

Demos

England & Wales · Charity number 1042046

Details

Other names	DEMOS LIMITED
Status	Registered
Legal form	Charitable company
Company number	02977740
Registered	1994-11-11
Register	View on the Charity Commission register

Contact

Address	15 Whitehall Westminster London SW1A 2DD
Phone	02038783955
Email	hello@demos.co.uk
Website	www.demos.co.uk

Activities

Objects: (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.

Activities: Demos exists to promote education and research for the public benefit in issues of politics, economics, and public policy; and to make the research findings publicly available. It achieves these

objectives by carrying out a wide range of research projects, organising lectures, seminars and conferences, and through publishing in a number of different formats.

Classification

- **How:** Provides Advocacy/advice/information, Sponsors Or Undertakes Research
- **What:** Education/training
- **Who:** The General Public/mankind

Geography

- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£1,780,475	£1,682,037	£554,205	21
2023-12-31	£1,389,773	£1,341,352	£455,767	19
2022-12-31	£1,131,026	£1,129,942	£407,346	19
2021-12-31	£1,425,358	£1,395,942	£406,262	20
2020-12-31	£1,514,340	£1,265,155	£376,846	19

Trustees

Name	Role	Appointed
DAME JULIE MELLOR	Chair	2018-09-04
Alex William Kewney Dawson		2021-07-07
Alexander Steven White		2025-03-11
Chinemerem Sharon Onyinyechi McDonald		2025-06-03
David Campbell Robb		2021-07-07
Halima Begum		2023-11-01
James Thomas Plunkett		2025-03-11
Matilda McAuliffe		2019-12-04
Mohammed Aziz		2020-11-03
Sara Khan		2025-03-04
William Andrew Moy		2025-06-03

Demos

England & Wales - Charity number 1042046

Accounts

COMPANY REGISTRATION NUMBER: 02977740
CHARITY REGISTRATION NUMBER: 1042046

Demos
Company Limited by Guarantee
Financial Statements
31 December 2024

DEMOS

BURGESS HODGSON LIMITED

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

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Financial Statements
Year ended 31 December 2024

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

Year ended 31 December 2024

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 2024.

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
H Begum
M R McAuliffe
Dame J Mellor (Chair)
M A Boo (resigned 11 March 2025)
A W K Dawson
D C Robb
J T Plunkett (appointed 11 March 2025)
A S White (appointed 11 March 2025)
W A Moy (appointed 3 June 2025)
C S O McDonald (appointed 3 June 2025)
S Khan (appointed 11 March 2025)

Company secretary P E Curtis

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

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Company Limited by Guarantee
Trustees' Annual Report (Incorporating the Director's Report) *(continued)*
Year ended 31 December 2024

The trustees present their report and the financial statements for the year ending 31 December 2024.

Reference and administrative information set out on page one forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards

Chair report by Dame Julie Mellor

Demos continued its strengthening trajectory in 2024 growing its influence, financial security and organisational maturity, together enabling it to deliver more impactfully on its charitable objectives. We rose to the challenge of a year of political change, grew our impact and delivered on our promise to help build a more collaborative democracy.

The landmark publication of Demos' Citizens' White Paper, setting out how the new government can embed participation and deliberation in the heart of government policy-making, was welcomed across the democracy sector, read widely across Whitehall, and was instrumental in helping to establish a cross-government participatory forum, to which Demos became an official advisor. We subsequently went on to work with four of five of the government's Missions, including by training public servants in participatory ways of working.

It sparked subsequent work examining the impact of the election debate on trust - a central theme in politics for the foreseeable future. We are now seeking to make the case for participatory policy-making by taking on the most challenging policy areas facing our political system and prove the value of this different way of working: In 2025 we are looking at planning, immigration and tax rises.

Meanwhile our work on public service reform was influential on the direction of the public service reform agenda. The cabinet office minister Georgia Gould supported the launch of The Reform Dividend, making the case for "liberated public services", and the vision that work presented helped inform a strategy for public service reform which was subsequently published at the 2025 spending review.

Our digital team has gone from strength to strength. We published research on digital human rights, the impact of AI on elections and started making the case for open sourcing the AI revolution. We published novel research on the impact of social media narratives on community tensions over the controversial introduction of low traffic neighbourhoods. It exposed a democratic chasm between communities and councils, demonstrating the digital and social media disruption to local democracy. At the end of 2024 we secured a 1m euro grant to design a new solution to this. Waves, is a brand new civic tech process to allow impactful, scaled and affordable deliberation on policy making. A partnership with two local councils, we will spend 2025 developing the process with an aim to scale it across local government and beyond in coming years.

Under the current CEO turnover has grown from £1.13m in 2022, to £1.39m in 2023 to £1.78m in 2024. Throughout the year we consolidated the growth of the team and matured our ways of working, while focusing on accelerating our influence and the impact of our strategy to build a more collaborative democracy.

But as we have delivered ever more impact, the stakes are rising. Democracies around the world are under pressure with new and alarming trends towards democratic backsliding. Poll after poll shows diminishing trust in democracy, frustration with public services and an ongoing cost of living crisis. In early 2025 we took the decision to embark on a strategy review to meet these growing challenges. At

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Year ended 31 December 2024

the time of writing this is coalescing around a mission to upgrade democracy to rebuild trust and mend the broken relationships between state and citizens. This will be an important next step for Demos, building on over 30 years of innovation. To support this process, and conscious that my third term ends in 2026, we recruited five new board members adding to our strength and the diversity of thought we need to deliver on this mission.

Together with a strengthened executive team, I am confident that we can rise to the challenge of the times and continue to deliver against our charitable aims to promote education and research for the public benefit of politics, economics, public policy and deliberation.

CEO report by Polly Curtis

Structure, governance and management

Organisational structure and quality assurance

The overall management of Demos is the responsibility of the Chief Executive who provides leadership to the organisation, its strategic focus and the public positioning of the charity. I am supported by three directors - the Director of Research and Participation, the Director for Policy and Impact and the Director for Participatory Programming - as well as the Chief Financial Officer and Head of Operations. Together we form the executive team.

A management team, which includes a middle management layer, is responsible for managing the day-to-day operations of the team, with the executive team focused on strategy and organisational development.

Research projects are line-managed by senior staff; a team of researchers undertakes research and policy projects operating as the Policy and Participation Team, while the Impact Team manages the programme of events, influencing and publicity. This year CASM, which is responsible for digital policy, rebranded as the Demos Digital team and is now under the co-leadership of two associate directors, Elizabeth Seger, responsible for AI and digital policy across our whole portfolio, and Hannah Perry, responsible for our growing work on information ecosystems.

The whole team is supported by a Head of Operations, Finance Manager and the CFO. 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. The CEO quality assures all external outputs.

Objectives and activities

Activities and review

We had an extraordinarily busy year in 2024, encompassing a change in government and a very high level of outputs. In 2024 we published 44 papers, hosted two networks and 20 party conference events (up from 16 in 2023). We ran one major multi year taskforce on Public Service Reform.

We started the year with a consolidation of our pillars of work, renamed as Public Service Reform, Citizen Economy, Trusted Technology and Collaborative Democracy, adding to the strength and

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Year ended 31 December 2024

clarity of our mission. The 2023 merger with Engage Britain has bedded in seamlessly and enabled the work of the Citizens White Paper, and funded further work on trust, planning reform and the work of MPs.

Our focus on diversifying our funding has been successful. Whereas previously our work was in two categories: projects and events (including party conferences), we now also have revenue streams for our purely participatory work, programmes and network building. By mid 2024 this produced our busiest ever quarter in the run up to the surprise 2024 general election. But we were running over 30 projects at one time, which was stretching our capacity to the limit. The calling of the election in June 2024 had two major impacts on our work: first, we had to triage our entire project slate to establish how the new political context would affect our influencing operation, which we managed swiftly to reshape all projects on our books for maximum impact before and after the election. Secondly, it froze the pipeline of future project funding as our funders awaited the outcome of the election.

In this context we took stock and decided that in the interim period of financial uncertainty, we would pivot our fundraising strategy to more sharply focus on fewer bigger programmatically funded projects, focusing on grants and foundations whose cycles continued through the election period. This resulted in the conversion of the Google Foundation funding for Waves, then in the first half of 2025 £900,000 for our Epistemic Security Programme from the Quadrature Foundation, £120,000 for a programme on deliberation for immigration policy from Open Society Foundation and £144,000 for building new narratives for community empowerment from Lloyds Bank Foundation.

We aim to continue this strategy which enables more secure, sustainable, long-term and impactful work.

Governance and finance

The board and executive enjoyed a strong working relationship in 2024, with support and challenge helping to strengthen the organisation's strategic direction and working together in 2025 on a brand new strategy.

During the year the Charity undertook a review of its Articles of Association and the board approved a set of revised Articles designed to reflect the correct and desired organisation of membership and trusteeship. These were filed with the appropriate governing authorities in November 2024.

The board met on a quarterly basis. We maintained two subcommittees overseeing 'finance audit and risk' and 'nominations and remuneration'. All policies were reviewed in line with best practices and we engaged an external consultant to support on a governance review to oversee a transition period in which we recruited a new head of operations, who started in the Summer 2024. The Board reviewed skill needs together in June 2024 when planning recruitment. The chair conducted a board effectiveness review in December 2024. This highlighted the value of allowing more time for open discussion during board meetings, which supported the executive team in shaping the strategy process.

Recruitment resulted in the appointments of five new trustees bringing a rich range of experience and thinking to Demos: Dame Sara Khan, Chine McDonald, Will Moy, James Plunkett and Alex White. This is in anticipation of terms coming to an end in 2026, including the chair's, and wanting to further diversify our strategy capacity and thinking ahead of a strategy renewal process. We bid farewell to Marcial Boo, who has served as a loyal and committed trustee for four years, chairing the Finance and Risk Committee and personally supporting both the chair and CEO in that time. We are deeply grateful to him for his time with us.

With the strength of the executive and new board teams in place at the beginning of 2025, we embarked

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Year ended 31 December 2024

on a multi-stage strategy review to develop a new long term strategy for Demos in response to the mounting democratic emergency around the world, and worsening trust and engagement in the political system in the UK. This has involved workshops with the Demos team and trustees, and is resulting in an emerging narrative around upgrading democracy to mend the broken relationship between state and citizen in order to address the emerging democratic emergency. This has also involved discussion around our political engagement strategy, in which we remain committed to being a cross-party think tank and deeply committed to consensus building and compromise in these polarised times. Politics remains and must always be the method of achieving the change we as a charity exist to pursue, and never our cause.

Trustee Attendance at Board Meetings

Trustee	6 Feb 24	4 Jun 24	3 Sep 24	26 Nov 24	11 Mar 25	3 Jun 25	2 Sep 25
Dame Julie Mellor (Chair)	✓	✓	✓	✓	✓	✓	✓
Mohammed Aziz	✓	✓	✓	✓	X	✓	✓
Halima Begum	✓	X	X	LOA	LOA	LOA	LOA
Marcial Boo	✓	✓	✓	✓	✓ (resigned)	-	-
Alex Dawson	✓	X	✓	✓	✓	✓	✓
Tilly McAuliffe	✓	✓	✓	✓	✓	✓	X
Campbell Robb	X	X	✓	✓	✓	✓	X
Dame Sara Khan	-	-	-	-	✓ (elected)	✓	X
James Plunkett	-	-	-	-	✓ (elected)	✓	✓
Alex White	-	-	-	-	✓ (elected)	✓	X
Chine McDonald	-	-	-	-	-	✓ (elected)	✓

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Will Moy	–	–	–	–	–	✓ (elected)	✓
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Charitable objectives

Demos' charitable objectives remain unchanged. It 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 2024

Collaborative Democracy

The publication of the Citizens' White Paper in summer 2024 set out why, when and how the new government should partner with the public on national policy making. Publication in July 2024 led to widespread news coverage, and in-depth comment coverage in the [FT](#) and [Guardian](#). It triggered a briefing with key ministers within weeks of the election, over 70 civil servants, and an advocacy plan across the new government.

By the end of the year, we had worked with the teams running four out of the five missions, we discussed the work at Civil Service Live with a permanent secretary, we presented to over 350 senior civil servants in the Department for Health and Social Care and were commissioned to train over 100 DHSC staff on participatory policymaking, and presented to the leadership of the Department for Transport.

The Participatory Methods Forum was established in the Cabinet Office to promote these approaches across government, and we are on the steering group of that Forum. We have seen a ramping up of participatory policymaking across most departments, though this approach is still not mainstreamed. Subsequent work on the role of citizens in mission delivery helped inform the new Partnerships Unit in Number 10, which has a specific agenda to involve citizens in the missions. At the time of writing there is another wave of interest informing the forthcoming Elections Strategy and Bill, the Defending Democracy Taskforce and the Social Cohesion Taskforce.

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It was a transformative year for us that went from theory to practice: we demonstrated the value of putting citizens at the heart of policymaking by understanding where the public is at in two policy areas: the right in protest, in partnership with Liberty, and reforming Inheritance Tax with abrdn Financial Fairness Trust. We also delivered work for the Greater London Assembly setting out how they could embed deliberative and participatory democratic practices across their work.

In March 2024 we launched the Collaborative Democracy Network for politicians, policymakers and civil society to come together to discuss innovations that put people at the heart of policy making. In its first year, we ran five events and built a database of over 800 people, of whom almost one quarter are civil or public servants. Its success led to funding from Carnegie UK and Impact on Urban Health for the network in 2025, and a direct request for the Minister for Net Zero to speak at an event.

To push the collaborative democracy agenda forward into 2025, we decided to focus on demonstrating the value and impact of involving the public in specific politically and publicly salient issues. The first of these projects - public participation in strategic planning to speed up and streamline the process, a key government priority - began in late 2024 and is followed by work on immigration and tax rises. As we get into the strategy review, we see the need to convince the full political spectrum that these ways of working can help de-risk policy making and even speed it up if done at the right stage in the process, in ways that can build trust. We also need to strengthen the connection with other forms of building a more collaborative democracy: through enhancing community power, citizenship and relational public services.

Public Service Reform

Throughout 2024 we hosted the Future Public Services Taskforce, a major cross-party initiative to produce a new, public service reform strategy for central government. The Taskforce was advised by a number of senior leaders including Patricia Hewitt (former Health Secretary), Jonathan Slater, (former Permanent Secretary; and Chris Naylor (former Chief Executive of Barking and Dagenham Council). It delivered its final recommendations at the end of the year to a major conference, addressed by the minister Georgia Gould. Our language about people-centred public services, devolved to local areas and liberating public servants and citizens to work together was strongly echoed in the subsequent cabinet office strategy setting our integrated services organised around people's lives, focused on prevention and devolving power to communities.

Our work on mission delivery, making the case for enabling reforms, was read across Whitehall and prompted invitations to meet the officials responsible, and we presented the work to parliament. Our work on prevention continued, deepening the case for reforming funding mechanisms to support preventative approaches. The treasury has since announced it is modelling ways to assess preventative spending, both the public service from strategy and the NHS 10 year plan majoring on the preventative agenda and the Scottish government is looking at implementing new preventative funding models.

Trustworthy Technology

In 2024 CASM took a significant step forward, rebranding as Demos Digital to better integrate our digital policy work across all of Demos's pillars. This rebrand went smoothly and has allowed us to expand our work, embedded across the strategy.

Repeat funding has been a theme this year. Last year's pilot online social insights research with JRF is now moving into its fourth wave analyzing online conversations about welfare reform. We secured a second round of funding from Mozilla, to support Demos's continued work on open-source AI policy

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and tech power concentration and were invited to present the findings to the UK AI Bill team at DSIT. Our international reach also expanded with a second wave of funding from the Government of South Korea, supporting work developing and promoting a draft bill of digital rights for the UK. As we move into 2025 the team has been instrumental in securing the two biggest funded projects Demos has ever embarked on. First, the Google Foundation is funding Waves, which is project managed by the team and second, the Epistemic Security programme, which is funded at £900k. This ambitious work has seeded three projects over the next two years: the Epistemic Security Network and newsletter, a news ecosystem mapping project, and a crisis scenario red-teaming project.

With this work, Demos's expertise on healthy information environments is shining through and is being widely recognised. We have engaged the Defending Democracy Taskforce at the Home Office, and various MPs and Lords including direct engagement with Anneliese Dodds, Kirsty McNeill, Josh Simons, Ben Spencer and Lord Tim Clement-Jones.

Inclusive Economy

Our work this year focused on two main areas: inheritance tax reforms, and employment support. On IHT we made major contributions to the research base on the case for adjusting inheritance taxes, presenting to officials and cross party members of the house of commons. Our work reached the front page of the FT and Guardian websites, and was discussed in the Telegraph, The Times, the Observer, the Today programme, BBC 5Live, Times Radio and TalkTV. We briefed 10 Labour MPs on our research in a roundtable, and the Exchequer Secretary's team said they would "consider [our policy briefing] in preparation for the budget". Subsequently, IHT was reformed, raising substantial revenue and closing opportunities for the well-advised to avoid the tax.

Our specific proposals stood the test of time. Reforms to IHT business relief reflected our recommendation, and were the only changes avoiding widespread backlash. We also warned about cutting agricultural relief due to the potential public backlash, and suggested the government consider more strategic reforms - a position which was borne out in the subsequent political debate.

On our employment support we published work on raising awareness for support for disabled people and those with health conditions and the future of youth hubs (including the first assessment of the early pilots of this policy). Our publication, *The Opportunity Effect*, made the economic case for social mobility, and was launched with the minister Alison McGovern.

After the publication of our report *Taming the Wild West: How technology can charter a new frontier for social value* in July 2024, one of the report recommendations was echoed in the Government's Industrial Strategy. In the report, our recommendation built on the requirement as part of the new Procurement Act to set, publish and assess at least three KPIs for major contracts by proposing that 'at least one of these KPIs relates to social value'. The Industrial Strategy echoes this language, requiring setting 'at least one social value Key Performance Indicator (KPI) relating to jobs, opportunities or skills in major contracts and report regularly on delivery.

