

Company No. 2977740
Charity No. 1042046

Demos
Report & Financial Statements
31 December 2002

Demos

Legal & administrative details

For the year ended 31 December 2002

Status	The organisation is a charitable company limited by guarantee, incorporated on 11 October 1994 and registered as a charity on 11 November 1994.	
Governing document	The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association.	
Company number	2977740	
Charity number	1042046	
Registered office and Operational address	The Mezzanine Elizabeth House 39 York Road LONDON SE1 7NQ	
Honorary officers	Robert Tyrrell Andrew MacKenzie John Holden	Chair Treasurer Secretary
Principal staff	Tom Bentley John Holden Eddie Gibb James Wilsdon	Director Head Of Development Head of Communication Head of Strategy
Bankers	Barclays Bank Plc Fleet Street LONDON EC4Y 1ET	
Auditors	Sayer Vincent Chartered Accountants Registered Auditors 8 Angel Gate City Road London EC1V 2SJ	

Demos

Report of the directors

For the year ended 31 December 2002

The directors present their report and the audited financial statements for the year ended 31 December 2002.

Legal and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities.

Activities and review

Demos Ltd is a company limited by guarantee with charitable objects.

The charity's objects are:-

- (i) To promote education for the public benefit in issues of politics, economics, the environment and public policy;
- (ii) To promote for the public benefit research in any of the above fields of education and to publish the useful results of such research.

There have been no changes in the objects or the policies of the charity during the year. The principle activities of research, education and publication are reflected in the organisational structure of the charity. Reporting to the Director are the Heads of Development, Strategy and Communications. Research projects are managed by the Director, the Head of Development and the Head of Strategy. The Subscriptions Manager reports to the Head of Development. A team of researchers undertake research projects, supported by temporary assistants and interns. Freelance collaborations are entered into to fulfil technical and consultancy roles, as well as helping with particular aspects of research, writing and the production of publications.

All staff are encouraged to contribute to any appropriate aspects of research, administration, the achievement of the charitable objects and the planning processes.

2002 was a year of growth for Demos. The financial performance improved markedly and the staff team increased to undertake a substantially increased volume of new work. The organisation also invested in new computer equipment and a new website to create an open platform for Demos' knowledge. In addition, M.T. Rainey Kelly Campbell Roalfe /Y&R helped Demos to produce a new identity " People Changing Politics", and a prospectus which sets out Demos' thematic approach.

Our knowledge and projects are clustered around five themes: democracy, learning, quality of life, enterprise and global change. In the pursuit of our goals we continued to make links with overseas organisations, particularly in Australia, Greece, Scandinavia and Italy.

Publications

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

Creche Barriers: How Britain can grow its childcare industry by Helen Wilkinson

The Death of Spin? Communication in the 21st Century by George Pitcher

Foodstuff: living in an Age of Feast and Famine, ed. John Holden, Lydia Howland and Daniel Stedman Jones

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Report of the directors

For the year ended 31 December 2002

Publications (continued)

Getting Down to Business: A new Agenda for corporate social innovation by Rachel Jupp
Inconvenience Food: The struggle to eat well on a low income by Ian Christie, Michelle Harrison, Caroline Hitchman and Tim Lang
Innovate from Within: an open letter to the new cabinet secretary by Charles Leadbeater
Local Authority? How to develop better leadership for better public services by Danny Chesterman and Matthew Horne
Logged Off? How ICT can connect young people and politics by Lydia Howland with Matthew Bethell
Monarchies: What are Kings and Queens for? ed. Tom Bentley and James Wilsdon
The Moral Universe ed. Tom Bentley and Daniel Stedman Jones
The Politics of Bandwidth: Network innovation and regulation in broadband Britain by Daniel Stedman Jones and James Wilsdon
System Failure: Why governments must learn to think differently by Jake Chapman

Lectures, conferences and seminars

A wide range of lectures, events and conferences were organised by Demos during the year. On average, Demos hosts and organises two events each week, ranging from large scale public debates to smaller scale seminars on particular issues. In addition Demos staff gave presentations and speeches, and took part in debates at conferences and events throughout the year.

