity with no future related costs, is recognised in income in the period in which it becomes receivable.

OPENDEMOCRACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant & equipment	50% straight line basis
IT equipment	25% straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

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

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

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

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

1.7 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

OPENDEMOCRACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

OPENDEMOCRACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.12 Employee benefits

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

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

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

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Comparative periods

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

OPENDEMOCRACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Useful lives of fixed assets

Management reviews the useful lives and residual values of the items of tangible fixed assets on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

Recoverability of other debtors

Management reviews the portfolio of other debtors on an annual basis. In determining whether other debtors are impaired, the directors make judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimate future cash flows expected.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021 £	2020 £
Turnover analysed by class of business		
Partnership & other services	28,035	65,623
Grant income	2,838,142	2,026,928
	<u>2,866,177</u>	<u>2,092,551</u>
	2021 £	2020 £
Other revenue		
Interest income	211	93
	<u>211</u>	<u>93</u>

The restricted funds received for grants relating to project activities in the year was £2,838,142 (2020: £2,026,928) and the balance that represents the unutilised or deferred income as at 31 December 2021 is £935,319 (2020: £1,432,786) and is included in the cash balance of £1,372,113 (2020: 1,484,776).

Other income majorly relates to direct unrestricted donations from individual donors.

OPENDEMOCRACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Total	27	18

5 Intangible fixed assets

	Website £
Cost	
At 1 January 2021 and 31 December 2021	119,492
Amortisation and impairment	
At 1 January 2021 and 31 December 2021	119,492
Carrying amount	
At 31 December 2021	-
At 31 December 2020	-

6 Tangible fixed assets

	Plant & equipment £	IT equipment £	Total £
Cost			
At 1 January 2021	-	9,478	9,478
Additions	1,325	11,342	12,667
At 31 December 2021	1,325	20,820	22,145
Depreciation and impairment			
At 1 January 2021	-	7,053	7,053
Depreciation charged in the year	166	2,759	2,925
At 31 December 2021	166	9,812	9,978
Carrying amount			
At 31 December 2021	1,159	11,008	12,167
At 31 December 2020	-	2,425	2,425

OPENDEMOCRACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	2,101	7,498
Other debtors	123,405	87,843
	<u>125,506</u>	<u>95,341</u>

8 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	47,469	45,658
Corporation tax	28,153	9,733
Other taxation and social security	33,165	198
Other creditors	1,064,827	1,490,542
	<u>1,173,614</u>	<u>1,546,131</u>

Included in the other creditors is a deferred grants and income amounting £935,319 (2020: £1,441,836)

9 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

Senior Statutory Auditor: Shilpa Chheda
Statutory Auditor: KLSA LLP

10 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2021	2020
	£	£
Annual renewal basis	<u>37,151</u>	<u>18,577</u>

OPENDEMOCRACY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Controlling party

The company is controlled by The openDemocracy Foundation For The Advancement Of Global Education. The company is a 100% subsidiary of The openDemocracy Foundation for the Advancement of Global Education, a company limited by guarantee, registered in England and Wales, and with similar objects to this company. No single individual has a controlling interest in The openDemocracy Foundation for the Advancement of Global Education.

12 Related party transactions

Open Trust

Mr A H Barnett is a trustee of OpenTrust, and the chair of trustees, Sir Charles ChadwyckHealey was a director of openDemocracy Limited prior to his appointment as chair of OpenTrust.

OpenDemocracy Limited received £965,829 (2020: £537,475) from OpenTrust, a UK registered charity that provides grant funding to OpenDemocracy Limited, a company with similar objectives to the Trust, and with common Directors. At the balance sheet date the amount due from OpenTrust was £88,376 (2020: £58,165).

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.