Publications

We published 44 reports in 2024, compared with 37 2023 and 22 in 2022. Titles published during the year included:

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Year ended 31 December 2024

- MISSION REFORM: KEY REFORMS FOR A FIT FOR PURPOSE GOVERNMENT: Sir Geoff Mulgan and Jonathan Slater propose a series of reforms designed to change government, grow its capacities and deliver its missions.
 - THE COST OF BREAST CANCER: MODELLING THE ECONOMIC IMPACT TO THE UK: Lucy Bush, Sara Macdonald and Jennifer Misak
 - GENERATING DEMOCRACY: AI AND THE COMING REVOLUTION IN POLITICAL COMMUNICATIONS: Alice Dawson and James Ball investigate the implications of the use of AI in communications practices for public discourse, trust and democracy.
 - STRONG FOUNDATIONS: WHY EVERYONE NEEDS GOOD EMOTIONAL HEALTH - AND HOW TO ACHIEVE IT: Alice Dawson calls for a “prevention solution” to the emotional health crisis and sets out recommendations for how the government can achieve good emotional health for all.
 - SYNTHETIC POLITICS: PREPARING DEMOCRACY FOR GENERATIVE AI: Ellen Judson, Sarah A. Fisher, Jeffrey W. Howard, Beatriz Kira, Kiran A. Basavaraj and Hannah Perry explore how synthetic content produced by generative AI poses risks to core democratic values, and propose two action plans to safeguard democratic integrity.
 - “THIS SYSTEM IS RIGGED”: A SOCIAL MEDIA LISTENING EXPLORATION REVEALING HOW PEOPLE ARE TALKING ABOUT POVERTY ONLINE: Sophia Knight, Alice Dawson and Hannah Perry pioneer an innovative method of social listening to shed light on the experiences of people living in financial hardship.
 - GB CLOUD: BUILDING THE UK’S COMPUTE CAPACITY: Elizabeth Seger and David Lawrence explore the growing importance of cloud compute and recommend the government invest £1.5 billion in publicly owned cloud compute to support AI in the public sector as well as UK based AI start-ups and researchers.
 - DRIVING DISINFORMATION: DEMOCRATIC DEFICITS, DISINFORMATION AND LOW TRAFFIC NEIGHBOURHOODS: Hannah Perry, Sophia Knight, Naema Malik, Jonathan Heawood, Jaldeep Katwala and Joe Mitchell explore the role disinformation plays in local division over low traffic neighbourhoods.
 - GENERATIVE AI AND DEMOCRACY: IMPACTS AND INTERVENTIONS: Elizabeth Seger looks into the solutions for bolstering the resilience of our democratic institutions in the AI age.
 - LIBERATED PUBLIC SERVICES: A NEW VISION FOR CITIZENS, PROFESSIONALS AND POLICY MAKERS: Ben Glover makes the case for public service reform.
 - CONSPIRACY LOOPS: FROM DISTRUST TO CONSPIRACY TO CULTURE WARS. Sophia Knight examines the role political actors play in weaponising conspiracy theories to fuel culture wars.
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- TRUSTWATCH 2024: LIVE CITIZENS VERDICT ON THE ELECTION CAMPAIGN. Billy Huband-Thompson, Dan Goss and Lucy Bush convene a 32 person ongoing panel to measure how attitudes to political trust change throughout the pre-election period, through “citizens conversations”.
 - ONLY WE CAN SAVE THE STATE: LESSONS FOR NATIONAL GOVERNMENT FROM PUBLIC SERVICE REFORM IN BARKING AND DAGENHAM. Chris Naylor explores public service reform through the lens of local council redesign.
 - TAKING BACK CONTROL: PROPOSALS FOR HOW TO GIVE POWER AND AGENCY BACK TO OUR COMMUNITIES: Andrew O'Brien sets out a series of proposals to advance community empowerment.
 - TRUSTWATCH 2024: Billy Huband-Thompson, Dan Goss, Lucy Bush and Hana Kapetanovic chart citizen trust in politics through the 2024 election cycle through citizens' conversations.
 - THE TRIPLE DIVIDEND OF HOME IMPROVEMENT: THE ECONOMIC, SOCIAL AND ENVIRONMENTAL BENEFITS: Andrew O'Brien makes the case for a comprehensive nationwide programme on home improvement.
 - OPEN DOOR POLICY: WHY THE NEW GOVERNMENT SHOULD INTRODUCE AN EMPLOYMENT ADVICE GUARANTEE: Andrew Phillips explores the role of significant advice gaps in the UK's labour market crisis.
 - TAMING THE WILD WEST: HOW TECHNOLOGY CAN CHARTER A NEW FRONTIER FOR SOCIAL VALUE: Hana Kapetanovic considers how a new vision for social value can build trust and help unlock economic opportunities, enabled by technology.
 - THE FUTURE OF INHERITANCE TAX: OPTIONS TO REPAIR INHERITANCE TAXATION IN BRITAIN: Dan Goss explores lessons that UK can learn from overseas inheritance tax policies.
 - CITIZENS WHITEPAPER: Miriam Levin, Polly Curtis, Sarah Castell and Hana Kapetanovic sets out the why, when and how the government could embed citizen involvement in national policy making to tackle complex and diverse challenges.
 - LAUNCH PADS: THE FUTURE OF YOUTH EMPLOYMENT HUBS: Andrew Phillips and Naema Malik assess the success of youth employment hubs in supporting NEET young people.
 - GOING FOR GROWTH: CREATING AN AI FIRST FUTURE IN ACCOUNTING: Andrew O'Brien exposes how AI will reshape the accounting and bookkeeping industry over the next five years.
 - AI - TRUSTWORTHY BY DESIGN: HOW TO BUILD TRUST IN AI SYSTEMS, THE INSTITUTIONS THAT CREATE THEM AND THE COMMUNITIES THAT USE
-

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THEM: Elizabeth Seger and Maria Axente explore the concept of trust in AI, delineating trust from trustworthiness.

- THE INTEGRITY MISMATCH: Marcial Boo examines what the concept of integrity in public life means, how the concept meets the reality of life in a political office and how this results in an 'integrity mismatch' between those in elected office and the public servants who work with them.
 - "FIGHT LIKE HELL!" AN ONLINE FORUM LISTENING EXERCISE REVEALING HOW PEOPLE TALK ABOUT POVERTY ONLINE: Sophia Knight, Hannah Perry and Alice Dawson conduct an online forum listening exercise to understand experiences of financial hardship in the UK.
 - PARTNERSHIP IN PRACTICE: HOW CAN THE NEW GOVERNMENT WORK WITH BUSINESS TO DELIVER IT'S MISSIONS?: Andrew O'Brien conducts a convening exercise to understand how to put the desire for partnership shared by government and business, into practice.
 - OPEN HORIZONS: EXPLORING NUANCED TECHNICAL AND POLICY APPROACHES TO OPENNESS IN AI: Elizabeth Seger explores what kind of evidence should be collected when deciding when to release an AI model and how to productively work to reduce risks.
 - THE PEOPLE'S TOWN SQUARE ON PROTEST: LOOKING BEYOND THE HEADLINES: Hana Kapetanovic, Naema Malik and Miriam Levin set out recommendations for the government to take political leadership on the issue of protest.
 - THE EARLIER THE BETTER: RAISING AWARENESS OF EMPLOYMENT SUPPORT FOR DISABLED PEOPLE AND PEOPLE WITH HEALTH CONDITIONS: Andrew Phillips explores ways to raise awareness of the employment support schemes currently available to people with disabilities or health conditions.
 - TRUSTWATCH 2024: A PLAYBOOK TO REBUILD TRUST IN POLITICS: Dan Goss, Billy Huband-Thompson and Polly Curtis use Trustwatch 2024 findings to argue that the government's current response is too narrow.
 - PLUGGING THE BLACKHOLE: A DEMOS BRIEFING PAPER: Dan Goss lays out a series of inheritance tax reforms that would raise revenue, make the system fairer and expand public support for tax.
 - THE OPPORTUNITY EFFECT: HOW SOCIAL MOBILITY CAN HELP DRIVE BUSINESS AND THE ECONOMY FORWARD: Billy Huband Thompson makes the business case for social mobility.
 - WINNING HEARTS AND MINDS: HOW REVENUE RAISING REFORMS COULD BUILD SUPPORT FOR INHERITANCE TAXATION: Dan Goss evidences the level of support for Demos's recommended inheritance tax reforms.
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Demos

Company Limited by Guarantee

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

Year ended 31 December 2024

- “IT CAN’T GET ANY WORSE”: AN ONLINE FORUM LISTENING EXERCISE REVEALING HOW PEOPLE TALK ABOUT POVERTY NOW: Sophia Knight, Hannah Perry, Alice Dawson and Aidan Garner conduct an online forum listening exercise to understand experiences of financial hardship in the UK.
 - PLUGGING THE BLACK HOLE: REFORMING INHERITANCE TAX UNLOCK REVENUE AND BUILD PUBLIC SUPPORT: Dan goss proposes a series of inheritance tax reforms that would raise revenue, make the system fairer and expand public support for tax.
 - BEYOND THE STICKING PLASTER: A VISION FOR LONG TERM REFORM OF LOCAL GOVERNMENT FINANCES: Andrew Phillips and Andrew O'Brien make the case for clarity regarding the purpose of local government in England.
 - THE MOTIVATIONAL STATE: A STRENGTHS-BASED APPROACH TO IMPROVING PUBLIC SECTOR PRODUCTIVITY: Alex Fox and Chris Fox propose a shift towards a strengths-based, person-led model to improving public sector productivity.
 - TECH THAT LIBERATES: A NEW VISION FOR EMBEDDING AI IN PUBLIC SERVICE REFORM: Sophia Knight, Elizabeth Seger and Ben Glover explore how to embed AI in public services to support prevention, empower frontline service professionals and improve communication and collaboration.
 - THREADING THE NEEDLE: A LIBERATED APPROACH TO PUBLIC SERVICE TO PUBLIC SERVICE GOVERNANCE STRUCTURES AND DUTIES: Ben Glover provides recommendations for workstream one, governance structure and duties - part of the five policy workstreams set out by Demos’s Future Public Services Workforce.
 - THE REFORM DIVIDEND: A ROADMAP TO LIBERATE PUBLIC SERVICES: Ben Glover presents the final policy recommendations from The Future Public Services Taskforce.
 - TOTAL PLACE+ A LIBERATED APPROACH TO FUNDING PUBLIC SERVICES: Ben Glover provides recommendations for workstream three, funding models - part of the five policy workstreams set out by Demos’s Future Public Services Workforce.
 - BALANCING ACT: A LIBERATED APPROACH TO PUBLIC SERVICE ACCOUNTABILITY: Ben Glover provides recommendations for workstream two, ‘accountability’ - part of the five policy workstreams set out by Demos’s Future Public Services Workforce.
 - THE RESPECT CHARTER: A LIBERATED APPROACH TO THE PUBLIC SERVICE WORKFORCE: Ben Glover and Aidan Garner provide recommendations for workstream four, ‘workforce’ - part of the five policy workstreams set out by Demos’s Future Public Services Workforce.
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Demos
Company Limited by Guarantee
Trustees' Annual Report (Incorporating the Director's Report) *(continued)*
Year ended 31 December 2024

- COUNTING WHAT MATTERS: HOW TO CLASSIFY, ACCOUNT AND TRACK SPENDING FOR PREVENTION: Andrew O'Brien and Anita Charlesworth explore how to measure a preventative approach to problems in public services.

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 2024.

FINANCE REVIEW

The results of the year's activity are set out in the attached financial statements. Total incoming resources were £1,780,475 a 28% increase of £390,702 on the previous year (£1,389,773). Expenditure for the year was £1,682,037, compared with £1,341,352 in the prior year. The majority of this increase in expenditure being represented by the significant increase in staffing delivering increased research and management. The increase in expenditure is in line with the generation of additional research income.

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-19 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. This level was reached during 2023.

At the time of writing, Demos' reserves have more than doubled since the end of 2019 and have again grown in 2023 to £ - the highest level it has ever had. During 2024 (the financial year reported) we had a surprise election which has paused fundraising for a period but we are confident that we are in a strong position in 2025 to still complete the year without the use of reserves. 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 current political and economic cycle.

RISK ASSESSMENT

Demos continued to closely manage risks in 2024. We continued to develop 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. We continued our "How to Demos" programme to capture our project management, fundraising and HR processes to ensure continuity in a time of change and improve consistency across the team. In addition to this, Demos continued to review its operations against the operational risk register, which was reviewed systematically in September 2024 and again in June 2025. The executive shares responsibility for actively managing all risks on the risk register. All new internal policies relevant to risk areas, including

Demos
Company Limited by Guarantee
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Year ended 31 December 2024

but not limited to employee safeguarding, data protection and anti-fraud, were periodically reviewed in line with best practice.

Demos received ongoing guidance and scrutiny at a Governance level from Demos' Finance and Audit subcommittee, including via monthly meetings which were reduced to quarterly at the end of 2023 to reflect the improved security of the organisation.

Due to turnover in the head of operations role, we started 2024 with a more thorough recruitment including a new Head of Operations post, appointing Karishma Dharni to start at the mid year point. We mitigated risks of this extended recruitment period to the governance of the organisation by employing an experienced charity consultant to support the board process and do a thorough governance review, and subsequently an IT and security review in 2024 which enabled the new head of operations to start in a strong position and smoothly support the risk management of the charity.

Future Development

Demos ended the year in a strong position and with a strong pipeline of new projects into 2024. The executive team undertook a desk based review of capacity planning for 2025 to ensure we could achieve the new targets being set for the growing team, which gave the exec and board some assurance that we were aiming suitably ambitiously but within our capacity limits. Capacity planning remains a major focus for the effectiveness of the organisation. The election in 2024 disrupted the fundraising cycle but the strong performance in the first part of the year, and in 2023, means this has not presented undue concern. 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. With the merger of Engage Britain and the strong current performance, we remain committed to the participation strategy into 2025 and are planning a new three year strategic review for the midway point of 2025.

Credit risks

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

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

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

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.

Demos
Company Limited by Guarantee
Trustees' Annual Report (Incorporating the Director's Report) *(continued)*
Year ended 31 December 2024

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.

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 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 2024

Opinion

We have audited the financial statements of Demos (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 December 2024 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 2024 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 2024

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 2024

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.

Demos

Company Limited by Guarantee

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

Year ended 31 December 2024

- 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.
- 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 Audit Limited
Chartered accountants & statutory auditor
Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

Demos

Company Limited by Guarantee

Consolidated Statement of Financial Activities (including income and expenditure account)

Year ended 31 December 2024

		2024			2023
	Note	Unrestricted funds £	Restricted funds £	Total funds £	Total funds £
Income and endowments					
Donations and legacies	5	332	–	332	332
Charitable activities	6	1,030,634	686,068	1,716,702	1,361,920
Other trading activities	8	10,025	–	10,025	7,680
Investment income	9	53,415	–	53,415	19,841
Total income		1,094,407	686,068	1,780,475	1,389,773
Expenditure					
Expenditure on charitable activities	10,11	995,969	686,068	1,682,037	1,341,352
Expenditure on trading activities	10	–	–	–	–
Total expenditure		995,969	686,068	1,682,037	1,341,352
Net income and net movement in funds		98,438	–	98,438	48,421
Reconciliation of funds					
Total funds brought forward		455,767	–	455,767	407,346
Total funds carried forward		554,205	–	554,205	455,767

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 24 to 36 form part of these financial statements.

Demos
Company Limited by Guarantee
Consolidated Statement of Financial Position
31 December 2024

	Note	2024 £	2023 £
Fixed assets			
Intangible assets	17	17,387	26,027
Tangible fixed assets	18	3,081	10,256
		<u>20,468</u>	<u>36,283</u>
Current assets			
Debtors	19	406,432	314,775
Cash at bank and in hand		1,899,323	1,363,364
		<u>2,305,755</u>	<u>1,678,139</u>
Creditors: amounts falling due within one year	20	1,772,018	1,258,655
Net current assets		<u>533,737</u>	<u>419,484</u>
Total assets less current liabilities		<u>554,205</u>	<u>455,767</u>
Net assets		<u>554,205</u>	<u>455,767</u>
Funds of the charity			
Unrestricted funds		554,205	455,767
Restricted funds		—	—
Total charity funds	23	<u>554,205</u>	<u>455,767</u>

The consolidated statement of financial positions includes the assets and liabilities of the group which includes parent charity, Demos, and its subsidiary company, Demos Consulting Limited.

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

Dame J Mellor (Chair)
Trustee

The notes on pages 23 to 36 form part of these financial statements.

Demos
Company Limited by Guarantee
Statement of Financial Position
31 December 2024

	Note	2024 £	2023 £
Fixed assets			
Intangible assets	17	17,387	26,027
Tangible fixed assets	18	3,081	10,256
		<u>20,468</u>	<u>36,283</u>
Current assets			
Debtors	19	474,046	303,105
Cash at bank and in hand		1,830,950	1,343,069
		<u>2,304,996</u>	<u>1,646,174</u>
Creditors: amounts falling due within one year	20	1,771,259	1,226,690
Net current assets		<u>533,737</u>	<u>419,484</u>
Total assets less current liabilities		<u>554,205</u>	<u>455,767</u>
Net assets		<u>554,205</u>	<u>455,767</u>
Funds of the charity			
Unrestricted funds		554,205	455,767
Restricted funds		—	—
Total charity funds	21	<u>554,205</u>	<u>455,767</u>

The unrestricted and restricted fund movement for the parent charity in the year are £98,438 surplus (2023: £48,421 surplus) and £Nil (2023: £Nil) respectively.

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

Dame J Mellor (Chair)
Trustee

The notes on pages 23 to 36 form part of these financial statements.

Demos
Company Limited by Guarantee
Consolidated Statement of Cash Flows
Year ended 31 December 2024

	2024	2023
	£	£
Cash flows from operating activities		
Net (expenditure)/income	98,438	48,421
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	16,879	14,491
Other interest receivable and similar income	(53,415)	(19,841)
Accrued expenses/(income)	(33,542)	76,590
<i>Changes in:</i>		
Trade and other debtors	(56,922)	24,561
Trade and other creditors	512,170	743,193
Cash generated from operations	483,608	887,415
Interest received	53,415	19,841
Net cash (used in)/from operating activities	537,023	907,256
Cash flows from investing activities		
Purchase of tangible assets	(1,064)	(3,297)
Net cash used in investing activities	(1,064)	(3,297)
Net (decrease)/increase in cash and cash equivalents	525,934	903,959
Cash and cash equivalents at beginning of year	1,363,364	459,405
Cash and cash equivalents at end of year	1,889,298	1,363,354

The notes on pages 24 to 37 form part of these financial statements.

Demos
Company Limited by Guarantee
Notes to the Financial Statements
Year ended 31 December 2024

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 2024, 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 2024

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.

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.

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2024

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.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are only recognised separately from goodwill when they arise from contractual or other legal rights, are separable, the expected future economic benefits are probable and the cost or value can be measured reliably.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Website	- 3 years
---------	-----------

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2024

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.

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 2024 was 7 (2023: 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 2024

5. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2024 £
Donations			
Donations	332	—	332

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
Donations			
Donations	332	—	332

6. Charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2024 £
Projects	826,527	414,038	1,240,566
Events and seminars	203,500	—	203,500
Publications and subs	607	30	637
Grant funded research	—	272,000	272,000
	1,030,634	686,068	1,716,703

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
Projects	634,442	—	634,442
Events and seminars	265,855	—	165,855
Publications and subs	872	—	872
Grant funded research	—	460,753	460,753
	901,169	460,753	1,361,922

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2024

7. Analysis of grants

	2024 £	2023 £
Grants to institutions		
Charities and Foundations	691,390	442,725
Commercial organisations	795,337	709,214
Cultural and Educational organisations	48,473	38,953
NPBD	37,250	—
Government department	39,905	—
Non UK organisation	158,095	198,883
Other	10,025	—
Total grants	1,780,475	1,389,775

8. Other trading activities

	Unrestricted Funds £	Total Funds 2024 £	Unrestricted Funds £	Total Funds 2023 £
Other Income	10,025	10,025	7,680	7,680
	10,025	10,025	7,680	7,680

9. Investment income

	Unrestricted Funds £	Total Funds 2024 £	Unrestricted Funds £	Total Funds 2023 £
Bank interest receivable	53,415	53,415	19,841	19,841

10. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2024 £
Projects	688,763	686,068	1,374,831
Events and seminars	65,960	—	65,960
Support costs	241,246	—	241,246
	995,969	686,068	1,682,037

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
Projects	635,687	460,753	1,096,440
Events and seminars	51,578	—	51,578
Support costs	193,334	—	193,334
	880,599	460,753	1,341,352

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2024

11. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	Total funds 2024 £	Total funds 2023 £
Projects	1,374,831	202,817	1,577,648	1,257,736
Events and seminars	65,960	–	65,960	51,578
Governance costs	–	38,429	38,429	32,038
	1,440,791	241,246	1,682,037	1,341,352

12. Analysis of support costs

	Projects £	Events & Seminars £	Publications & Subscriptions £	Total 2024 £	Total 2023 £
Premises	83,812	4,656	4,656	93,124	86,330
General office	20,376	1,132	1,132	22,640	9,077
Support costs - Other costs	97,743	5,430	5,430	108,603	83,436
Support costs - Amortisation	7,415	412	412	8,239	–
Support costs - Depreciation	7,776	432	432	8,640	14,491
	215,753	12,062	12,062	241,246	193,334

13. Net (expenditure)/income

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

	2024 £	2023 £
Amortisation of intangible assets	8,640	13,093
Depreciation of tangible fixed assets	8,239	14,491
Foreign exchange differences	–	–

14. Auditors remuneration

	2024 £	2023 £
Fees payable for the audit of the financial statements	7,950	7,075
Fees payable for tax advisory services	575	575
Fees payable for non-audit services	5,000	4,725
	13,525	12,375

During the year, the company's auditor changed from Burgess Hodgson LLP to Burgess Hodgson Audit Limited following a change in legal structure of the audit firm. The responsible individual remains the same.

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2024

15. Staff costs

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

	2024 £	2023 £
Wages and salaries	963,846	730,118
Social security costs	102,155	70,178
Employer contributions to pension plans	53,075	36,492
	<u>1,119,076</u>	<u>836,788</u>

Total remuneration paid to key management personnel, including benefits such as employer pension contributions, amounted to £162,266 (2023: £115,831).

The average head count of employees during the year was 21 (2023: 18). The average number of full-time equivalent employees during the year is analysed as follows:

	2024 No.	2023 No.
Projects	17	14
External affairs	3	3
Support costs	1	1
	<u>21</u>	<u>18</u>

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

	2024 No.	2023 No.
£60,000 to £69,999	0	1
£70,000 to £79,999	0	1
£80,000 to £89,999	2	0
£90,000 to £99,999	0	0
£100,000 to £109,999	0	0
£110,000 to £119,999	1	1
	<u>3</u>	<u>3</u>

16. Trustee remuneration and expenses

During the year, no Trustees received any remuneration or benefits in kind (2023: £nil). During the year, no Trustees received reimbursement of expenses (2023: £nil).