Projects

A wide range of research projects was carried out during 2002, using a range of methodologies. Many projects involve case studies, and rely on qualitative data obtained from individual and/or group interviews. Our network of contacts with leading opinion formers and practitioners enables Demos to be particularly effective in this type of work. Additionally, where relevant techniques of quantitative data collection and analysis are also employed.

2002 projects include:

- A study of the social potential of space*
- Digital Futures - a series of recommendations concerning e-commerce and sustainability.
- A study of the long term issues relating to mass migration in Europe (with the Dutch Ministry of Justice)*
- Schoolworks - in tandem with the Architecture Foundation- a project to rebuild a school in London and to investigate the effects of the built environment on learning
- A study of children's lives in the twenty first century*
- An investigation of leadership in schools*
- An examination of how new technology can connect young people to politics
- A study of the complex systems used to deliver public services.
- An assessment of leadership in the public sector
- An examination of the relationship between government and the media
- An examination of food poverty
- A study of the childcare industry
- A study of the regulation of broadband access
- A study of the effects of design in prisons and in schools
- A study of corporate social innovation

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Report of the directors

For the year ended 31 December 2002

Projects (continued)

- An investigation of tourism in London*
- Vitamin e – a collaboration concerning the use of technology in society
- A series of recommendations and debates on globalisation
- Research to assist with the development of national strategy for public libraries
- Research to underpin a strategy for workforce development in museums, archives and libraries
- A study of educational assessment*
- A study of pre-school learning*
- A study of how schools can network together.
- An evaluation of how innovative educational projects link to national policy*
- A field trial of learning in key skills stages in schools
- A study of how to sustain organisational transformation in schools*
- A study of the attitudes of the Baby Boomer generation*
- A study of community learning in Wales*

* Indicates ongoing projects.

Fixed assets

Changes in fixed assets are shown in note 8 to the financial statements.

Funds

The charity has a number of funds which are detailed in notes 12 and 13 in the financial statements.

Reserves

The Directors have adopted a reserves policy to meet the needs of the charity as detailed in note 14. The reserves position has improved significantly, and a further improvement is expected and budgeted for 2003. However, as at 31 December 2002 the unrestricted reserve, standing at £245,734 was insufficient to cover six months' budgeted expenditure.

Risk assessment

A detailed risk assessment has been prepared in accordance with guidance set out by the Charity Commission in CC66 SORP 2000. An agreed version of the risk assessment was formally adopted at the 2002 Annual General Meeting and controls to mitigate those risks have been put in place.

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Report of the directors

For the year ended 31 December 2002

Responsibilities of the directors

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of its incoming resources and application of resources of the charitable company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue on that basis

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors

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

Robert Tyrrell (Chair)	Andrew MacKenzie (Treasurer)
Ian Hargreaves	Alan Parker
Karl Chapman (resigned 24 September 2002)	M T Rainey
Sir Douglas Hague	Sukhvinder Stubbs

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 2002 was 8 (2001 - 8). The Directors have no beneficial interest in the charitable company nor in its activities and are not remunerated. A register of business interests is maintained.

The directors are entitled to appoint a person who is willing to act as a trustee either to fill a casual vacancy or as an additional director. At every annual general meeting one-third of the Directors will retire on a rotation basis, with the longest serving Directors retiring each time.

Demos

Report of the directors

For the year ended 31 December 2002

Auditors

Sayer Vincent were re-appointed as the charitable company's auditors during the year and have expressed their willingness to continue in that capacity.