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2024

17. Intangible assets

	Website £
Cost	
At 1 January 2024 and 31 December 2024	39,120
Amortisation	
At 1 January 2024	13,093
Charge for the year	8,640
At 31 December 2024	21,733
Carrying amount	
At 31 December 2024	17,387
At 31 December 2023	26,027

18. Tangible fixed assets

	Fixtures and fittings £	Computer Equipment £	Total £
Cost			
At 1 January 2024	5,654	21,047	26,701
Additions	–	1,064	1,064
At 31 December 2024	5,654	21,047	27,765
Depreciation			
At 1 January 2024	4,163	12,282	16,445
Charge for the year	773	7,466	8,239
At 31 December 2024	4,936	19,748	24,684
Carrying amount			
At 31 December 2024	718	2,363	3,081
At 31 December 2023	1,491	8,765	10,256

19. Debtors

	Group		Company	
	2024	2023	2024	2023
	£	£	£	£
Trade debtors	275,174	162,439	275,174	164,670
Prepayments and accrued income	96,103	75,554	96,103	75,554
Other debtors	35,155	46,562	102,769	62,881
	406,432	284,585	474,046	303,105

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2024

20. Creditors: amounts falling due within one year

	Group		Company	
	2024	2023	2024	2023
	£	£	£	£
Trade creditors	23,881	72,346	23,881	72,346
Accruals and deferred income	1,605,206	1,060,683	1,604,481	1,060,683
Social security and other taxes	122,409	85,074	122,409	85,074
Other creditors	20,522	10,302	20,488	8,587
	<u>1,772,018</u>	<u>1,228,465</u>	<u>1,771,259</u>	<u>1,226,690</u>

21. Deferred income

	Group		Company	
	2024	2023	2024	2023
	£	£	£	£
At 1 January 2024	963,437	92,820	963,437	92,820
Amount released to income	(963,437)	(92,820)	(963,437)	(92,820)
Amount deferred in year	<u>1,506,042</u>	<u>963,437</u>	<u>1,506,042</u>	<u>963,437</u>
At 31 December 2024	<u>1,506,042</u>	<u>963,437</u>	<u>1,506,042</u>	<u>963,437</u>

22. 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 £53,075 (2023: £36,942).

23. Analysis of charitable funds

Unrestricted funds

Group and company

	At 1 January 2024	Income	Expenditure	At 31 December 2024
	£	£	£	£
General funds	<u>455,767</u>	<u>1,094,407</u>	<u>(995,969)</u>	<u>554,205</u>

	At 1 January 2023	Income	Expenditure	At 31 December 2023
	£	£	£	£
General funds	<u>407,346</u>	<u>929,020</u>	<u>(880,599)</u>	<u>455,767</u>

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2024

Company	At 1 January 2024 £	Income £	Expenditure £	At 31 December 2024 £
General funds	455,767	1,080,703	(982,265)	554,205

	At 1 January 2023 £	Income £	Expenditure £	At 31 December 2023 £
General funds	407,346	957,009	(908,588)	455,767

Restricted funds

Group and company

The subsidiaries have no restricted funds.

	At 1 January 2024 £	Income £	Expenditure £	At 31 December 2024 £
Misinformation Classroom Interventions	–	11,006	(11,006)	–
FLTNs and Conspiracy	–	101,281	(101,281)	–
Youth Hubs	–	35,584	(35,584)	–
AI Election Pledge	–	31,388	(31,388)	–
Inheritance	–	109,200	(109,200)	–
Social Media Listening	–	74,800	(74,800)	–
Health Foundation	–	40,130	(40,130)	–
Citizens White Paper	–	71,165	(71,165)	–
Collaborative Democracy Network	–	33,513	(33,513)	–
Trust in elections	–	48,050	(48,050)	–
Citizen Mission	–	20,000	(20,000)	–
Unlocking housebuilding	–	22,134	(22,134)	–
Engage Britain	–	87,818	(87,818)	–
	–	686,068	(686,068)	–

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2024

	At 1 January 2023 £	Income £	Expenditure £	At 31 December 2023 £
Barrow Cadbury	–	15,000	(15,000)	–
Violence against Journalists	–	2,663	(2,663)	–
Employment and skills	–	13,612	(13,612)	–
Inheritance	–	51,796	(51,796)	–
GCI 2023	–	62,194	(62,194)	–
Social Media Listening	–	17,850	(17,850)	–
Houchenism	–	5,000	(5,000)	–
LTNs and Conspiracy	–	16,880	(16,880)	–
Misinformation classroom intervention	–	33,360	(33,360)	–
Information Harms	–	132,368	(132,368)	–
Future of Youth Hubs	–	21,351	(21,351)	–
AI Election Pledge	–	10,462	(10,462)	–
Emerging Tech	–	4,000	(4,000)	–
Gendered Disinformation	–	8,100	(8,100)	–
Digital Infrastructure	–	29,200	(29,200)	–
	–	460,753	(460,753)	–

24. Analysis of net assets between funds

Group

	Unrestricted Funds £	Restricted Funds £	Total Funds 2024 £
Total fixed assets	20,468	–	20,468
Current assets	2,305,755	–	2,305,755
Creditors less than 1 year	(1,772,018)	–	(1,772,018)
Net assets	554,205	–	554,205

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
Total fixed assets	36,283	–	36,283
Current assets	1,647,949	–	1,647,949
Creditors less than 1 year	(1,228,465)	–	(1,228,465)
Net assets	455,757	–	455,757

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2024

Company

	Unrestricted Funds £	Restricted Funds £	Total Funds 2024 £
Tangible fixed assets	20,468	–	20,468
Current assets	2,304,996	–	2,304,996
Creditors less than 1 year	(1,771,259)	–	(1,771,259)
Net assets	554,205	–	554,205

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
Tangible fixed assets	36,283	–	36,283
Current assets	1,646,174	–	1,646,174
Creditors less than 1 year	(1,226,690)	–	(1,226,690)
Net assets	455,757	–	455,757

25. Analysis of changes in net debt

Group

	At 1 Jan 2024 £	Cash flows £	At 31 Dec 2024 £
Cash at bank and in hand	1,363,364	535,959	1,899,323

Company

	At 1 Jan 2024 £	Cash flows £	At 31 Dec 2024 £
Cash at bank and in hand	1,343,069	487,881	1,830,950

26. Operating lease commitments

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

	2024 £	2023 £
Not later than 1 year	57,404	67,248
Later than 1 year and not later than 5 years	116,809	176,819
	174,013	244,067

Demos

Company Limited by Guarantee

Notes to the Detailed Statement of Financial Activities

Year ended 31 December 2024

27. Related parties

Company

At the balance sheet date £67,840 (2023: £30,190) was owed from a company under common control.

Demos

England & Wales - Charity number 1042046

Accounts

COMPANY REGISTRATION NUMBER: 02977740
CHARITY REGISTRATION NUMBER: 1042046

Demos
Company Limited by Guarantee
Financial Statements
31 December 2023

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 2023

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Demos

Company Limited by Guarantee

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

Year ended 31 December 2023

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 2023.

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	
I Corfield	(Resigned 1 November 2023)
T McAuliffe	
Dame J Mellor (Chair)	
J P Wise	(Resigned 1 November 2023)
M A Boo	
A W K Dawson	
D C Robb	
H B Begum	(Appointed 1 November 2023)

Company secretary	P E Curtis
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Auditor	Burgess Hodgson LLP Chartered accountants & statutory auditor Camburgh House 27 New Dover Road Canterbury Kent CT1 3DN
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Demos
Company Limited by Guarantee
Trustees' Annual Report (Incorporating the Director's Report) *(continued)*
Year ended 31 December 2023

The trustees present their report and the financial statements for the year ending 31 December 2023.

Reference and administrative information set out on page one forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards

Chair's report

Demos experienced a year of growth in 2023 expanding the scale, range and impact of projects over the course of the year, going from a team of 14 to 20, taking the number of party conference events from eight in 2022 to 16 in 2023 and culminating in a merger with the charity Engage Britain.

Demos' growth in scale was matched in growth in impact. Martha's Rule was the policy campaign of the year, embedded in Demos' public service reform agenda and now being rolled out to every hospital in the country. On prevention, policy colleagues from other think tanks are asking us to lead the conversation on how to make the Preventative State a reality. On AI and election integrity, we have campaigned to preserve electoral integrity. On inheritance taxes, we have contributed to shifting the debate about what might be politically acceptable. We are doing ever more purposeful work, and driving up standards and delivering on our ambition to have true impact in the world.

The team set out to diversify its revenues over the course of the year, launching two funded events networks, securing projects to enable partners to engage the public in participatory policy making, and launching a major programme of work on public service reform in the Future Public Services taskforce. These activities contributed to the growing financial health of the organisation over the course of the year, and were enabled by a strong new leadership team and additional research leads across the organisation.

The merger with Engage Britain was the result of a board level discussion to explore options to expand our capacity in participatory and deliberative work in order to progress our core mission of putting people at the heart of policy-making. It brought significant new funding to amplify our participatory work and in 2024 we launched the Citizens' White Paper, setting out how, when and why a government might partner with the public on policy-making.

At the time of producing this report, three-quarters of the way through 2024, we have a renewed political landscape following the general election. This has dramatically shifted the political climate we are operating in, offering new opportunities to advance our policy agenda around participatory policy making, public service reform, the opportunities presented by AI and the growth agenda, in particular. One of our core purposes for participatory policy-making is to strengthen citizenry and overcome division. In these polarised times this work could not be more urgent and our cross-party approach more critical.

I am confident that we can continue to deliver against our charitable aims to promote education and research for the public benefit of politics, economics and public policy, and to grow our impact.

Demos

Company Limited by Guarantee

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

Year ended 31 December 2023

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 and this was enhanced in 2023 with a new management structure designed to support our accelerated growth and impact.

The overall management of Demos is the responsibility of the Chief Executive who provides leadership to the organisation, its strategic focus and the public positioning of the charity. She is supported by four directors - the Director of Research and Participation, the Director for Policy and Impact, the Director for Participatory Programming and the Director for Digital Policy, as well as the Chief Financial Officer. Together they form the executive team.

The increased workload and ambition of the team meant that in the course of the year we pivoted our hiring strategy to employ more researchers at a project manager level to deliver against the increasing workload. We established a new management team, made up of the wider managers across the organisation. They are principally responsible for managing the day-to-day operations of the team, with the executive team focused on strategy and organisational development.

Research projects are line-managed by senior staff; a team of researchers undertakes research and policy projects, while the Impact Team manages the programme of events, influencing and publicity. The CASM team at Demos is responsible for the work on creating a healthier digital ecosystem. The whole team is supported by a Head of Operations, Finance Manager and the CFO. 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. The CEO quality assures all external outputs.

Activities and review

The executive team and board are committed to pursuing the existing strategy to help build a more collaborative democracy in the United Kingdom by improving the way policy is made specifically by helping politicians to partner with the public, as well as wider experts, on policy-making. We work to put people at the heart of policy-making through a range of participatory methods that allow politicians and citizens to partner together to tackle our collective problems.

The course of 2023 was defined by strong growth in scale, range and number of projects and activities across the organisation. Having established our four pillars - Relational Public Services, Inclusive Economy, Healthier Digital Ecosystem and More Trusted Politics - in 2022, we focused on embedding these pillars by developing projects around them and fulfilling our ambition to diversify our funding model. This saw us move from being supported to do projects and party conference events; to a model with five revenue streams: projects, party conferences plus funded event networks, participatory services and larger scale programmatic support.

We ended 2023 with two funded networks, two purely participatory projects funded and a new programme in our Future Public Services Taskforce. The latter was the result of partnerships born out of a funded network, the Public Services 2030 Network, providing a new pipeline model to deepen relationships with supporters of our work.

Demos
Company Limited by Guarantee
Trustees' Annual Report (Incorporating the Director's Report) *(continued)*
Year ended 31 December 2023

Our influencing work stepped up a gear, we strengthened our organisational cross-party relationships and grew our work with the opposition in preparation for the 2024 election. We have accelerated our media work with extensive coverage of our reports, particularly in the second half of the year with a high quantity of publications. Demos put on one of the busiest party conference schedules in our recent history. Overall, we had over 400 attendees for our 16 events across all three conferences with 14 partner organisations. We had 20 Ministers, Shadow Ministers, MPs and Parliamentary Candidates across our events, including one panel exclusively for women Parliamentary Candidates. We also had an exclusive event with the Leader of the Liberal Democrats, Sir Ed Davey, the only scheduled discussion event with a leader of one of the country's major political parties at this Conference season.

Engage Britain merged to become part of Demos on 1 November 2023, with two team members transferring over at that date. The merger has had a marked impact on our positioning within the sector. It was welcomed by partners in the charity sector as a model for the type of charity rationalisation that is much needed, it sets us up to be a leading voice in the ecosystem of partner organisations pursuing participatory policy-making in 2024, and has resulted in new approaches for funded partnerships to do participatory work already.

The merger introduced two new roles to Demos: the Director of Participatory Programmes, leading our major participatory work; and a Relationships Manager, responsible for engaging participants in these processes and building our networks across civil society. They have settled into the team very well, have brought new expertise and have helped establish fresh practices across the team.

We are extremely grateful to the legacy team at Engage Britain and those who have joined Demos for all their work to develop the participatory and deliberative practice that is now part of the Demos way of working. We would also like to thank the Hands Family Trust, which played a key role in supporting Engage Britain throughout its existence and prompted a renewed focus on participation and deliberation in policy-making.

Governance and finance

The board and executive enjoyed a strong working relationship in 2023, with support and challenge helping to strengthen the organisation's strategic direction.

The board met on a quarterly basis with bilaterals between the Chief Executive and chair every month. We maintained three subcommittees overseeing 'finance audit and risk', 'nominations' and 'remuneration'.

We started the year with considerable uncertainty around fundraising following the 2022 leadership transition and the political turmoil of the short lived Truss government that made the fundraising environment challenging in the second half of the preceding year. Risks were mitigated, costs well managed and the Finance and Risk committee was extremely supportive through this, with monthly meetings to ensure we all were across any emerging issues and responding in a timely way. At the beginning of the year the board sanctioned the use of £200,000 in reserves to support this transition and invest in the executive level of the organisation. We ended the year not only not using these reserves, but adding to reserves by £48,421 showing the strength of the performance in the second part of the year and justifying the investment in the senior team. By the end of the year the Finance and Audit Committee was satisfied that the organisation was strong and stable, and reduced its meetings to three monthly intervals in line with board meetings.

Demos

Company Limited by Guarantee

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

Year ended 31 December 2023

There was some change in the board membership. Ian Corfield stepped down after exemplary terms as trustee. Halima Begum, Chief Executive of Oxfam, joined the board. In 2024 we are currently recruiting for two new trustees. All policies were reviewed in line with best practices. A board effectiveness review was carried out in September as a result of which it was agreed that the agenda would move from finance and risk to a more strategic focus as risks reduce; trustees would be equipped with briefings to enable them to be better ambassadors; and that the trustees and exec would hold at least two social events a year to strengthen relationships and get to know one another more.

The board was focused on managing risks over the course of the year, but were pleased to see the strategic focus increase throughout this period with the impactful outcomes of this. The result at the end of the year is more impact, increased reserves, a stronger strategy and a renewed team set up to deliver it.

Charitable objectives

Demos' charitable objectives remain unchanged. It 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

At the time of writing the CEO and CFO are working on revisions to Demos' charitable objectives to consider its membership structure. This will be presented to the board at the September 2024 board meeting.

Achievements and performance

Achievements during 2023

More Trusted Democracy

In 2023 we focused on building capacity to deliver more work in the Trusted Democracy pillar, with the addition of Lucy Bush as director of research and participation, joining us from Britain Thinks where she led the deliberative and place based work; then completing the merger with Engage Britain which brought fresh talent and funding to accelerate our work in this area. The merger was partly a response

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to the challenge we have traditionally faced in funding work around democratic reform and by the end of 2024 both the hiring and merger strategy was reaping rewards.

We finished 2023 having secured three participatory projects for launch in 2024, undertaking deliberative projects to design a future Vision for London (with City Bridges Foundation), a future Vision for Grimsby (working with Our Future and the council) and undertaking a major project investigating the public's appetite for protest (with Liberty). All three report in 2024. We also secured funding from ABRDN Financial Fairness Foundation for deliberative work around our major inheritance tax project. We collaborated with Nesta on a paper on power and place in localities and published a major piece of work conducted by the Engage Britain team on public participation around attitudes to the NHS, "I love the NHS but...".

In addition the end of 2023 saw the design of our landmark project the Citizens' White Paper, setting out why, when and how the new government should partner with the public on policy making. On publication in July 2024 this led to widespread news coverage, and in-depth comment coverage in the FT and Guardian. It triggered a briefing with key ministers, over 50 civil servants, and an advocacy plan across the new government.

The activities undertaken in 2023 have put us in a place to pursue our objectives of a more collaborative democracy through our regular projects, through specific projects designed to enable other organisations to partner with the public and through major advocacy work to convince the government of the merits of participation to improve policy making and increase trust in politics. Sir Keir Starmer has described the fight for trust as "the battle of our political era". The activities of 2023 put Demos in the best position to make a major contribution to this work.

Relational Public Services

2023 saw an increase in Demos' work on public service reform, supported by Ben Glover moving to a new role in January 2023 as Head of Social Policy to focus on this pillar.

We launched the *Public Services 2030 Network*, a community spanning government, industry and civil society, collaborating to build a better way of delivering public services. Through the Network, we hosted nine public events and two private discussions in 2023, hosting ministers, shadow ministers and leading experts in public service reform.

In April 2023 we published *The Preventative State*, supported by Local Trust, arguing for a new shift to preventative policy. The essay received a high degree of attention in the media and policy circles, being referenced in subsequent work by IPPR, the Institute for Government, the King's Fund and the Joseph Rowntree Foundation.

Building on this, in October 2023 we published *Revenue, capital, prevention: A new public spending framework for the future*, in partnership with the Health Foundation. We proposed a new spending category to classify and ring fence preventative investment, injecting long-termism into public spending.

In September 2023 we published a paper in support of Martha's Rule, a new NHS patient safety policy that gives patients and their families more say in their care, creating more relational ways of working. After sustained coverage on the BBC Radio 4's Today Programme, the Health Secretary Stephen Barclay and the shadow Wes Streeting both backed the proposal. In February 2024, NHS England announced that it would roll out Martha's Rule in hospitals across England from April.

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We finished 2023 with the launch of the Future Public Services Taskforce, a major cross-party initiative to produce a new, public service reform strategy for central government. The Taskforce is advised by a number of senior leaders including Patricia Hewitt (former Health Secretary), Jonathan Slater, (former Permanent Secretary; and Chris Naylor (former Chief Executive of Barking and Dagenham Council). The Taskforce will deliver its final recommendations in 2024.

Inclusive Economy

The highlight of the year was our flagship programme on understanding inheritance tax supported by the Aberdeen Financial Fairness Trust. The research garnered repeated national media coverage and changed perceptions of the tax amongst the media and policy makers. Through deeper engagement with the public, we were able to understand the nuances of public attitudes towards inheritance tax, showing policy makers there is a space for comprehensive reform of the tax. This is a model for how collaboration with the public can open up the possibilities for reform.

Demos also achieved success through our work on industrial infrastructure, with Labour adopting some of the recommendations in its manifesto, including reforming the national architecture for infrastructure projects through the creation of a new national delivery agency. Aligned to this work were projects on housing and water infrastructure, both of which received engagement from policy makers.

We continued to build on our policy expertise in employment support, looking at the attitudes of older workers in getting back into work and the deployment of employment services at a local level. This led to further work on employment support in 2024 and further engagement with policy makers.

Towards the end of the year Demos published a major report on corporate governance reform, calling for changes to directors' duties to put social and environmental purpose at the core of business decision making. This report exemplifies the spirit of the 'Inclusive Economy', which calls on all parts of our economy to think about the wider social interests.

Healthier Internet – CASM

In 2023 the CASM team at Demos investigated Drivers of Digital Discord in the information environment, embarked on a project to investigate how personal data is used online and looked at the future of the role of universities in the age of AI. We launched the Good Web Network, a funded event series (with support from Good Things Foundation and Google), exploring the future of the internet and hosting leading experts along with the Digital Minister Paul Scully and his shadow Alex Davies Jones. We took the network to party conferences and parliament to engage members of the Lords around the Online Safety Act. We launched a pilot study in partnership with JRF looking at how people living in poverty talk about their experiences online, which was then turned into an year-long programme in 2024.

Over the course of the year we increasingly pivoted to think about the impact of AI and in the run up to the international AI Safety conference in November, hosted a roundtable on the future of Open Source and AI, resulting in a publication that helped set the agenda ahead of the conference. It was attended by senior DSIT officials and Ian Hogarth of the AI Safety Institute. We ended the year launching a cross sector collaboration to persuade the political parties to sign up to a compact on the use of AI at the election, making some progress in 2024 but being foxed by the early election.

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Ellen Judson steered CASM through this year of transition embodying the heart and soul of both CASM and the wider Demos team. She left in the Autumn to pursue an investigative role on climate disinformation at Global Witness. She remains as a senior fellow and has worked on subsequent projects with us in 2024.

We recruited Dr. Elizabeth Seger to join as Director of CASM at the end of 2023. She was previously a policy researcher at the Centre for the Governance of AI in Oxford where she led projects on [open-source model sharing](#) strategy and the [democratisation of AI](#). Her work is internationally recognized, helping set the stage for international debates on AI policy including with the OECD working group on AI and around the UK's AI Safety Summit and the Biden Administration's Executive Order on Safe and Trustworthy AI. Along with the wider CASM team she will lead our digital policy-making through this next technological era.

As we entered 2024 with the four pillars established across the teams, the strategy has evolved with everything we had achieved and learned. We revisited the ideas that shaped the four areas, resulting in their repositioning and renaming them to Public Service Reform, Citizen Economy, Trusted Technology and Collaborative Democracy.

Publications

We published 37 reports in 2023 compared with 22 in 2022. Titles published during the year include:

SMOKE WITHOUT FIRE: A NEW VISION FOR VAPING POLICY IN THE UK: Alice Dawson looked at the change required for the UK government to reach its 2030 smoke-free goal, reduce health inequalities and diminish the impact smoking has on people's lives.

TEED UP FOR SUCCESS? WHAT THE TEES VALLEY TELLS US ABOUT LEVELLING UP: Kate Harrison and Courtney Stephenson looked beyond the rhetoric around levelling up to find out how the agenda was really doing, by talking to the people it was designed to help.

A NEW AGE OF INHERITANCE: WHAT DOES IT MEAN FOR THE UK? Dan Goss and Ben Glover set out the key facts and figures relating to the UK's new age of inheritance, drawing on existing research and some new analysis of public datasets, providing a fresh perspective on what the new age of inheritance will look like.

NET ZERO TO LEVEL UP: SECURING A JUST TRANSITION FOR THE BLACK COUNTRY 2023-2032: Andrew Phillips and Charles Seaford's report looked at how the West Midlands Combined Authority should use some of the powers afforded to them by the 'trailblazer deeper devolution deal' to achieve a just transition in the Black Country.

ACCEPT ALL: UNACCEPTABLE? TRACKING THE EXPERIENCE OF TRYING TO RECLAIM PERSONAL DATA - AND WHAT GOVERNMENT, BUSINESSES AND CITIZENS CAN LEARN FROM IT: Ellen Judson and Victoria Baines looked at how our data footprints are being created and exploited online.

THE COSTS OF ATOPIC DERMATITIS: Alice Dawson's report investigated the costs of atopic dermatitis, setting out recommendations for how to improve patient care in order to reduce those costs.

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THE PREVENTATIVE STATE: REBUILDING OUR LOCAL, SOCIAL AND CIVIC FOUNDATIONS: Polly Curtis, Andrew O'Brien and Ben Glover argued that we need a state which is more expansive in how it sees the challenge of reforming public services.

THE EMPLOYABILITY BADGE: SKILLS FOR LIFE, WORK AND A STRONGER SOCIETY: Kate Harrison and Alice Dawson looked at the importance of equipping young people with the skills that employers need to tackle youth unemployment, identifying a 'double skills gap'.

REWIRING THE WEB: THE FUTURE OF PERSONAL DATA: Jon Nash and Charlie Smith argued that the widespread use of personal information online represents a fundamental flaw in our digital infrastructure that enables staggeringly high levels of fraud, undermines our right to privacy and limits competition.

THE INHERITANCE TAX PUZZLE: CHALLENGING ASSUMPTIONS ABOUT PUBLIC ATTITUDES TO INHERITANCE: Dan Goss and Ben Glover explored the complexities around public attitudes towards taxing inheritances.

OPPORTUNITIES TO BETTER PREVENT HOMELESSNESS IN ENGLAND: A DEMOS-CENTRE FOR HOMELESSNESS IMPACT DISCUSSION PAPER: Alice Dawson and Ben Glover drew on the available evidence to highlight some potential opportunities to enhance prevention of homelessness and where future policy and practice could focus.

LOST IDEALS: CONSERVATIVES IN THE NEW AGE OF INHERITANCE: Andrew O'Brien looked at the philosophy of conservatism and how those values have been applied over time by the Conservative Party on the issue of inheritance, and what these ideas mean for the future.

A TAPESTRY OF SERVICES: EMPLOYMENT, SKILLS AND CAREERS SUPPORT IN EAST BIRMINGHAM AND NORTH SOLIHULL: Courtney Stephenson and Andrew Phillips looked at the existing employment, skills and careers services in East Birmingham and North Solihull, and the work that needs to be done to empower local areas to better join these services up.

CREDIT IN THE COST OF LIVING CRISIS: THE GOOD CREDIT INDEX 2023: Courtney Stephenson and Stephen Walcott looked at the drastically reduced purchasing power of households, as well as the value of good credit and the damage that poor access to credit, or access to irresponsible credit, can do.

HOME IMPROVEMENT: A TRIPLE DIVIDEND - PART ONE: BOOSTING THE BRITISH ECONOMY: Andrew O'Brien explored the significant economic opportunity that lies in shaping a home improvement policy that provides safe, energy efficient homes for a growing and ageing population.

MARTHA'S RULE: A NEW POLICY TO AMPLIFY PATIENT VOICE AND IMPROVE SAFETY IN HOSPITALS: Polly Curtis proposed a policy change in the NHS to redress the balance of power between medics and patients.

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THE TRIPLE DIVIDEND OF HOME IMPROVEMENT - PART TWO: OVERCOMING THE HEALTH AND CARE POLYCRISIS: Andrew O'Brien looked at what the health and care benefits of a comprehensive package of home improvement could be.

SOWING RESILIENCE: UNLOCKING THE POTENTIAL FOR REGENERATIVE FARMING: Dan Goss and Lucy Bush looked at the role regenerative farming can play in driving a new green transformation in agriculture.

THE PLATINUM POUND: BOOSTING EMPLOYMENT AMONG OLDER WORKERS: Andrew Phillips and Andrew O'Brien proposed a number of policy solutions to support older people who are out of work but who want a job.

WINNING THE ARGUMENT: HOW TO UNLOCK PUBLIC SUPPORT FOR INHERITANCE TAXATION: Dan Goss and Ben Glover explored the disagreements and concerns that exist about inheritance taxation, drawing on analysis to present the arguments, framings and reforms that can be put forward to win the public over on taxing inheritances.

HOW PEOPLE TALK ABOUT POVERTY AND HARDSHIP ONLINE: A SOCIAL MEDIA LISTENING EXPLORATION: Ellen Judson, Courtney Stephenson, Sophia Knight and Oliver Marsh explored how people are talking about their experiences of financial hardship in online forums.

COMMUNITY COVENANTS: A PROPOSAL FOR REINVENTING PUBLIC SERVICES WITH CONSERVATIVE PRINCIPLES: Andrew O'Brien argued that the Conservatives need to be clear-headed about their thinking on public services, and that they need a new covenant on them at a local and national level.

REVENUE, CAPITAL, PREVENTION: A NEW PUBLIC SPENDING FRAMEWORK FOR THE FUTURE: Polly Curtis and Andrew O'Brien proposed a new approach to government spending, one which starts by measuring prevention and having a transparent process of budgeting and accounting for prevention spending.

NOTHING TO FEAR: THE LABOUR PARTY AND THE NEW AGE OF INHERITANCE: Ben Glover looked at inheritance taxation through the lens of Labour's core values over time, considering the future of the tax in the context of a changing political and economic climate.

ADDRESSING THE UK WATER DILEMMA: PUBLIC ATTITUDES ON THE UK'S WATER RESILIENCE: Andrew O'Brien explored the need for policy makers, the water industry, business and the public to work together to avoid a water crisis in the years ahead.

OPEN SOURCING THE AI REVOLUTION: FRAMING THE DEBATE ON OPEN SOURCE, ARTIFICIAL INTELLIGENCE AND REGULATION: Polly Curtis and James Ball looked at what to do about open source, a central challenge in the regulation of AI.

THE TRIPLE DIVIDEND OF HOME IMPROVEMENT PART THREE: GETTING BRITAIN BACK ON TRACK TO DELIVER NET ZERO: Andrew O'Brien looked at how the right combination of public,

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private and social sector action can create new jobs and help us meet our commitments to the environment.

THE AI GENERATION: HOW UNIVERSITIES CAN PREPARE STUDENTS FOR THE CHANGING WORLD: Author Richard Brown set out a number of recommendations that universities can adopt to ensure graduates are well-equipped to enter the workforce.

“I LOVE THE NHS, BUT...”: PREVENTING NEEDLESS HARMS CAUSED BY POOR COMMUNICATIONS IN THE NHS: Patti Garcia Gomez and Miriam Levin made the case for the urgent improvements in NHS communication.

THE PURPOSE DIVIDEND: Andrew O'Brien looked at the economic boost that could be unlocked through a nationwide shift to purpose-led business.

RECOVERY THROUGH REFORM: LAUNCH PAPER OF THE FUTURE PUBLIC SERVICES TASKFORCE: Ben Glover argued that additional funding alone will not deliver a public services recovery, and that reform will also be necessary.

FLOWING FORWARD: SAFEGUARDING THE UK'S WATER SYSTEM: Dan Goss and Andrew O'Brien looked at the need for policy makers, the water industry, business and the public to work together to avoid an unnecessary water crisis, setting out the policy recommendations to keep the taps flowing.

POWERING THE SUPERPOWER: UPGRADING THE UK'S INDUSTRIAL INFRASTRUCTURE TO UNLOCK TECHNOLOGICAL TRANSFORMATION FOR GROWTH: Andrew O'Brien and Dan Goss looked at the sectors that hold significant potential for growing the economy, as well as those with a large footprint, where technology can have a large positive impact.

WALL TO WALL SUPPORT: JOINING UP PUBLIC SERVICES AND HOUSING FOR VULNERABLE CHILDREN, YOUNG PEOPLE AND FAMILIES: Andrew Phillips, Lucy Bush and Stephen Walcott argued that public services need to be more effectively joined up to produce better policy outcomes and also save the taxpayer money.

POWER AND PLACE - THE FUNDAMENTALS: DEMOS & UK 2040 OPTIONS: Andrew O'Brien and Courtney Stephenson identified the core schools of thought on how best to achieve devolution in the UK.

STRONG FOUNDATIONS: WHY EMOTIONAL HEALTH IS CRITICAL FOR MENTAL HEALTH: Alice Dawson introduced the concept of emotional health and explored the role it can play as a protective factor for mental health.

DRIVERS OF DIGITAL DISCORD: HOW NEWS MEDIA AND SOCIAL MEDIA DRIVE ONLINE DISCOURSE - AND PATHWAYS FOR CHANGE: Ellen Judson and Sophia Knight looked at the policy reforms needed to safeguard against online harms, rebuild the relationship between audiences, news producers and platforms and future-proof our digital environments for a fast-approaching revolution.

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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 2023.

FINANCE REVIEW

The results of the year's activity are set out in the attached financial statements. Total incoming resources were £1,389,773 a 28% increase of £258,747 to the previous year £1,131,026. Expenditure for the year was £1,341,352, compared with £1,129,942 in the prior year. The majority of this increase in expenditure being represented by the significant increase in staffing delivering increased research and management. The increase in expenditure is in line with the generation of additional research income.

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-19 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. This level was reached during 2023.

At the time of writing, Demos' reserves have more than doubled since the end of 2019 and have again grown in 2023 to £ - the highest level it has ever had. At the time of writing we have just had a surprise election which has paused fundraising for a period but we are confident that we are in a strong position in 2024 to still complete the year without the use of reserves. 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 current political cycle.

RISK ASSESSMENT

Demos continued to closely manage risks in 2023. We continued to develop 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. We continued our "How to Demos" programme to capture our project management, fundraising and HR processes to ensure continuity in a time of change and improve consistency across the team. In addition to this, Demos continued to review its operations against the operational risk register, which was reviewed systematically in September 2022 and again in June 2024. The executive shares responsibility for actively managing all risks on the risk register. All new internal policies relevant to risk areas, including but not limited to employee safeguarding, data protection and anti-fraud, were periodically reviewed in line with best practice.

Demos received ongoing guidance and scrutiny at a Governance level from Demos' Finance and Audit subcommittee, including via monthly meetings which were reduced to quarterly at the end of 2023 to reflect the improved security of the organisation.

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Due to turnover in the head of operations role, we started 2024 with a more thorough recruitment process appointing Karishma Dharni to start at the mid year point. We mitigated risks of this extended recruitment period to the governance of the organisation by employing an experienced charity consultant to support the board process and do a thorough governance review, and subsequently an IT and security review in 2024 which enabled the new head of operations to start in a strong position and smoothly support the risk management of the charity.

Future Development

Demos ended the year in a strong position and with a strong pipeline of new projects into 2024. The executive team undertook a desk based review of capacity planning for 2024 to ensure we could achieve the new targets being set for the growing team, which gave the exec and board some assurance that we were aiming suitably ambitiously but within our capacity limits. Capacity planning remains a major focus for the effectiveness of the organisation. The election in 2024 disrupted the fundraising cycle but the strong performance in the first part of the year, and in 2023, means this has not presented undue concern. 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. With the merger of Engage Britain and the strong current performance, we remain committed to the participation strategy into 2025 and are planning a new three year strategic review for the midway point of 2025.

Credit risks

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

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

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

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
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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.

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 and signed on behalf of the board of trustees by:

Dame J Mellor (Chair)
Trustee

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

Year ended 31 December 2023

Opinion

We have audited the financial statements of Demos (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 December 2023 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 2023 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.

In connection with our audit of the financial statements, our responsibility is to read the other

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

Year ended 31 December 2023

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.

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

Year ended 31 December 2023

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 2023

- 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

Demos

Company Limited by Guarantee

Consolidated Statement of Financial Activities (including income and expenditure account)

Year ended 31 December 2023

			2023		2022
	Note	Unrestricted funds £	Restricted funds £	Total funds £	Total funds £
Income and endowments					
Donations and legacies	5	332	–	332	1,804
Charitable activities	6	901,167	460,753	1,361,920	1,120,637
Other trading activities	8	7,680	–	7,680	4,125
Investment income	9	19,841	–	19,841	4,424
Total income		<u>929,020</u>	<u>460,753</u>	<u>1,389,773</u>	<u>1,131,026</u>
Expenditure					
Expenditure on charitable activities	10,11	880,599	460,753	1,341,352	1,129,942
Expenditure on trading activities	10	–	–	–	–
Total expenditure		<u>880,599</u>	<u>460,753</u>	<u>1,341,352</u>	<u>1,395,942</u>
Net income and net movement in funds		<u>48,421</u>	<u>–</u>	<u>48,421</u>	<u>1,084</u>
Reconciliation of funds					
Total funds brought forward		407,346	–	407,346	406,262
Total funds carried forward		<u>455,767</u>	<u>–</u>	<u>455,767</u>	<u>407,346</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 23 to 36 form part of these financial statements.

Demos
Company Limited by Guarantee
Consolidated Statement of Financial Position
31 December 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	17	26,027	–
Tangible fixed assets	18	10,256	47,477
		<u>36,283</u>	<u>47,477</u>
Current assets			
Debtors	19	284,585	159,071
Cash at bank and in hand		1,363,364	459,405
		<u>1,647,949</u>	<u>618,476</u>
Creditors: amounts falling due within one year	20	1,228,465	258,607
Net current assets		<u>419,484</u>	<u>359,869</u>
Total assets less current liabilities		<u>455,767</u>	<u>407,346</u>
Net assets		<u><u>455,767</u></u>	<u><u>407,346</u></u>
Funds of the charity			
Unrestricted funds		455,767	407,346
Restricted funds		–	–
Total charity funds	23	<u><u>455,767</u></u>	<u><u>407,346</u></u>

The consolidated statement of financial positions includes the assets and liabilities of the group which includes parent charity, Demos, and its subsidiary company, Demos Consulting Limited.

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

Dame J Mellor (Chair)
Trustee

The notes on pages 23 to 36 form part of these financial statements.

Demos
Company Limited by Guarantee
Statement of Financial Position
31 December 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	17	26,027	–
Tangible fixed assets	18	10,256	47,477
		<u>36,283</u>	<u>47,477</u>
Current assets			
Debtors	19	303,105	345,987
Cash at bank and in hand		1,343,069	255,857
		<u>1,646,174</u>	<u>581,080</u>
Creditors: amounts falling due within one year	20	1,226,690	221,211
Net current assets		<u>419,484</u>	<u>359,869</u>
Total assets less current liabilities		<u>455,767</u>	<u>407,346</u>
Net assets		<u><u>455,767</u></u>	<u><u>407,346</u></u>
Funds of the charity			
Unrestricted funds		455,767	407,346
Restricted funds		–	–
Total charity funds	21	<u><u>455,767</u></u>	<u><u>407,346</u></u>

The unrestricted and restricted fund movement for the parent charity in the year are £48,421 surplus (2022: £1,084 surplus) and £Nil (2022: £Nil) respectively.

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

Dame J Mellor (Chair)
Trustee

The notes on pages 23 to 36 form part of these financial statements.

Demos
Company Limited by Guarantee
Consolidated Statement of Cash Flows
Year ended 31 December 2023

	2023	2022
	£	£
Cash flows from operating activities		
Net (expenditure)/income	48,421	1,084
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	14,491	5,251
Other interest receivable and similar income	(19,841)	(4,424)
Accrued expenses/(income)	76,590	4,022
<i>Changes in:</i>		
Trade and other debtors	24,561	303,102
Trade and other creditors	743,193	(191,215)
Cash generated from operations	887,415	117,820
Interest received	19,841	4,424
Net cash (used in)/from operating activities	<u>907,256</u>	<u>122,244</u>
Cash flows from investing activities		
Purchase of tangible assets	(3,297)	(34,545)
Net cash used in investing activities	<u>(3,297)</u>	<u>(34,545)</u>
Net (decrease)/increase in cash and cash equivalents	903,959	(87,699)
Cash and cash equivalents at beginning of year	459,405	371,706
Cash and cash equivalents at end of year	<u>1,363,354</u>	<u>459,405</u>

The notes on pages 23 to 36 form part of these financial statements.

Demos
Company Limited by Guarantee
Notes to the Financial Statements
Year ended 31 December 2023

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 2022, 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 2023

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.

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.

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2023

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.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are only recognised separately from goodwill when they arise from contractual or other legal rights, are separable, the expected future economic benefits are probable and the cost or value can be measured reliably.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Website	-	3 years
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2023

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.