Approved by the directors on 14 May 2003 and signed on their behalf by

Robert Tyrrell

Independent auditors' report

To the members of

Demos

We have audited the financial statements of Demos for the year ended 31 December 2002 which comprise the statement of financial activities, balance sheet and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

The responsibilities of the directors for preparing the report of the directors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the statement of responsibilities of the directors. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the report of the directors is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the directors' remuneration and transactions with the charitable company is not disclosed.

We read other information contained in the report of the directors and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

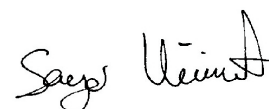
Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the charitable company's state of affairs as at 31 December 2002 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



SAYER VINCENT

Chartered accountants & registered auditors
London

Demos

Statement of Financial Activities (Incorporating an income and expenditure account)

For the year ended 31 December 2002

	Note	Restricted £	Unrestricted £	2002 Total £	2001 Total £
Incoming resources					
Donations, legacies and similar incoming resources	2	-	8,540	8,540	26,234
<i>Activities in furtherance of the charity's objects:</i>		-			
Projects	3	99,964	685,790	785,754	376,714
Publications and subscriptions		-	51,574	51,574	63,290
Events and seminars		-	60,813	60,813	54,966
<i>Activities for generating funds</i>		-			
Rental income		-	7,000	7,000	12,585
Investment income		-	2,998	2,998	1,173
Other incoming resources		-	-	-	8,745
Total incoming resources		<u>99,964</u>	<u>816,715</u>	<u>916,679</u>	<u>543,707</u>
Resources expended					
<i>Costs of generating funds:</i>					
Fundraising and publicity		-	7,667	7,667	7,429
Costs associated with rental income		-	8,274	8,274	12,585
<i>Charitable expenditure</i>					
Projects		121,339	512,276	633,615	374,893
Publications and subscriptions		-	38,407	38,407	101,338
Events and seminars		-	38,380	38,380	51,394
Support costs		-	56,671	56,671	41,085
Management and administration		-	9,746	9,746	8,087
Total resources expended	4	<u>121,339</u>	<u>671,421</u>	<u>792,760</u>	<u>596,811</u>
Net incoming/(outgoing) resources for the year	5	(21,375)	145,294	123,919	(53,104)
Funds at the start of the year		<u>32,500</u>	<u>89,315</u>	<u>121,815</u>	<u>174,919</u>
Funds at the end of the year		<u><u>11,125</u></u>	<u><u>234,609</u></u>	<u><u>245,734</u></u>	<u><u>121,815</u></u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed above and in note 13 to the financial statements.

Demos (Limited by Guarantee)

Balance sheet

As at 31 December 2002

	Note	£	2002 £	2001 £
Tangible fixed assets	8		6,455	<u>6,591</u>
Current assets				
Stock	9	19,644		26,769
Debtors	10	152,184		55,491
Cash at bank and in hand		132,229		<u>71,387</u>
		304,057		153,647
Creditors: Amounts falling due within one year	11	64,778		<u>38,423</u>
Net current assets			239,279	<u>115,224</u>
Net assets	12		245,734	<u>121,815</u>
Funds				
Restricted funds	13		11,125	32,500
Unrestricted funds				
General funds			234,609	<u>89,315</u>
Total funds			245,734	<u>121,815</u>

Approved by the directors on 14 May 2003 and signed on their behalf by

Robert Tyrrell

Demos

Notes to the financial statements

For the year ended 31 December 2002

1. Accounting policies

- a) The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities (issued in October 2000) and the Companies Act 1985.
- b) Voluntary income is received by way of donations and gifts and is included in full in the Statement of Financial Activities when receivable. Intangible income and gifts in kind are not included unless they represent goods or services which would have otherwise been purchased, in which case they are valued and brought in as income and the appropriate expenditure.
- c) Revenue grants are credited to the Statement of Financial Activities when received or receivable whichever is earlier, unless they relate to a specific future period, in which case they are deferred.
- d) Earned income from the sales of subscriptions is shown net of Value Added Tax.
- e) Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.
- f) Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.
- g) Costs of generating funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it.
- h) Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which is an estimate, based on staff time, of the amount attributable to each activity.