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 2023 was 7 (2022: 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 2023

5. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
Donations			
Donations	332	—	332
	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Donations			
Donations	1,804	—	1,804

6. Charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
Projects	634,442	—	634,442
Events and seminars	265,855	—	165,855
Publications and subs	872	—	872
Grant funded research	—	460,753	460,753
	901,169	460,753	1,361,922
	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Projects	737,560	—	737,560
Events and seminars	102,700	—	102,700
Publications and subs	804	—	804
Grant funded research	8,937	230,412	239,349
	841,717	230,412	1,072,129

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2023

7. Analysis of grants

	2023 £	2022 £
Grants to institutions		
Charities and Foundations	442,725	203,905
Commercial organisations	709,214	671,581
Cultural and Educational organisations	38,953	42,248
Non UK organisation	198,883	162,905
Other	—	7,634
	<u>1,389,775</u>	<u>1,088,273</u>
Total grants	<u>1,389,775</u>	<u>1,088,273</u>

8. Other trading activities

	Unrestricted Funds £	Total Funds 2023 £	Unrestricted Funds £	Total Funds 2022 £
Other Income	7,680	7,680	1,641	1,641
	<u>7,680</u>	<u>7,680</u>	<u>1,641</u>	<u>1,641</u>

9. Investment income

	Unrestricted Funds £	Total Funds 2023 £	Unrestricted Funds £	Total Funds 2023 £
Bank interest receivable	19,841	19,841	4,424	4,424
	<u>19,841</u>	<u>19,841</u>	<u>4,424</u>	<u>4,424</u>

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2023

10. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
Projects	635,687	460,753	1,096,440
Events and seminars	51,578	–	51,578
Support costs	193,334	–	193,334
	<u>880,599</u>	<u>460,753</u>	<u>1,341,352</u>
	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Projects	650,690	230,412	881,102
Events and seminars	37,613	–	37,613
Support costs	211,227	–	211,227
	<u>899,530</u>	<u>230,412</u>	<u>1,129,942</u>

11. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	Total funds 2023 £	Total funds 2022 £
Projects	1,096,440	161,296	1,257,736	1,048,981
Events and seminars	51,578	–	51,578	37,613
Governance costs	–	32,038	32,038	43,348
	<u>1,148,018</u>	<u>193,334</u>	<u>1,341,352</u>	<u>1,129,942</u>

12. Analysis of support costs

	Projects £	Events & Seminars £	Publications & Subscriptions £	Total 2023 £	Total 2022 £
Premises	85,317	507	507	86,330	81,504
General office	8,169	454	454	9,077	10,993
Support costs - Other costs	75,092	4,171	4,172	83,436	113,479
Support costs - Depreciation	13,042	725	725	14,491	5,251
	<u>181,618</u>	<u>5,858</u>	<u>5,858</u>	<u>193,334</u>	<u>211,227</u>

13. Net (expenditure)/income

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

	2023 £	2022 £
Amortisation of intangible assets (transfers)	13,093	–
Depreciation of tangible fixed assets	14,491	5,251
Foreign exchange differences	–	716
	<u>27,584</u>	<u>6,007</u>

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2023

14. Auditors remuneration

	2023	2022
	£	£
Fees payable for the audit of the financial statements	7,075	6,750
Fees payable for tax advisory services	575	550
Fees payable for non-audit services	4,725	4,500
	<u>12,375</u>	<u>11,800</u>

15. Staff costs

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

	2023	2022
	£	£
Wages and salaries	730,118	633,477
Social security costs	70,178	66,064
Employer contributions to pension plans	36,492	32,643
	<u>836,788</u>	<u>732,184</u>

Total remuneration paid to key management personnel, including benefits such as employer pension contributions, amounted to £115,831 (2022: £88,032).

The average head count of employees during the year was 18 (2022: 19). The average number of full-time equivalent employees during the year is analysed as follows:

	2023	2022
	No.	No.
Projects	14	15
External affairs	3	3
Support costs	1	1
	<u>19</u>	<u>19</u>

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

	2023	2022
	No.	No.
£60,000 to £69,999	1	0
£70,000 to £79,999	1	0
£80,000 to £89,999	0	1
£90,000 to £99,999	0	0
£100,000 to £109,999	0	0
£110,000 to £119,999	1	0
	<u>3</u>	<u>1</u>

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2023

16. Trustee remuneration and expenses

During the year, no Trustees received any remuneration or benefits in kind (2022: £nil). During the year, no Trustees received reimbursement of expenses (2022: £nil).

17. Intangible assets

	Website £
Cost	
Additions	–
Transfers	39,120
At 31 December 2023	<u>39,120</u>
Amortisation	
Charge for the year	–
Transfers	13,093
At 31 December 2023	<u>13,093</u>
Carrying amount	
At 31 December 2023	<u>26,027</u>
At 31 December 2022	<u>–</u>

18. Tangible fixed assets

	Fixtures and fittings £	Computer Equipment £	Total £
Cost			
At 1 January 2023	5,654	56,870	62,524
Additions	–	3,297	3,297
Transfers	–	(39,120)	(39,120)
At 31 December 2023	<u>5,654</u>	<u>21,047</u>	<u>26,701</u>
Depreciation			
At 1 January 2023	3,120	11,927	15,047
Charge for the year	1,043	13,448	14,491
Transfers	–	(13,093)	(13,093)
At 31 December 2023	<u>4,163</u>	<u>12,282</u>	<u>16,445</u>
Carrying amount			
At 31 December 2023	<u>1,491</u>	<u>8,765</u>	<u>10,256</u>
At 31 December 2022	<u>2,534</u>	<u>44,943</u>	<u>47,477</u>

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2023

19. Debtors

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade debtors	162,439	50,227	164,670	40,495
Prepayments and accrued income	75,554	73,868	75,554	73,753
Other debtors	46,562	34,976	62,881	210,975
	<u>284,585</u>	<u>159,071</u>	<u>303,105</u>	<u>325,223</u>

20. Creditors: amounts falling due within one year

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade creditors	72,346	55,381	72,346	55,381
Accruals and deferred income	1,060,683	132,840	1,060,683	112,367
Social security and other taxes	85,074	61,045	85,074	44,651
Other creditors	10,302	23,190	8,587	22,590
	<u>1,228,465</u>	<u>272,456</u>	<u>1,226,690</u>	<u>234,989</u>

21. Deferred income

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
At 1 January 2023	92,820	63,600	92,820	63,600
Amount released to income	(92,820)	(63,600)	(92,820)	(63,600)
Amount deferred in year	<u>963,437</u>	<u>96,820</u>	<u>963,437</u>	<u>92,820</u>
At 31 December 2024	<u>963,437</u>	<u>96,820</u>	<u>963,437</u>	<u>92,820</u>

22. 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 £36,942 (2022: £32,643).

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2023

23. Analysis of charitable funds

Unrestricted funds

Group and company

	At 1 January 2023 £	Income £	Expenditure £	At 31 December 2023 £
General funds	<u>407,346</u>	<u>929,020</u>	<u>(880,599)</u>	<u>455,767</u>

	At 1 January 2022 £	Income £	Expenditure £	At 31 December 2022 £
General funds	<u>407,346</u>	<u>900,578</u>	<u>(899,530)</u>	<u>407,346</u>

Company

	At 1 January 2023 £	Income £	Expenditure £	At 31 December 2023 £
General funds	<u>407,346</u>	<u>957,009</u>	<u>(908,588)</u>	<u>455,767</u>

	At 1 January 2022 £	Income £	Expenditure £	At 31 December 2022 £
General funds	<u>406,262</u>	<u>857,870</u>	<u>(856,786)</u>	<u>407,346</u>

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2023

Restricted funds

Group and company

The subsidiaries have no restricted funds.

	At 1 January 2023	Income	Expenditure	At 31 December 2023
	£	£	£	£
Barrow Cadbury	–	15,000	(15,000)	–
Violence against Journalists	–	2,663	(2,663)	–
Employment and skills	–	13,612	(13,612)	–
Inheritance	–	51,796	(51,796)	–
GCI 2023	–	62,194	(62,194)	–
Social Media Listening	–	17,850	(17,850)	–
Houchenism	–	5,000	(5,000)	–
LTNs and Conspiracy	–	16,880	(16,880)	–
Misinformation classm intervent	–	33,360	(33,360)	–
Information Harms	–	132,368	(132,368)	–
Future of Youth Hubs	–	21,351	(21,351)	–
AI Election Pledge	–	10,462	(10,462)	–
Emerging Tech	–	4,000	(4,000)	–
Gendered Disinformation	–	8,100	(8,100)	–
Digital Infrastructure	–	29,200	(29,200)	–
	–	460,753	(460,753)	–

	At 1 January 2022	Income	Expenditure	At 31 December 2022
	£	£	£	£
LIPSIT	–	998	(998)	–
Hyde	–	7,500	(7,500)	–
Grantfortheweb	–	31,729	(31,729)	–
Inheritance	–	56,976	(56,976)	–
GCI 2022	–	32,700	(32,700)	–
Black Country	–	55,000	(55,000)	–
Houchenism	–	20,000	(20,000)	–
CAOV	–	15,975	(15,975)	–
Misinformation classm intervent	–	2,566	(2,566)	–
Information Harms	–	6,967	(6,967)	–
	–	230,412	(230,412)	–

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2023

24. Analysis of net assets between funds

Group

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
Total fixed assets	36,283	—	36,283
Current assets	1,647,949	—	1,647,949
Creditors less than 1 year	(1,228,465)	—	(1,228,465)
Net assets	<u>455,757</u>	<u>—</u>	<u>455,757</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Total fixed assets	47,477	—	47,477
Current assets	618,476	—	618,476
Creditors less than 1 year	(258,607)	—	(258,607)
Net assets	<u>407,346</u>	<u>—</u>	<u>407,346</u>

Company

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
Tangible fixed assets	36,283	—	36,283
Current assets	1,646,174	—	1,646,174
Creditors less than 1 year	(1,226,690)	—	(1,226,690)
Net assets	<u>455,757</u>	<u>—</u>	<u>455,757</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Tangible fixed assets	47,477	—	47,477
Current assets	581,080	—	581,080
Creditors less than 1 year	(221,211)	—	(221,211)
Net assets	<u>407,346</u>	<u>—</u>	<u>407,346</u>

Demos

Company Limited by Guarantee

Notes to the Detailed Statement of Financial Activities

Year ended 31 December 2023

25. Analysis of changes in net debt

Group

	At 1 Jan 2023 £	Cash flows £	At 31 Dec 2023 £
Cash at bank and in hand	<u>459,405</u>	<u>903,959</u>	<u>1,363,364</u>

Company

	At 1 Jan 2023 £	Cash flows £	At 31 Dec 2023 £
Cash at bank and in hand	<u>255,857</u>	<u>1,087,212</u>	<u>1,343,069</u>

26. Operating lease commitments

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

	2023 £	2022 £
Not later than 1 year	67,248	33,763
Later than 1 year and not later than 5 years	<u>176,819</u>	<u>—</u>
	<u>289,587</u>	<u>33,763</u>

27. Related parties

Company

At the balance sheet date £30,190 (2022: £177,457) owed and was owed to a company under common control.

Demos

England & Wales - Charity number 1042046

Accounts

COMPANY REGISTRATION NUMBER: 02977740
CHARITY REGISTRATION NUMBER: 1042046

Demos
Company Limited by Guarantee
Financial Statements
31 December 2022

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 2022

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Demos

Company Limited by Guarantee

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

Year ended 31 December 2022

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 2022.

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
I Corfield
T McAuliffe
Dame J Mellor (Chair)
J P Wise
M A Boo
A W K Dawson
D C Robb

Company secretary	Polly Curtis
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Auditor	Burgess Hodgson LLP Chartered accountants & statutory auditor Camburgh House 27 New Dover Road Canterbury Kent CT1 3DN
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Demos
Company Limited by Guarantee
Trustees' Annual Report (Incorporating the Director's Report) *(continued)*
Year ended 31 December 2022

The trustees present their report and the financial statements for the year ending 31 December 2022.

Reference and administrative information set out on page one forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards

Chair's report

Demos underwent significant renewal in 2022 with a new CEO and a refreshed funding strategy to underpin the ongoing focus on public participation in policy-making and creating a more collaborative democracy.

The former chief executive Polly Mackenzie left the organisation with strong reserves, allowing the incoming chief executive Polly Curtis to focus on diversifying fundraising to create more sustainable future growth in 2023 in order to further amplify the case for a more collaborative democracy.

The team set about diversifying funding for the organisation by introducing new funded networks of events, building more strategic ongoing relationships with funders and creating capacity to double down on how we advocate for, and support others to put people at the heart of policy-making. The aim of these activities is to double down on this focus and "Be More Demos" (as we called the strategy) in all of our activities.

Demos's overarching mission is to put people at the heart of policy-making in order to improve the quality of policy-making but also to improve the quality of trust and legitimacy in our democracy. In 2022 we aligned as an organisation on four core pillars through which to deliver this: public service reform, a more inclusive economy, a healthier internet and a more trusted democracy. As outlined in our activity below, our work is now all consolidating under these four pillars allowing us to tell a powerful and consistent story about Demos's purpose.

There was significant political turmoil in 2022, with the short-lived government led by Liz Truss and uncertainty about the course to a general election. This uncertainty affected fundraising cycles in the short term. With careful cost management we ended the year having protected our reserves and with a new leadership team appointed to double down on participation and policy impact. We re-focused our public positioning on more strategic communications around the Demos purpose, aligning our external activities around our strategy, amplifying our messaging and building deeper cross-party relationships.

There has been strong collaboration between the board and the executive to support Demos's activities through a changing year. As we get into 2023, we are seeing convincing signs that all this activity is paying off with recovering revenues and diversified sources of funding for core activities.

I am confident that we can continue to deliver against our charitable aims to promote education and research for the public benefit of politics, economics and public policy, and to grow our impact.

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 and this was enhanced in 2022 with a restructured leadership team under the new CEO.

Demos

Company Limited by Guarantee

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

Year ended 31 December 2022

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 strategic direction and public positioning of the charity.

The renewed leadership team structure consists of two new director level roles: a Director of Research and Participation and a Director of Policy and Impact, reflecting our strategic priorities to double down in these areas and strengthen team management. The Head of CASM, Head of Public Policy and Operations Manager complete the leadership team.

Research projects are line-managed by senior staff; a team of researchers undertakes research projects, while the external affairs team manages the programme of events and publicity. They are supported by an operations team and the Chief Financial Officer. 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.

Fundraising was previously spread across the team with junior members encouraged and incentivised to fundraise. In 2022 we refocused this responsibility on the senior team, with development opportunities for junior members, and success rates have improved as a result.

Objectives and activities

Activities and review

The new chief executive is aligned with the board and committed to the existing strategy to help build a more collaborative democracy in the United Kingdom by improving the way policy is made and politics is run. But there has been a significant shift in strategy about how to achieve this, focussing on diversifying the funding model in order to ensure that everything Demos does contributes directly to this core purpose.

In a year of change much of the activity went into building this strategic thinking and reinforcing the team to deliver it. We:

- Hired two new directors, for Research and Participation, and Policy and Impact, to deliver the agenda, while stabilising the team through a significant period of transition. Lucy Bush, Director of Research and Participation, comes with extensive experience of participation and deliberative research; Andrew O'Brien, Director of Policy and Impact, has deep influencing experience and adds to our cross-party capacity significantly.
 - Outlined our four pillars of policy focus under the overarching public participation purpose: public service reform, a more inclusive economy, a healthier internet and a more trusted democracy.
 - Focused on the "Be More Demos" strategy, building a funding model that allows us to be more impactful and focused on our mission to create that more collaborative democracy.
 - Built the first new revenue stream for 2023, by designing and funding two new networks of events: The Public Services 2030 Network, and the Good Web Network. We secured eight funders for this core activity, totalling £80,000 in revenue for 2023 (including Google, Good Things Foundation, Reed in Partnership and CIPFA). Through pilots at the end of 2022 we have now hosted frontbenchers across the parties along with hundreds of audience members. By mid 2023 we had used this network to fund a new core programme: The Future Public Service Taskforce, launched in August 2023.
 - Hosted a vibrant, well attended and fully funded conference season with four events at the Conservatives and four at Labour all featuring prominent politicians. We designed the programme that we then fully funded, in keeping with our "Be More Demos" strategy. Discussions included:
-

Demos

Company Limited by Guarantee

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

Year ended 31 December 2022

democratic renewal, digital regulation, levelling up and devolution and public service reform. Speakers included Lisa Nandy, Steve Reed and David Lammy. Sir John Curtice, Matt Vickers and Marco Longhi.

- We shifted our media activity to a more tailored and strategic approach to promoting our work and ensuring our key messages are landing with the most impactful stakeholders. Over the course of the year we increased our Twitter impressions and engagements, the dwell time on our website by upping the quality of our self published articles, our media mentions in Q4 and into 2023 and we launched a new newsletter improving the open rate and securing new funding enquiries via that route.
- As the political turmoil of the Autumn subsided we focused on our cross-party political engagement, and have had specific policy impact around our work with the NHS on relational public services. On employment support and the development of a Universal Work Service, we have presented to the government's lead on its employment inquiry as well as the shadow employment secretary Jonathan Ashworth who has referenced in it his plans. More details of our increased influence is included below.

In July 2023 the CEO and chair of trustees commenced talks with another Charity with very similarly aligned objectives operating in the field of political and socio economic research, to look at a possible future integration. Discussions are at an early stage. It is envisaged that if talks do crystallise in some form of formal integration, that such arrangements will be concluded by the end of the calendar year. Trustees were supportive of the discussions and consulted appropriately.

Governance and finance

The board and executive enjoyed a strong working relationship in 2022, with support and challenge helping to strengthen the organisation's strategic direction.

The board met on a quarterly basis with bilaterals between the chief exec and chair every month. We maintained three board subcommittees overseeing 'finance audit and risk', 'fundraising' and 'nominations and remuneration'.

We worked closely to manage uncertainty around fundraising through the leadership transition and the political turmoil that made the fundraising environment challenging in the second half of the year. Risks were mitigated, costs well managed and the Finance and Risk committee was extremely supportive through this, with monthly meetings to ensure we all were across any emerging issues and responding in a timely way.

We shifted our reporting to ensure that we were reporting against metrics that reflected our theory of change, reflecting not just activity but outcomes and longer term impact. We re-evaluated how we assess risk for the organisation to ensure that trustees are confident that they can support the governance of the organisation responsibly.

The board membership was largely stable. Amanda Khozi Mukwashi joined the board, but resigned due to a perceived conflict of interest on being appointed to a new role in the UN. Recruitment is now underway in 2023 to replace her and Ian Corfield, a longstanding board member who is stepping down after two exemplary terms as a trustee.

All policies were reviewed as is required on an annual basis. In 2023 the executive team added a working policy on the use of Generative AI in our work, in line with industry best practice.

The board was focused on managing risks over the course of the year, but were pleased to see the strategic focus increase throughout this period and the focus on maximising impact bed in despite the change and challenges. The outcome at the end of the year is protected reserves, a stronger strategy

Demos
Company Limited by Guarantee
Trustees' Annual Report (Incorporating the Director's Report) *(continued)*
Year ended 31 December 2022

and a renewed team set up to deliver it.

Charitable objectives

Demos's charitable objectives remain unchanged. It 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 2022

Public Service Reform

2022 saw a considerable consolidation and deepening of Demos's approach to public service reform, focussing on Relational Public Services. We published three major reports, as part of our partnership with Capita, to develop our relational public services vision.

In February 2022 we published *Locating Authority: A vision for relational local government*. Developed following deep engagement with citizens, local officials and politicians, this landmark report set out a new vision for local government, founded on the principles of relational welfare. We discussed the findings of the report extensively with key stakeholders, including to council chief executives at the Municipal Journal Future Forum in May 2023.

In April 2022 we published *Working Together: The case for universal employment support*. This report set out a detailed case for a universal, devolved public employment service. We launched the report at an event with Jonathan Ashworth, Shadow Work & Pensions Secretary and the recommendations have significantly influenced Labour's thinking on the issue; in January 2023 Labour set out proposals for localising employment support. Ashworth has subsequently spoken about a "universal employment service", committed to "sweeping reforms of Jobcentres" and devolving employment support to local areas, all building on the policy proposals in our research. Since launching the report, it has been extensively referenced and has shifted the policy debate towards the case for a more universal, localised approach to employment support. Interest in the Universal Work Service concept also led to a partnership with Birmingham City Council to assess employment, skills and careers services on the ground in the local area of East Birmingham and North Solihull, which we published in August 2023.

In May 2022 we published *Move on Upstream: Crime, policing and relationships*. This called for a bold

Demos

Company Limited by Guarantee

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

Year ended 31 December 2022

new approach to policing and crime prevention, allowing us to finally get upstream in the fight against crime. Our recommendations and analysis received a high level of engagement and coverage, including a standalone write-up in The Times.

With the Public Services 2030 Network forming, we created a strong platform for this work, hosting hundreds of people from across our networks at events to debate how to take this important policy area forward.

Inclusive Economy

Related to the Universal Work Services outlined above, we built further on this research in support of our inclusive economy agenda, with an investigation into the factors causing over 50s to leave the workforce in November 2022, launched at an event in Parliament. This timely piece of research fed into the wider conversation about economic inactivity and the break this is contributing to on growth in the economy. This work highlighted the need for employers to be more inclusive in their practices in order to contribute to a fair and just economy. It found many older people experience discrimination based on their age of impairments.

Our focus on personal finances and public regulation continued with the annual Good Credit Index, which was published in its fourth iteration, covered exclusively as a news feature on ITV news. We extended this work in 2022 in a project that mapped personal debt across the country, exposing important findings around the levelling up impact.

On the wider levelling up agenda, we investigated there reasons why people chose to leave their home towns in levelling up areas in our report "Movers and stayers", presenting the findings to the Labour shadow cabinet responsible for the agenda.

We hired Andrew O'Brien as Director of Policy and Impact who will lead on this pillar in 2023 and beyond. Andrew comes to us from Social Enterprise UK with wide experience particularly on the ESG policy agenda. We are defining Inclusive Economy as: "An economy where everyone participates and contributes to shared goals and where, as a consequence of that contribution and participation, there is an equitable distribution of the benefits."

Healthier Internet - CASM

2022 saw the culmination of eighteen months of work to answer the question at the heart of effective digital policymaking: when thinking about the future of the web, what does good look like? As part of an international coalition, we published The Good Web Project, our vision of the Good Web as democratic public digital infrastructure.

We continued working closely with our civil society partners on the Online Safety Bill, advocating for a Bill which would strengthen digital rights and protect privacy while reducing risks of harm to users through tackling upstream design of online platforms: combining research into online harms in political speech with policy analysis and collective calls to action, as well as testifying in Parliamentary Committees to advocate for the interests of citizens.

We also developed our advocacy calling for more action to be taken on gendered disinformation and violence online, as a key democratic and digital rights threat. As a member of the Coalition Against Online Violence, we worked with our partner International Media Support to produce a series of videos about the online threats to women journalists in Moldova and Pakistan. This work fed into high-level international conferences on how to protect the safety of journalists.

And in the autumn, we launched the Good Web Network - bringing together speakers and audiences from civil society, government, industry, regulators and academia to discuss how we can build a better internet. As we moved into 2023, our attentions began to turn to the potential - good and bad - of new forms of generative AI leading to our first project launching on political communications and AI.

More Trusted Democracy

Our purpose to build a more collaborative democracy was evident across our research agenda - both as a subject we focused on and as a methodology to achieving better policy outcomes. We learnt the lessons from the pandemic for the future of democracy and populism in our report Post Pandemic People Power. We worked with the University of East Anglia to help shape their civic university

Demos

Company Limited by Guarantee

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

Year ended 31 December 2022

agenda by deploying democracy technology called Pol.is to engage and crowd source ideas from local residents. We investigated the impact of power in the body, and the consequences for policy making, with our fellow Suzanne Alleyne.

We hired Lucy Bush as Director of Research and Participation who will lead on this pillar in 2023 and beyond. Lucy ran the place based practice at the research consultancy Britain Thinks and has unrivalled experience in participative processes across the country. In 2023 she is setting about designing our proposition for participation in order to open up new markets for us to work with in order to fund more work, and enable more people to use participatory techniques. Central to our thinking is the need to ensure there is political purchase on our participatory projects - that we are convince politicians to share the power they have differently as well as just listening to people's insights. This is a central insight that will shape our participatory agenda going forward.

For this reason we focused on deepening our political connections across the parties and ensuring that we understood where the opportunities are to engage on public participation. This mapping work provides the foundations for our 2023 participation agenda.

Publications

Titles published during the year include:

LOCATING AUTHORITY::A VISION FOR RELATIONAL LOCAL GOVERNMENT Ciaran Cummin's report looked at the challenges of running public services, setting out an approach to local governing that fosters strong relationships.

'DIVIDE AND LEVEL UP' WON'T TRANSFORM BRITAIN This paper was produced in response to the government's Levelling Up White Paper, critiquing the influence of partisan politics and fiscal restraint.

THE BOTTOM LINE: AN INVESTIGATION OF RENT ARREARS IN SOCIAL HOUSING Maiyora Jayabraba and Ben Glover explored the daily challenges of people struggling to pay rent in time, finding that among the primary drivers of arrears in social housing are low and fluctuating income.

THE DOUBLE WHAMMY: MAPPING THE UK'S PERSONAL DEBT Harry Carr overlaid the Demos Good Credit Index with Lowell's Financial Vulnerability Index to investigate the relationship between financial vulnerability and lack of access to affordable credit in the UK.

REGULATION THE FUTURE OF VAPING Polly Mackenzie introduced a programme of work looking at how a new approach to regulating the vaping industry could be developed in the UK.

JOINT SUBMISSION TO THE HUMAN RIGHTS ACT REFORM CONSULTATION Demos partnered with Fair Vote UK to produce a joint submission to the consultation: Human Rights Reform: A Modern Bill Of Rights.

POST-PANDEMIC PEOPLE POWER Ciaran Cummins published a microsite which articulated the experiences of activists during the pandemic to understand what they might tell us about the future of politics in the age of populism, growing division and democratic erosion.

THE ONLINE SAFETY BILL: DEMOS POSITION PAPER Ellen Judson set out recommendations to help inform the Parliamentary process around the Online Safety Bill, and explained how a new framework should be established in the event the Bill is passed.

THE OPEN ROAD: HOW TO BUILD A SUSTAINABLE OPEN INFRASTRUCTURE SYSTEM Alex

Demos

Company Limited by Guarantee

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

Year ended 31 December 2022

Krasodomski-Jones and Josh Smith set out how governments, civil society and philanthropic organisations can build sustainability in the open infrastructure ecosystem.

WORKING TOGETHER: THE CASE FOR UNIVERSAL EMPLOYMENT SUPPORT Andrew Phillips put forward the case for a new Universal Work Service to help the UK tackle the growing number of economically inactive people in the labour market.

THE GOOD WEB PROJECT Alex Krasodomski-Jones made the case that in the development of the Internet, some critical democratic functions have been left in the hands of non-democratic actors.

MYTHS AND MISINFORMATION: MAPPING THE BARRIERS TO SMOKING CESSATION AND THE UPTAKE OF NICOTINE ALTERNATIVES Alice Dawson and Polly Mackenzie looked at the huge level of misunderstanding around the harms posed by tobacco, as well as the scale of misunderstanding around vaping more generally.

SAFER BY DESIGN: HOW CAN COLLABORATION HELP DESIGN SAFER GAMBLING Amelia Stewart and Josh Smith provided an overview of the two roundtables we held with gambling industry representatives, academics, policymakers and charity experts to share insights and reduce gambling-related harm.

MOVE ON UPSTREAM: CRIME, PREVENTION AND RELATIONSHIPS Alice Dawson, Amelia Stewart and Polly Mackenzie proposed a new approach to policing which focused on prevention via a new, local authority-based crime prevention service.

SETTING IN: AN ASSESSMENT OF OPERATION NEW HOPE'S SUPPORT FOR AFGHANS WHO WORKED WITH THE BRITISH ARMED FORCES We covered the discussions reached at two events which were attended by charity experts, grassroots organisations and sector representatives on how Operation New Hope can work better.

STRENGTHENING PRIVACY IN THE ONLINE SAFETY BILL Ellen Judson sets out why the protection of privacy and anonymity in the Online Safety Bill should be strengthened if it's to protect freedom of expression.

MOVERS AND STAYERS: LOCALISING POWER TO LEVEL UP TOWNS Courtney Stephenson and Dr Kate Harrison called on the government to re-conceptualise 'stay local, go far' to focus on helping those that choose to stay in their hometowns.

VOTING ONLINE: HOW WOULD THE ONLINE SAFETY BILL AFFECT HARMS ARISING FROM POLITICAL DISCOURSE Ellen Judson looked at how a content-moderation first approach is insufficient, and that without upstream changes to platform systems we risk seeing more serious systemic harms.

VAPING REGULATION IN 2022: IDENTIFYING GAPS IN THE REGULATION OF E-CIGARETTES Alice Dawson and Josh Smith explored how vaping regulation could be amended to avoid introducing those who don't smoke to nicotine.

THE COSTS OF CREATION: WHAT IS A FAIR AND DESIRABLE FUTURE FOR MONETISED ONLINE WORK AND VOLUNTEERING? Ciaran Cummins explored the people who engage in online work for low or no pay to explore what they think is desirable future for the monetising of online labour.

SANCTUARY UK: REFORMING OUR BROKEN ASYLUM SYSTEM Polly Mackenzie argued that the Home Office should lose its responsibility for immigration, to be replaced by a new arm's-length body to overhaul the asylum system and create a more humane system.

Demos

Company Limited by Guarantee

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

Year ended 31 December 2022

UNDERSTANDING 'EARLY EXITERS': THE CASE FOR A HEALTHY AGEING WORKFORCE STRATEGY Alice Dawson and Andrew Phillips looked at the rise in economic inactivity and proposed the first ever Ageing Workforce Strategy to weaken the link between ill health and older age.

THE SCIENCE OF POWER IN THE BODY Suzanne Alleyne explored the links between power, science, human behaviour and policy-making, arguing that power matters for wellbeing.

PUTTING PEOPLE AT THE HEART OF A TRUE CIVIC UNIVERSITY: THE CASE OF UEA Ciaran Cummins and Josh Smith looked at how the University of East Anglia can use digital technology to understand what local people really want from a truly civic university.

THE GOOD CREDIT INDEX 2022 Charlotte Campbell-Nieves, Dr Kate Harrison and Jakub Wisniewski mapped out the access to good credit in the UK, proposing a number of policy recommendations to support those with the highest credit need.

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 2022.

FINANCE REVIEW

The results of the year's activity are set out in the attached financial statements. Total incoming resources were £1,131,026: a decrease of £294,332 to the previous year (£1,425,358). 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). 2020 and 2021 showed a significant increase in expenditure, reflecting in the main the significant increase in staff to support new projects undertaken. Expenditure for the year was £1,129,942, compared with £1,395,942 in the prior year showing a return the levels of pre 2020. The fall in expenditure is in line with the fall in income where we are managing costs in an attempt to not deplete our reserves.

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 COV-ID 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

Demos
Company Limited by Guarantee
Trustees' Annual Report (Incorporating the Director's Report) *(continued)*
Year ended 31 December 2022

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. We continued to develop 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. A programme was undertaken called "How to Demos" to capture our project management, fundraising and HR processes to ensure continuity in a time of change and improve consistency across the team. In addition to this, Demos continued to review its operations against the operational risk register, which was reviewed systematically in September. All new internal policies relevant to risk areas, including but not limited to employee safeguarding, data protection and anti-fraud, were periodically reviewed in line with best practice.

Demos received ongoing guidance and scrutiny at a Governance level from Demos' Finance and Audit subcommittee, including via monthly meetings.

Future Development

The trustees have reviewed the latest results for 2022 and anticipated income and workflow projection for 2023 and beyond. In the transition to the new CEO the trustees authorised the use of £100,000 in the reserves to weather any challenges deriving from the leadership changes in 2022. In the event prudent management meant this was not needed. But the difficult Autumn fundraising period meant we entered 2023 with a low project load and pipeline. Reserves have subsequently been deployed to support through this period but with the onboarding of the new leadership team, the better external environment and the growing diversification of funding, by mid 2023 we are confident we are in a budget beating position for the second half of 2023. 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 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).

Demos

Company Limited by Guarantee

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

Year ended 31 December 2022

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.

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 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 2022

Opinion

We have audited the financial statements of Demos (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 December 2022 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 2022 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 2022

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 2022

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 2022

- 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

Demos

Company Limited by Guarantee

Consolidated Statement of Financial Activities (including income and expenditure account)

Year ended 31 December 2022

		Unrestricted funds	2022 Restricted funds	Total funds	2021 Total funds
	Note	£	£	£	£
Income and endowments					
Donations and legacies	5	1,804	–	1,804	486
Charitable activities	6	890,225	230,412	1,120,637	1,424,027
Other trading activities	7	4,125	–	4,125	577
Investment income	8	4,424	–	4,424	268
Total income		<u>900,578</u>	<u>230,412</u>	<u>1,131,026</u>	<u>1,425,358</u>
Expenditure					
Expenditure on charitable activities	10,11	899,530	230,412	1,129,942	1,395,942
Expenditure on trading activities	9	–	–	–	–
Total expenditure		<u>899,530</u>	<u>230,412</u>	<u>1,129,942</u>	<u>1,395,942</u>
Net income and net movement in funds		<u>1,084</u>	<u>–</u>	<u>1,084</u>	<u>29,416</u>
Reconciliation of funds					
Total funds brought forward		406,262	–	406,262	376,846
Total funds carried forward		<u>407,346</u>	<u>–</u>	<u>407,346</u>	<u>406,262</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 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible fixed assets	16	47,477	18,713
Current assets			
Debtors	17	159,071	288,299
Cash at bank and in hand		459,405	371,706
		<u>618,476</u>	<u>660,005</u>
Creditors: amounts falling due within one year	18	258,607	272,456
Net current assets		<u>359,869</u>	<u>387,549</u>
Total assets less current liabilities		<u>407,346</u>	<u>406,262</u>
Net assets		<u>407,346</u>	<u>406,262</u>
Funds of the charity			
Unrestricted funds		407,346	406,262
Restricted funds		—	—
Total charity funds	21	<u>407,346</u>	<u>406,262</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, 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
Statement of Financial Position
31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible fixed assets	16	47,477	18,713
Current assets			
Debtors	17	325,223	345,987
Cash at bank and in hand		255,857	276,551
		<u>581,080</u>	<u>622,538</u>
Creditors: amounts falling due within one year	18	221,211	234,989
Net current assets		<u>359,869</u>	<u>387,549</u>
Total assets less current liabilities		<u>407,346</u>	<u>406,262</u>
Net assets		<u>407,346</u>	<u>406,262</u>
Funds of the charity			
Unrestricted funds		407,346	406,262
Restricted funds		—	—
Total charity funds	21	<u>407,346</u>	<u>406,262</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, 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 2022

	2022	2021
	£	£
Cash flows from operating activities		
Net (expenditure)/income	1,084	29,417
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	5,251	4,251
Other interest receivable and similar income	(4,424)	(268)
Accrued expenses/(income)	4,022	14,786
<i>Changes in:</i>		
Trade and other debtors	303,102	(9,455)
Trade and other creditors	(191,215)	(180,987)
Cash generated from operations	117,820	(142,256)
Interest received	4,424	268
Net cash (used in)/from operating activities	<u>122,244</u>	<u>(141,988)</u>
Cash flows from investing activities		
Purchase of tangible assets	(34,545)	(17,931)
Net cash used in investing activities	<u>(34,545)</u>	<u>(17,931)</u>
Net (decrease)/increase in cash and cash equivalents	(87,699)	(159,919)
Cash and cash equivalents at beginning of year	371,706	531,625
Cash and cash equivalents at end of year	<u>459,405</u>	<u>371,706</u>

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 2022

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 2022, 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 2022

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 2022

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 2022

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 2022 was 7 (2021: 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 2022

5. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Donations			
Donations	1,804	—	1,804
	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Donations			
Donations	486	—	486

6. Charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Projects	737,560	—	737,560
Events and seminars	102,700	—	102,700
Publications and subs	804	—	804
Grant funded research	8,937	230,412	239,349
	841,717	230,412	1,072,129
	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
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
	1,030,536	393,491	1,424,027

7. Analysis of grants

	2022 £	2021 £
Grants to institutions		
Charities and Foundations	203,905	206,375
Commercial organisations	671,581	594,473
Cultural and Educational organisations	42,248	71,017
NPDB	—	48,410
Government department	—	120,849
Non UK organisation	162,905	22,594
Other	7,634	171,024
	1,088,273	1,234,741
Total grants	1,088,273	1,234,741

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

8. Other trading activities

	Unrestricted Funds £	Total Funds 2022 £	Unrestricted Funds £	Total Funds 2021 £
Other Income	1,641	1,641	577	577
	<u>1,641</u>	<u>1,641</u>	<u>577</u>	<u>577</u>

9. Investment income

	Unrestricted Funds £	Total Funds 2022 £	Unrestricted Funds £	Total Funds 2021 £
Bank interest receivable	4,424	4,424	268	268
	<u>4,424</u>	<u>4,424</u>	<u>268</u>	<u>268</u>

10. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Projects	650,690	230,412	881,102
Events and seminars	37,613	–	37,613
Support costs	211,227	–	211,227
	<u>899,530</u>	<u>230,412</u>	<u>1,129,942</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
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>

11. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	Total funds 2021 £	Total funds 2020 £
Projects	881,102	167,879	1,048,981	1,351,513
Events and seminars	37,613	–	37,613	10,693
Governance costs	–	43,348	43,348	33,736
	<u>918,715</u>	<u>211,227</u>	<u>1,129,942</u>	<u>1,395,942</u>

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

12. Analysis of support costs

	Projects	Events & Seminars	Publications & Subscriptions	Total 2022	Total 2021
	£	£	£	£	£
Premises	73,354	4,075	4,075	81,504	78,369
General office	9,894	550	550	10,993	7,282
Support costs - Other costs	102,131	5,674	5,674	113,479	63,884
Support costs - Depreciation	4,726	263	263	5,251	4,251
	<u>190,104</u>	<u>10,561</u>	<u>10,561</u>	<u>211,227</u>	<u>153,786</u>

13. Net (expenditure)/income

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

	2022	2021
	£	£
Depreciation of tangible fixed assets	5,251	4,251
Foreign exchange differences	<u>716</u>	<u>870</u>

14. Auditors remuneration

	2022	2021
	£	£
Fees payable for the audit of the financial statements	6,750	6,150
Fees payable for tax advisory services	550	500
Fees payable for non-audit services	4,500	4,100
	<u>11,800</u>	<u>10,750</u>

15. Staff costs

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

	2022	2021
	£	£
Wages and salaries	633,477	673,737
Social security costs	66,064	68,161
Employer contributions to pension plans	32,643	35,933
	<u>732,184</u>	<u>777,831</u>

Total remuneration paid to key management personnel, including benefits such as employer pension contributions, amounted to £88,032 (2021: £106,000).

The average head count of employees during the year was 19 (2021: 20). 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 2022

15. Staff costs *(continued)*

	2022 No.	2021 No.
Projects	15	16
External affairs	3	3
Support costs	1	1
	<u>19</u>	<u>20</u>

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

	2022 No.	2021 No.
£90,000 to £99,999	<u>0</u>	<u>1</u>

16. Trustee remuneration and expenses

During the year, no Trustees received any remuneration or benefits in kind (2022: £nil). During the year, no Trustees received reimbursement of expenses (2021: £nil).

17. Tangible fixed assets

	Fixtures and fittings £	Computer Equipment £	Total £
Cost			
At 1 January 2022	5,238	23,271	28,509
Additions	416	33,599	34,015
At 31 December 2022	<u>5,654</u>	<u>56,870</u>	<u>62,524</u>
Depreciation			
At 1 January 2022	2,083	7,713	9,796
Charge for the year	1,037	4,214	5,251
At 31 December 2022	<u>2,083</u>	<u>11,927</u>	<u>15,047</u>
Carrying amount			
At 31 December 2022	<u>2,534</u>	<u>44,943</u>	<u>47,477</u>
At 31 December 2021	<u>3,155</u>	<u>15,558</u>	<u>18,713</u>

18. Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Trade debtors	50,227	175,870	40,495	86,562
Prepayments and accrued income	73,868	77,507	73,753	64,464
Other debtors	34,976	34,922	210,975	194,961
	<u>159,071</u>	<u>288,299</u>	<u>325,223</u>	<u>345,987</u>

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

19. Creditors: amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	38,540	55,381	37,660	55,381
Accruals and deferred income	168,668	132,840	140,888	112,367
Social security and other taxes	39,657	61,045	30,891	44,651
Other creditors	11,742	23,190	11,772	22,590
	<u>272,456</u>	<u>272,456</u>	<u>234,989</u>	<u>234,989</u>

20. Deferred income

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
At 1 January 2022	63,600	197,491	63,600	180,341
Amount released to income	(63,600)	(197,491)	(63,600)	(180,341)
Amount deferred in year	96,820	63,600	92,820	63,600
At 31 December 2022	<u>96,820</u>	<u>63,600</u>	<u>92,820</u>	<u>63,600</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 £32,643 (2021: £35,933).

22. Analysis of charitable funds

Unrestricted funds

Group and company

	At 1 January 2022	Income	Expenditure	At 31 December 2022
	£	£	£	£
General funds	<u>406,262</u>	<u>900,578</u>	<u>(899,530)</u>	<u>407,346</u>

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

Demos

Company Limited by Guarantee

Notes to the Detailed Statement of Financial Activities

Year ended 31 December 2022

Company	At 1 January 2022 £	Income £	Expenditure £	At 31 December 2022 £
General funds	406,262	857,870	(856,786)	407,346

	At 1 January 2021 £	Income £	Expenditure £	At 31 December 2021 £
General funds	376,846	1,001,290	(971,874)	406,262

Restricted funds

Group and company

The subsidiaries have no restricted funds.

	At 1 January 2022 £	Income £	Expenditure £	At 31 December 2022 £
LIPSIT	—	998	(998)	—
Hyde	—	7,500	(7,500)	—
Grantfortheweb	—	31,729	(31,729)	—
Inheritance	—	56,976	(56,976)	—
GCI 2022	—	32,700	(32,700)	—
Black Country	—	55,000	(55,000)	—
Houchenism	—	20,000	(20,000)	—
CAOV	—	15,975	(15,975)	—
Misinformation classm intervent	—	2,566	(2,566)	—
Information Harms	—	6,967	(6,967)	—
	—	230,412	(230,412)	—

	At 1 January 2021 £	Income £	Expenditure £	At 31 December 2021 £
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)	—
	—	393,491	(393,491)	—

Demos

Company Limited by Guarantee

Notes to the Detailed Statement of Financial Activities

Year ended 31 December 2022

23. Analysis of net assets between funds

Group

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Tangible fixed assets	47,477	–	47,477
Current assets	618,476	–	618,476
Creditors less than 1 year	(258,607)	–	(258,607)
Net assets	<u>407,346</u>	<u>–</u>	<u>407,346</u>

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

Company

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Tangible fixed assets	47,477	–	47,477
Current assets	581,080	–	581,080
Creditors less than 1 year	(221,211)	–	(221,211)
Net assets	<u>407,346</u>	<u>–</u>	<u>407,346</u>

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

24. Analysis of changes in net debt

Group

	At 1 Jan 2022 £	Cash flows £	At 31 Dec 2022 £
Cash at bank and in hand	<u>371,706</u>	<u>87,699</u>	<u>459,405</u>

Demos

Company Limited by Guarantee

Notes to the Detailed Statement of Financial Activities

Year ended 31 December 2022

Company	At 1 Jan 2022 £	Cash flows £	At 31 Dec 2022 £
Cash at bank and in hand	<u>276,551</u>	<u>(20,694)</u>	<u>255,857</u>

25. Operating lease commitments

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

	2022 £	2021 £
Not later than 1 year	33,763	74,184
Later than 1 year and not later than 5 years	<u>—</u>	<u>33,763</u>
	<u>33,763</u>	<u>107,947</u>

26. Related parties

Company

At the balance sheet date £1,488 (2021: £16,737) was owed to companies under common control.

Demos

England & Wales - Charity number 1042046

Accounts

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

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

Company Limited by Guarantee

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

Year ended 31 December 2021

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

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

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

Demos

Company Limited by Guarantee

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

Year ended 31 December 2021

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 Krasodomski-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 policy package. Made possible by innovative new technology, the Climate Calculator, we
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Demos

Company Limited by Guarantee

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

Year ended 31 December 2021

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.

FOOD IN A PANDEMIC: Rose Lasko Skinner and James Sweetland's report with the Food Standards

Demos

Company Limited by Guarantee

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

Year ended 31 December 2021

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 Seafood 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 Seafood 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 working more viable for those on low incomes.

Demos

Company Limited by Guarantee

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

Year ended 31 December 2021

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. 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.

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

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 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.

Demos

Company Limited by Guarantee

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

Year ended 31 December 2021

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.

Small company provisions

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

Demos

Company Limited by Guarantee

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

Year ended 31 December 2021

small companies exemption.

The trustees' annual report was approved on 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

Demos

Company Limited by Guarantee

Consolidated Statement of Financial Activities (including income and expenditure account)

Year ended 31 December 2021

			2021		2020
	Note	Unrestricted funds £	Restricted funds £	Total funds £	Total funds £
Income and endowments					
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
Total income		<u>1,031,867</u>	<u>393,491</u>	<u>1,425,358</u>	<u>1,514,340</u>
Expenditure					
Expenditure on charitable activities	10,11	1,002,451	393,491	1,395,942	1,214,200
Expenditure on trading activities	9	–	–	–	50,955
Total expenditure		<u>1,002,451</u>	<u>393,491</u>	<u>1,395,942</u>	<u>1,265,155</u>
Net income and net movement in funds		<u>29,416</u>	<u>–</u>	<u>29,416</u>	<u>249,165</u>
Reconciliation of funds					
Total funds brought forward		376,846	–	376,846	127,661
Total funds carried forward		<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 £	2020 £
Fixed assets			
Tangible fixed assets	16	18,713	4,533
Current assets			
Debtors	17	288,299	374,111
Cash at bank and in hand		371,706	531,625
		<u>660,005</u>	<u>905,736</u>
Creditors: amounts falling due within one year	18	272,456	533,423
Net current assets		<u>387,549</u>	<u>372,313</u>
Total assets less current liabilities		<u>406,262</u>	<u>376,846</u>
Net assets		<u><u>406,262</u></u>	<u><u>376,846</u></u>
Funds of the charity			
Unrestricted funds		406,262	376,846
Restricted funds		—	—
Total charity funds	21	<u><u>406,262</u></u>	<u><u>376,846</u></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, 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
Statement of Financial Position
31 December 2021

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

	2021	2020
	£	£
Cash flows from operating activities		
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
Cash flows from investing activities		
Purchase of tangible assets	(17,931)	(4,836)
Net cash used in investing activities	(17,931)	(4,836)
Net (decrease)/increase in cash and cash equivalents	(159,919)	236,367
Cash and cash equivalents at beginning of year	531,625	295,258
Cash and cash equivalents at end of year	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

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

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.

5. Donations and legacies

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Donations			
Donations	486	—	486
	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Donations			
Donations	12,281	20,000	32,281
6. Charitable activities			
	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
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
	1,030,536	393,491	1,424,027
	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
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
	760,246	487,966	1,248,212
7. Analysis of grants			
	2021 £	2020 £	
Grants to institutions			
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	
	1,234,741	1,280,323	
Total grants	1,234,741	1,280,323	
8. Other trading activities			

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
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 Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Bank interest receivable	<u>268</u>	<u>268</u>	<u>780</u>	<u>780</u>

10. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
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 Funds £	Restricted Funds £	Total Funds 2020 £
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 undertaken directly £	Support costs £	Total funds 2021 £	Total funds 2020 £
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 & Seminars	Publications & 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 No.	2020 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 No.	2020 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 fittings £	Computer Equipment £	Total £
Cost			
At 1 January 2021	3,305	6,773	10,078
Additions	1,933	16,498	18,431
At 31 December 2021	<u>5,238</u>	<u>23,271</u>	<u>28,509</u>
Depreciation			
At 1 January 2021	846	4,699	5,545
Charge for the year	1,237	3,014	4,251
At 31 December 2021	<u>2,083</u>	<u>7,713</u>	<u>9,796</u>
Carrying amount			
At 31 December 2021	<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	34,922	35,742	194,961	166,580
	<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 1 January 2021	Income	Expenditure	At 31 December 2021
	£	£	£	£
General funds	<u>376,846</u>	<u>1,031,868</u>	<u>(1,002,451)</u>	<u>406,262</u>

	At 1 January 2020	Income	Expenditure	At 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 1 January 2021 £	Income £	Expenditure £	At 31 December 2021 £
General funds	<u>376,846</u>	<u>1,001,290</u>	<u>(971,874)</u>	<u>406,262</u>

	At 1 January 2020 £	Income £	Expenditure £	At 31 December 2020 £
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 January 2021 £	Income £	Expenditure £	At 31 December 2021 £
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 1 January 2020 £	Income £	Expenditure £	At 31 December 2020 £
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	Restricted Funds	Total Funds 2021
	£	£	£
Tangible fixed assets	18,713	–	18,713
Current assets	660,005	–	660,005
Creditors less than 1 year	(272,456)	–	(272,456)
Net assets	<u>406,262</u>	<u>–</u>	<u>406,262</u>

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

Company

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

	Unrestricted Funds	Restricted Funds	Total Funds 2020
	£	£	£
Tangible fixed assets	4,533	–	4,533
Current assets	854,735	–	854,735
Creditors less than 1 year	(482,422)	–	(482,422)
Net assets	<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 1 Jan 2021 £	Cash flows £	At 31 Dec 2021 £
Cash at bank and in hand	<u>531,625</u>	<u>(159,919)</u>	<u>371,706</u>

Company

	At 1 Jan 2021 £	Cash flows £	At 31 Dec 2021 £
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 £	2020 £
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.

Demos

England & Wales - Charity number 1042046

Accounts

COMPANY REGISTRATION NUMBER: 02977740
CHARITY REGISTRATION NUMBER: 1042046

Demos
Company Limited by Guarantee
Financial Statements
31 December 2020

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 2020

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Demos
Company Limited by Guarantee
Trustees' Annual Report (Incorporating the Director's Report)
Year ended 31 December 2020

The trustees, who are also the directors for the purposes of company law, present their report and the financial statements of the group for the year ended 31 December 2020.

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	(Appointed 3 November 2020)
Dr A Buonfino	
I Corfield	
T McAuliffe	
Dame J Mellor (Chair)	
M W A Nixon	
J P Wise	
Baroness S J Finn	(Resigned 15 February 2021)
A W K Dawson	(Appointed 7 July 2021)
A K Mukwashi	(Appointed 7 July 2021)
D C Robb	(Appointed 7 July 2021)

Company secretary Polly Mackenzie

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 2020

Chair's report

The publication of this annual report is taking place as we embark on an exciting new strategy for Demos, giving us a definitive voice and a clear contribution to make to rebuilding a cohesive demos in the UK.

Since Polly Mackenzie became our Chief Executive and I joined as Chair in 2018 we have focused Demos' contribution on how to reduce division and involve the public more in research and policy development. We have successfully invested in the development of innovative tech based methods to understand, involve and innovate with the public. We have also restored the organisation to financial health - rebuilding reserves, increasing income and making sufficient surplus to invest in significant projects. As we concluded this strategy period in 2020 we invested in the powerful Renew Normal Commission, involving 50,000 people it articulated their experience of the pandemic and hopes for the future. The agenda articulated by the public will continue to influence the work we do going forward. As a Board we recognise and thank the Executive and wider staff team for their effort and commitment over this period.

Our new strategy is building on the ideas developed in the last three years. It is based on the thesis in Polly's upcoming book: to tackle the big issues we face as a country we need a new era of collaborative democracy in which problems are solved in ways that develop society's capacity to handle them. We believe policy needs to be developed by involving people in the process and design policy to build relationships between

- people (civic nationalism)
- people and politics (everyday democracy) and
- people and the economy (citizen capitalism)

Our mission is to support people to make policy in this different way:

- making the case for this approach
- showing how it can be done and
- making it easy to do with the participative tools we have developed.

Over time we hope to grow both our scale and impact.

Having rebuilt robust governance over the last three years we recently recruited four new trustees specifically to bring experience and networks that will help us deliver the new strategy. They strengthen the Board's mix of policy and governance experience and civil society networks. They also add to our cross party credentials and political networks. Our thanks are due to our nominations committee, Matt Nixon and Alessandra Buonfino, who undertook this considerable recruitment exercise.

Demos
Company Limited by Guarantee
Trustees' Annual Report (Incorporating the Director's Report) *(continued)*
Year ended 31 December 2020

The activities and performance of the Charity in 2020

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, External Affairs Director, Innovation Director, Director of CASM and the Director of Major Projects. 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.

Objectives and activities

2020 was a uniquely transformative and challenging year for Demos, as for the whole country. Despite the extraordinary circumstances of a global pandemic, the charity increased both its revenues and reserves, and most importantly achieved a step change in the quality and impact of the work we do. As the pandemic and lockdown unfolded, we were able to deploy our unique capabilities to conduct groundbreaking research with the public on the future direction of the country through our People's Commission on Life After Covid: Renew Normal. This flagship project was coupled with a wide ranging research and policy programme, ongoing technological innovation to support participative democracy, and advocacy work for public participation in policy making, almost all conducted remotely from our front rooms.

Demos, in all our work, draws on the insights and lived experience of citizens, helping to repair the broken relationship between the institutions of our government and those they govern. We work to build a society that is capable of resolving our collective problems. We believe the conditions for that consensus are:

- Everyday democracy: more power and voice for individuals in decision making
- Civic nationalism: greater connection between people, strong communities, and an inclusive sense of nationhood
- Citizen capitalism: an economy that offers opportunity and justice for everyone, as workers, consumers and investors

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.

Demos

Company Limited by Guarantee

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

Year ended 31 December 2020

In 2020 our ability to deliver on our ambitions was underpinned by improved governance including:

- Ongoing strategic and business planning and regular performance monitoring
- Maintenance of 3 board subcommittees overseeing 'finance audit and risk', 'fundraising' and 'nominations and remuneration'
- Development of a governance handbook to support trustees and the executive team.
- Annual board effectiveness review and strategic away day.
- Introduction of monthly fundraising meetings, held jointly between trustees and executive team.
- Recruitment plan for trustees to bring diversity of skills, experience and background to the board.

The board effectiveness review 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). The review identified several improvements that had been made over the previous year. Board papers were now more accurate, detailed and easy to navigate. Financial information was both better and more consistent, mainly due to the arrival of a dedicated chief financial officer and committee preparation. The board welcomed more project and pipeline information to better understand Demos' work. Finally, the recruitment of three new trustees had diversified skills.

Finance, governance and solidity of decision making, detailed scrutiny, questions asked and challenge were all significantly enhanced as a result of better information. Improvements in financial information particularly enabled the board to better consider and advise on big decisions, e.g. responding to covid, moving offices and cash flow. The approach to strategy and planning had improved, for example taking the decision to support the Renew Normal Commission, and the addition of an advisory board. The board agreed that it could shift from getting good governance in place to focusing on strategy implementation and fundraising in 2020.

Several areas for development were identified for 2020. These included more information for trustees on the work Demos does to improve the focus on strategy implementation. Developing a systematic, co-ordinated fundraising approach by the Executive including clear asks of trustees was an important goal to improve trustee involvement in fundraising. The board also agreed to recruit more members to further diversify the trustee profile, both in skills (particularly fundraising networks and communications) and inclusion of minorities.

Additionally, over the course of the year, Demos continued to improve its financial health and sustainability with the charity running a healthy surplus. This enabled the charity to more than double our reserves. Working with the board, Demos' chief executive continued to strengthen financial oversight to maintain cost control, supplier management and forecasting capabilities, enabling the charity to confidently invest in new office space and growing the research and advocacy teams. Revenues rose by £247,220 to £1,461,357 while expenditure - as a result of staffing investment and an increase in the external costs associated with some larger projects - rose from £1,051,877 to £1,212,172. This resulted in a surplus of £249,185.

The charity started 2021 in a far healthier financial position than at any time since 2008, with reserves in line with Charity Commission guidelines and with a resilient cash position. The strategy for 2021 is to maintain those reserves; given the strength of our financial position the trustees agree we should invest the majority of future surpluses in improving the impact of our work. Our goal is for reserves to continue to increase but more slowly, with the charity running at a 0-5% surplus.

Demos

Company Limited by Guarantee

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

Year ended 31 December 2020

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 2020

Leading achievements for 2020 include:

- Involving over 50,000 people in Renew Normal, our national conversation on life after the Covid-19 pandemic, as well as convening a high profile Commission to lead the work, including Martin Lewis and Nicky Morgan, Baroness Morgan of Cotes.
- Partnering with the BBC to launch our active aging programme 10 Today on BBC Radio5 Xtra as well as on BBC Sounds, to help older people stay active amid lockdowns.
- Publishing a series of papers as part of our Good Web Project, highlighting key issues facing a liberal democratic vision of the Web.
- Launching new and innovative tools to bring the public into the policymaking process, including pioneering the use of Polis with a nationally representative sample and building a tax calculator.
- Launching research projects on the future of towns, online learning, the food system, local industrial growth, gender disinformation and more.

Publications

Titles published during the year include:

Cancer Costs: A ripple effect analysis of cancer's wider impact; Sacha Hilhorst, Alan Lockey,

Demos

Company Limited by Guarantee

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

Year ended 31 December 2020

examined the economic cost of cancer to people's lives.

The Emperor Has No Clothes: A proposal to bolster the authority of Select Committees; Lord Tyrie, a pamphlet calling for Select Committee powers to be strengthened.

The Learning Curve: How the UK is harnessing the potential of online learning; Ben Glover, Kitty Ussher et al, report with Google explored online learning habits and their economic and social impact.

What's in a name? A forward view of anonymity online; Josh Smith, first paper as part of the Good Web Project explored a renewed vision of anonymity online.

New Frontiers: The 2019 Mozambique Elections on Social Media; Elliot Jones et al, presented the results of a six-week study of digital communication platforms during the 2019 Mozambique election.

The Good Credit Index 2020; Heather Williams-Taplin, Tessa van Rens, annual Index measured access to affordable credit across the country.

Polis and the Political Process; Harry Carr, a report with the Open Rights Group explored the potential of the research tool Polis as a democratic innovation and explored public attitudes around data driven political campaigning.

Turning the Tables: Making healthy choices easier for consumers; Rose Lasko-Skinner, explored public attitudes to healthy eating and called for a new Food and Agriculture Sector Deal to build on Government's strategy to tackle obesity.

Britain Under Lockdown; Heather Rolfe et al, first report from Renew Normal Commission brought together contributions from almost 12,000 members of the public about their experiences from the first lockdown due the Covid pandemic.

What Next? Priorities for Britain; Polly Mackenzie, Renew Normal report brought together findings from a large nationally representative poll on the impact of the pandemic on people's lives, highlighting new social divisions.

A People's Budget: How the public would raise taxes; Ben Glover, Charles Seaford, the most comprehensive UK study to date on public attitudes towards tax rises.

Research 4.0: Research in the age of automation; Ben Glover, Elliot Jones, explored what impact AI is having on the UK's research sector and its implications for the future.

A Room of One's Own: A guide to private spaces online; Ellen Judson, Josh Smith, Good Web Project report explored private spaces online and called for the Government, tech companies and civic society to implement a new definition of private spaces online.

Engendering Hate: The contours of state-aligned gendered disinformation online; Ellen Judson, report with the National Democratic Institute investigated state-aligned gendered disinformation in Poland the Philippines through an analysis of Twitter data, and outlined a new framework for how disinformation is being used online to exclude women from public life.

Everything in Moderation: Platforms, communities and users in a healthy online environment; Alex Krasodomski-Jones, Good Web Project report explored content moderation online and presented solutions to the challenges presented by moderation practices and systems.

Achieving Levelling-Up: The Structures and Processes Needed; Charles Seaford et al, report conducted with Universities of Birmingham, Cardiff, Surrey and Warwick to examine the structural and institutional barriers to tackle regional inequality.

Demos

Company Limited by Guarantee

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

Year ended 31 December 2020

The Great Cyber Surrender: How police and governments abandon cybercrime victims; Asli Atay, James Sweetland, most comprehensive transatlantic study of its kind investigating cybercrime and its impact on consumers called for an overhaul of responses to this threat.

Combined Choice: A modern method of democratic decision making; Jon Nash, a paper introduced a new democratic decision making method, Combined Choice, that represents decisions as a whole.

Patient Power: Unleashing choice over routine medications; Kitty Ussher, Rose Lasko-Skinner, explored patients' experiences of the health system and found that patient choice in terms of medication is rarely being practiced on the ground in the NHS.

The Future of Towns; Ben Glover et al, report with KPMG examined what people in towns want the future of their towns to look like, highlighting the challenges of uniting people in towns behind any particular vision of the future.

Events

We held a range of events throughout the year, shifting to virtual events as dictated by the pandemic.

Our events included:

A People's Budget: How the public would raise taxes: The launch of the Demos report looking at how people would choose to raise taxes. The report was presented by Charles Seaford and on the panel was Nick Macpherson - Crossbench Peer, Liam Byrne - Labour MP and David Gauke - former Conservative Cabinet Minister.

Online harms: what do the public think? Demos and BT presented an online discussion on public attitudes to online harms and what this means for regulation. On the panel were the lead researchers, Alex Krasodomski-Jones and Ellen Judson, other panellists included Rt Hon Jeremy Wright MP - Former Secretary of State for DCMS and Sonia Livingstone - Professor of Social Psychology, LSE.

Achieving Levelling-up: the Structures and Processes Needed: Demos presented an online panel discussion on the structures and processes needed to level up local economies across the UK. This research was conducted by Demos alongside 4 universities before the government white paper on devolution in the UK. On the panel was the lead researcher from Demos, Charles Seaford and Lord O'Neil, Professor Donna Hall CBE and Mayor Jamie Driscoll.

Twitter & Demos: data, research and information operations: Demos and Twitter hosted a panel discussion on the importance of tech companies making data available for researchers following on from Twitter publishing a comprehensive archive of tweets and media associated with known state-backed information operations. On the panel was CASM Research Director Carl Miller alongside Katy Minshall, Head of UK Public Policy at Twitter; Alexander Martin, Technology Correspondent at Sky News; and Nahema Marchal, Researcher at the Oxford Internet Institute

Workshift Commission: Defining a new model of work after coronavirus: we launched a major new programme on the future of work after Coronavirus with an online panel discussion. The work was started by leading thinker Julia Hobsbawm is the chair of the commission, and was she joined on the panel with Alan Lockey from the RSA, Dennis Owusu-Sem, Founder of Success Talks and James Suzman, Anthropologist and author of Work.

Demos

Company Limited by Guarantee

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

Year ended 31 December 2020

The Centre for the Analysis of Social Media

This year's focus has been on building out the Centre's ability to influence and input into policy. As part of deliberations around the Online Harms White Paper, researchers worked closely with wider civil society and with multiple parts of government to better inform the debate around forthcoming digital regulation. In setting out a policy goal - the articulation, measurement and advocacy of a 'Good Web', CASM has begun to set the agenda here, with the language of the Good Web Project increasingly being echoed by organisations in the UK and US. Our civil society links have strengthened through sustained outreach, and we have now built a foundation for an international coalition to pursue our aims. The Good Web Project has supported some dedicated research, too, with papers launched on Anonymity, Public and Private Spaces and a forthcoming piece on the open source ecosystem. Alongside this work, our methods have become increasingly widely used within Demos, such as on the large Google project on the future of learning and in the Life after COVID commission. Technological developments in unsupervised algorithmic classification, language annotation and geographic annotation continue.

Public Participation Lab

2020 saw a step change in Demos' ability to conduct deliberative public online polling, with important externally- and self-funded projects developing our groundbreaking use of the tool Polis. This online tool allows participants to vote on a series of themed statements, as well as submitting their own for their peers to vote on. It is accessible, requiring very little commitment from participants, and has been modified by Demos' development team to allow us - we think uniquely - to send a nationally representative sample through the platform. In 2020, we worked with the Open Rights Group to produce a paper on Polis' use in the political process, and contracted a project with the Cabinet Office to poll the UK population, members of the civil service and a group of invited experts on critical issues relating to national security. As part of Renew Normal, we also ran a series of open, public discussions hosted on the Demos website to discuss how the UK could reopen equitably after COVID.

Our experience this year has solidified Polis as a key part of Demos' methodological toolkit, representing a true point of difference in our offering to funders.

Action Research

Our action research methodology brings public, private and voluntary sector stakeholders together to instigate change. Going beyond the traditional think tank model, we test out policy ideas in practice and evaluate both their impact and the implementation process, to better influence policy and develop replicable models for practice change.

Our current projects provided a vital part of our work to respond to the Covid crisis, supporting people to remain active at home, and to boost their financial resilience.

The Good Credit Project (2019-2020) demonstrated the importance of place-based solutions through our financial inclusion initiative in South Yorkshire. Inspired by our Good Credit Index, a new way of understanding credit, the project aimed to improve access to fair, affordable credit in a region which highlights many of the credit challenges faced by people nationwide. Our impact in the region includes:

- Connected people across sectors to increase reach, advising local institutions on policy and practice.
 - Boosted the impact of existing initiatives through financial inclusion awards.
 - Increased take-up of local support and services through public campaigns, resulting in one credit union issuing 37% more loans in December 2019 than in December 2018.
 - Kick-started innovation with a small-grants fund, supporting projects ranging from financial education for care leavers to debt support for vulnerable women, installing an open banking app in a credit union, and data sharing for customers to increase their credit score.
-

Demos

Company Limited by Guarantee

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

Year ended 31 December 2020

- Increased knowledge through sector-specific events and info sharing.
- Encouraged social landlords, businesses and councils to support the financial health of employees, tenants and customers with tailored guidance - particularly impactful when the Covid crisis hit and many were struggling to know how to respond.

A toolkit sharing learning from the project is cited in Sheffield City Region's post-Covid economic recovery plan, and has been promoted at a national level by the Local Government Association and the New Local Government Network; the National Housing Federation, Northern Housing Consortium and Chartered Institute of Housing; the British Chambers of Commerce; Fair 4 All Finance; and the Inclusive Economy Partnership.

To help older people stay active at home during the pandemic, Demos, Sport England and Anchor Hanover teamed up with BBC Sport to offer 10Today, our easy to follow, 10-minute daily home audio exercise routines, every day 'on demand' through BBC Sounds (the BBC's podcast platform), and broadcast live on BBC Radio 5 Live Sports Extra. With people mostly confined to their own home following government advice, and the challenge of loneliness while self-isolating, there was never a more important and relevant time to encourage and inspire older people to remain active and boost their mood, mobility and wellbeing, while at home.

In 2020 we also finished the evaluation of our 10Today 6 month pilot (May-November 2019) to understand its longer term impacts. We reached approximately 20,000 older people across all channels: online, through community radio and through our peer Champions. All participants reported an increase in their level of physical activity as a result of 10Today. They also report wider positive effects including:

- improved mental wellbeing
- increased confidence
- reduced social isolation
- reduced joint and muscle pain, and reduced symptoms from physical and mental conditions like arthritis or depression
- improved strength and balance to help with everyday tasks

Following this success, we secured further funding from Sport England to produce additional video and audio content with new routines. These will launch in summer 2021 aiming to reach new audiences and via new channels to promote and broadcast 10Today.

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 2020 and donated over £131,000 to its parent in the financial period.

FINANCE REVIEW

The results of the year's activity are set out in the attached financial statements. Total incoming resources were £1,461,357: an increase of £247,220 in the previous year (£1,214,137). Prior to 2017, the majority of income streams are broadly similar year on year ((2016 — £969,023), (2015 - £1,064,870),) but the 2020 income figures show another step up in revenues, including the donation from Demos Consulting reflecting its increased activity in the financial period. Similarly, until 2017, resource expenditure remained relatively consistent (2016 - £1,103,760), (2015 - £1,064,870), (2014 - £1,182,085). Like 2019, 2020 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

Demos

Company Limited by Guarantee

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

Year ended 31 December 2020

£1,212,172, compared with £1,051,877 in the prior year. This increase in spending coupled with revenue growth allowed Demos to end 2020 with a surplus of £249,185 and bringing overall reserves to positive £376,846.

RESERVES & GOING CONCERN

As set out in the Accounting Policies 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 2020 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 2021, 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 2020. Demos instigated new project management controls including the deployment of new technology 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 2020 and anticipated income and workflow projection for 2021 and beyond. The charity continues to trade with a surplus on a month by month basis. The trustees are confident that Demos will continue to build its reserves. 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

Demos

Company Limited by Guarantee

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

Year ended 31 December 2020

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

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

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 group 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 group will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the group'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 group 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 group and 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 group and charity's auditor is aware of that information.

Small company provisions

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

Demos

Company Limited by Guarantee

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

Year ended 31 December 2020

The trustees' annual report was approved on 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
Year ended 31 December 2020

Opinion

We have audited the financial statements of Demos (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 December 2020 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 2020 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 charity 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.

Demos

Company Limited by Guarantee

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

Year ended 31 December 2020

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.

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.

Demos

Company Limited by Guarantee

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

Year ended 31 December 2020

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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

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.

Demos

Company Limited by Guarantee

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

Year ended 31 December 2020

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.
- 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.

Demos

Company Limited by Guarantee

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

Year ended 31 December 2020

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

Demos

Company Limited by Guarantee

Consolidated Statement of Financial Activities (including income and expenditure account)

Year ended 31 December 2020

			2020		2019
	Note	Unrestricted funds £	Restricted funds £	Total funds £	Total funds £
Income and endowments					
Donations and legacies	5	12,281	20,000	32,281	38,072
Charitable activities	6	760,246	487,966	1,248,212	1,029,261
Other trading activities	7	233,067	–	233,067	190,042
Investment income	8	780	–	780	1,022
Total income		<u>1,006,374</u>	<u>507,966</u>	<u>1,514,340</u>	<u>1,258,397</u>
Expenditure					
Expenditure on charitable activities	10,11	674,789	539,411	1,214,200	1,088,755
Expenditure on trading activities	9	50,955	–	50,955	–
Other expenditure	14	–	–	–	7,382
Total expenditure		<u>725,744</u>	<u>539,411</u>	<u>1,265,155</u>	<u>1,096,137</u>
Net income and net movement in funds		<u>280,630</u>	<u>(31,445)</u>	<u>249,185</u>	<u>162,260</u>
Reconciliation of funds					
Total funds brought forward		96,216	31,445	127,661	(34,599)
Total funds carried forward		<u>376,846</u>	<u>–</u>	<u>376,846</u>	<u>127,661</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 22 to 34 form part of these financial statements.

Demos
Company Limited by Guarantee
Consolidated Statement of Financial Position
Year ended 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible fixed assets	19	4,533	990
Current assets			
Debtors	20	374,111	220,326
Cash at bank and in hand		531,625	295,258
		<u>905,736</u>	<u>515,584</u>
Creditors: amounts falling due within one year	21	533,423	388,913
Net current assets		<u>372,313</u>	<u>126,671</u>
Total assets less current liabilities		<u>376,846</u>	<u>127,661</u>
Net assets		<u><u>376,846</u></u>	<u><u>127,661</u></u>
Funds of the charity			
Restricted funds		–	31,445
Unrestricted funds		376,846	96,216
Total charity funds	24	<u><u>376,846</u></u>	<u><u>127,661</u></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, and are signed on behalf of the board by:

Dame J Mellor (Chair)
Trustee

The notes on pages 22 to 34 form part of these financial statements.

Demos
Company Limited by Guarantee
Statement of Financial Position
31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible fixed assets	18	4,533	990
Current assets			
Debtors	19	488,858	280,958
Cash at bank and in hand		365,877	203,916
		<u>854,735</u>	<u>484,874</u>
Creditors: amounts falling due within one year	20	482,422	358,203
Net current assets		<u>372,313</u>	<u>126,671</u>
Total assets less current liabilities		<u>376,846</u>	<u>127,661</u>
Net assets		<u><u>376,846</u></u>	<u><u>127,661</u></u>
Funds of the charity			
Restricted funds		–	31,445
Unrestricted funds		376,846	96,216
Total charity funds	23	<u><u>376,846</u></u>	<u><u>127,661</u></u>

The net income and movement in funds for the financial period of the parent charity was £249,185.

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, and are signed on behalf of the board by:

Dame J Mellor (Chair)
Trustee

The notes on pages 22 to 34 form part of these financial statements.

Demos
Company Limited by Guarantee
Consolidated Statement of Cash Flows
Year ended 31 December 2020

	2020	2019
	£	£
Cash flows from operating activities		
Net income	249,185	162,260
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	1,293	7,390
Other interest receivable and similar income	(780)	(1,022)
Accrued expenses/(income)	(17,786)	25,316
<i>Changes in:</i>		
Trade and other debtors	(52,939)	50,468
Trade and other creditors	61,450	(71,232)
Cash generated from operations	240,423	173,180
Interest received	780	1,022
Net cash from operating activities	<u>241,203</u>	<u>174,202</u>
Cash flows from investing activities		
Purchase of tangible assets	(4,836)	(1,062)
Net cash used in investing activities	<u>(4,836)</u>	<u>(1,062)</u>
Net increase in cash and cash equivalents	236,367	173,140
Cash and cash equivalents at beginning of year	295,258	122,118
Cash and cash equivalents at end of year	<u>531,625</u>	<u>295,258</u>

The notes on pages 22 to 34 form part of these financial statements.

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

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 2020, 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.

Consolidation

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

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

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.

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.

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.

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

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.

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

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 of assessment of the progress to date. See note 20 for disclosure of the amount by which billing exceeds revenue.

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Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

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.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the charity are assigned to those units.

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 2020 was 7 (2019: 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 2020

5. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Donations			
Donations	12,281	20,000	32,281
	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
Donations			
Donations	2,072	36,000	38,072

6. Charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
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
	760,246	487,966	1,248,212
	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
Projects	668,090	63,276	731,366
Events and seminars	138,625	—	138,625
Publications and subs	990	—	990
Grant funded research	61,201	97,079	158,280
	868,906	160,355	1,029,261

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

7. Analysis of grants

	2020 £	2019 £
Grants from institutions		
Charities and Foundations	217,585	275,107
Commercial organisations	551,954	380,906
Cultural and Educational organisations	79,496	17,915
NPDB	141,750	96,128
Government department	174,988	27,825
Non UK organisation	33,824	67,857
Other	80,726	50,000
	<u>1,280,323</u>	<u>915,738</u>
Total grants	<u>1,280,323</u>	<u>915,738</u>

8. Other trading activities

	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Internships Income	3,000	3,000	9,954	9,954
Other Income	230,067	230,067	180,088	180,088
	<u>233,067</u>	<u>233,067</u>	<u>190,042</u>	<u>190,042</u>

9. Investment income

	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Bank interest receivable	780	780	1,022	1,022

10. Costs of trading activities

	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Project costs	50,955	50,955	—	—

11. Expenditure on charitable activities by fund type

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

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
Projects	649,404	174,437	823,841
Events and seminars	77,329	600	77,929
Publications and subscriptions	450	–	450
Support costs	186,535	–	186,535
	<u>913,718</u>	<u>175,037</u>	<u>1,088,755</u>

12. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	Total funds 2020 £	Total fund 2019 £
Projects	1,110,105	71,736	1,181,841	993,485
Events and seminars	509	–	509	77,929
Publications and subscriptions	–	–	–	450
Governance costs	–	31,850	31,850	16,891
	<u>1,110,614</u>	<u>103,586</u>	<u>1,214,200</u>	<u>1,088,755</u>

13. Analysis of support costs

	Projects £	Events & Seminars £	Publications & Subscriptions £	Total 2020 £	Total 2019 £
Premises	634	35	35	704	103,837
General office	37,827	2,101	2,101	42,029	8,566
Support costs - Other costs	24,938	1,386	1,386	27,710	57,042
Support costs - Depreciation	1,163	65	65	1,293	199
	<u>64,562</u>	<u>3,587</u>	<u>3,587</u>	<u>71,736</u>	<u>169,644</u>

14. Other expenditure

	Restricted Funds £	Total Funds 2020 £	Restricted Funds £	Total Funds 2019 £
Irrecoverable VAT	–	–	7,382	7,382

15. Net income

Net income is stated after charging/(crediting):

	2020 £	2019 £
Depreciation of tangible fixed assets	1,293	7,390
Foreign exchange differences	<u>1,355</u>	<u>(9,697)</u>

Demos
Company Limited by Guarantee
Notes to the Financial Statements *(continued)*
Year ended 31 December 2020

16. Auditors remuneration

	2020	2019
	£	£
Fees payable for the audit of the financial statements	5,000	4,000
	<u>5,000</u>	<u>4,000</u>

17. Staff costs

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

	2020	2019
	£	£
Wages and salaries	646,917	537,323
Social security costs	60,300	46,695
Employer contributions to pension plans	35,277	23,358
	<u>742,494</u>	<u>607,376</u>

Total remuneration paid to key management personnel, including benefits such as employer pension contributions, amounted to £106,000 (2019: £90,865).

The average head count of employees during the year was 19 (2019: 19). The average number of full-time equivalent employees during the year is analysed as follows:

	2020	2019
	No.	No.
Projects	15	14
External affairs	3	3
Support costs	1	2
	<u>19</u>	<u>19</u>

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

	2020	2019
	No.	No.
£90,000 to £99,999	1	1
	<u>1</u>	<u>1</u>

18. Trustee remuneration and expenses

During the year, no Trustees received any remuneration or benefits in kind (2019: £nil). During the year, no Trustees received reimbursement of expenses (2019: £nil).

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

19. Tangible fixed assets

Group and company	Fixtures and fittings £	Computer Equipment £	Total £
Cost			
At 1 January 2020	435	4,807	5,242
Additions	2,870	1,966	4,836
At 31 December 2020	<u>3,305</u>	<u>6,773</u>	<u>10,078</u>
Depreciation			
At 1 January 2020	256	3,996	4,252
Charge for the year	590	703	1,293
At 31 December 2020	<u>846</u>	<u>4,699</u>	<u>5,545</u>
Carrying amount			
At 31 December 2020	<u>2,459</u>	<u>2,074</u>	<u>4,533</u>
At 31 December 2019	<u>179</u>	<u>811</u>	<u>990</u>

20. Debtors

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	182,167	151,442	166,076	155,985
Prepayments and accrued income	156,202	65,038	156,202	65,038
Other debtors	35,742	3,846	166,580	59,935
	<u>374,111</u>	<u>220,326</u>	<u>488,858</u>	<u>280,958</u>

21. Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	84,656	46,721	84,613	46,678
Accruals and deferred income	260,055	207,360	260,055	207,360
Social security and other taxes	97,036	76,178	91,028	72,578
Other creditors	91,676	58,654	46,726	31,587
	<u>533,423</u>	<u>388,913</u>	<u>482,422</u>	<u>358,203</u>

22. Deferred income

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
At 1 January 2020	152,253	135,380	152,253	135,380
Amount released to income	(340,115)	(135,380)	(340,115)	(135,380)
Amount deferred in year	385,353	152,253	368,203	152,253
At 31 December 2020	<u>197,491</u>	<u>152,253</u>	<u>180,341</u>	<u>152,253</u>

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

23. 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 £35,277 (2019: £23,358).

24. Analysis of charitable funds

Unrestricted funds

Group and company

	At 1 January 2020 £	Income £	Expenditure £	At 31 December 2020 £
General funds	96,216	1,050,121	(769,491)	376,846

	At 1 January 2019 £	Income £	Expenditure £	At 31 December 2019 £
General funds	(52,108)	1,197,815	(1,049,458)	96,216

Company

	At 1 January 2020 £	Income £	Expenditure £	At 31 December 2020 £
General funds	96,216	953,391	(672,761)	376,846

	At 1 January 2019 £	Income £	Expenditure £	At 31 December 2019 £
General funds	(52,108)	1,017,782	(869,458)	96,216

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

Restricted funds

Group and company

The subsidiaries have no restricted funds.

	At 1 January 2020 £	Income £	Expenditure £	At 31 December 2020 £
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)	–
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>

	At 1 January 2019 £	Income £	Expenditure £	At 31 December 2019 £
Digital Power and Trust Online	1,200	–	(1,200)	–
Character and social media	3,036	–	(3,036)	–
Active Radio	(292)	80,840	(80,548)	–
The Wealth Within	9,750	–	(9,750)	–
Pathways from Poverty	3,815	21,000	(24,815)	–
Gendered Disinformation	–	3,500	–	3,500
GCI Interventions	–	57,779	(33,886)	23,893
Power	–	28,536	(28,536)	–
Nuffield Bid	–	4,700	(648)	4,052
	<u>17,509</u>	<u>196,355</u>	<u>(182,419)</u>	<u>31,445</u>

Demos

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

24. Analysis of charitable funds *(continued)*

The following funders provided funding for these restricted projects:

The Jubilee Centre for Character and Virtues (University of Birmingham) - Character and Social Media Sport England - Active Radio (Delivery)
NDI - Gendered Disinformation
New Day - GCI Interventions
Charles Seaford - Power
Nuffield - Nuffield Bid
University of Surrey - LIPSIT
New Day - Good Credit Index Year 2
Standard Life - Standard Life Tax
Charles Seaford - Investment App
St. Marys - Catholic Church - Death and Dying
Open Rights - Open Rights Group - Deliberation
Sport England - 10Today Award Extension
Sport England - 10Today Phase 2

25. Analysis of net assets between funds

Group

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

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
Tangible fixed assets	990	—	990
Current assets	484,139	31,445	515,584
Creditors less than 1 year	(388,913)	—	(388,913)
Net assets	<u>96,216</u>	<u>31,445</u>	<u>127,661</u>

Demos

Company Limited by Guarantee

Notes to the Detailed Statement of Financial Activities

Year ended 31 December 2020

25. Analysis of net assets between funds *(continued)*

Company

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Tangible fixed assets	4,533	—	4,533
Current assets	854,735	—	854,735
Creditors less than 1 year	(482,422)	—	(482,422)
Net assets	376,846	—	376,846

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
Tangible fixed assets	990	—	990
Current assets	453,429	31,445	484,874
Creditors less than 1 year	(358,203)	—	(358,203)
Net assets	96,216	31,445	127,661

26. Analysis of changes in net debt

Group

	At 1 Jan 2020 £	Cash flows £	At 31 Dec 2020 £
Cash at bank and in hand	295,258	236,367	531,625

Company

	At 1 Jan 2020 £	Cash flows £	At 31 Dec 2020 £
Cash at bank and in hand	203,916	161,961	365,877

27. Operating lease commitments

Group and company

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

	2020 £	2019 £
Not later than 1 year	74,437	4,200
Later than 1 year and not later than 5 years	107,947	—
	182,384	4,200

28. Related parties

Group and company

At the balance sheet date £nil (2019: £21,800) was owed to Trustees in respect to loans received.