Projects	65%
Publications and subscriptions	16%
Events and seminars	9%
Support costs	9%
Management and administration	1%

Management and administration costs include the management of the charitable company's assets, organisational management and compliance with constitutional and statutory requirements.

- i) Grants payable are included in the statement of financial activities in the year they are payable.

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Notes to the financial statements

For the year ended 31 December 2002

1. Accounting policies (continued)

- j) Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life. The depreciation rates in use are as follows:

Office equipment : 5 years
Computer equipment : 3 years

Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities.

Items costing under £100 are not capitalised.

- k) Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the Statement of Financial Activities in the year in which they fall due.
- l) Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.
- m) The costs of generating funds relate to the costs incurred by the charitable company in raising funds for the charitable work.
- n) The charitable company contributes to a stakeholder pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the charitable company to the fund. The charitable company has no liability under the scheme other than for the payment of those contributions.

2. Donations, legacies and similar incoming resources

	Restricted	Unrestricted	2002 Total	2001
	£	£	£	£
Lord Ashdown	-	-	-	12,000
MT Rainey	-	-	-	10,000
Gift Aid reclaimed	-	40	40	2,820
C Haskins	-	-	-	1,000
Sundry	-	-	-	414
Sir Douglas Hague	-	1,000	1,000	-
Thames Water	-	7,500	7,500	-
	<u>-</u>	<u>8,540</u>	<u>8,540</u>	<u>26,234</u>

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Notes to the financial statements

For the year ended 31 December 2002

3. Project income	Restricted £	Unrestricted £	2002 Total £	2001 Total £
Contracts				
Government of Italy	-	-	-	48,898
The Design Council	-	4,650	4,650	46,000
Institute of Management	-	-	-	38,000
Lattice Foundation	-	10,000	10,000	34,000
Department of Trade and Industry	-	-	-	23,000
Department of Culture, Media and Sport	-	64,860	64,860	-
Department for education and skills	-	10,000	10,000	-
Schoolworks	-	-	-	11,200
London Tourist Board	-	7,800	7,800	7,800
Forum for the Future	-	2,500	2,500	2,500
National Council for Education and Training for Wales	-	12,553	12,553	-
National College for School Leadership	-	275,500	275,500	20,000
BECTA	-	20,000	20,000	-
Cable and Wireless	-	50,000	50,000	-
Channel Four	-	5,000	5,000	-
Design Council	-	12,850	12,850	-
Edexcel	-	43,000	43,000	-
Environment Agency	-	10,000	10,000	-
London Tourist Board	-	8,500	8,500	-
Re:source	-	19,000	19,000	-
RICS	-	3,150	3,150	-
MMO2	-	9,750	9,750	-
NCVO	-	5,862	5,862	-
Nesta	-	8,500	8,500	-
NSEAZ	-	25,000	25,000	-
Norwich Union	-	15,000	15,000	-
PAULO	-	12,775	12,775	-
Pre-School Learning Alliance	-	13,200	13,200	-
Scottish Power	-	20,000	20,000	-
I&DeA	-	5,500	5,500	-
UKISC	-	2,000	2,000	-
University of East London	-	3,404	3,404	-
VSNT0	-	5,436	5,436	-
Grant income				
The Tedworth Charitable Trust	-	-	-	25,000
Gatsby Foundation	-	-	-	25,000
VSO	-	-	-	22,750
Carnegie United Kingdom Trust	9,951	-	9,951	17,500
Community Action Network	-	-	-	15,000
Kids' Club Network	15,000	-	15,000	-
Sorrell Foundation	-	-	-	12,000
National Union of Teachers	-	-	-	7,600
Joseph Rowntree	6,863	-	6,863	5,513
EDS	-	-	-	5,500
Other consultancy income	-	-	-	9,453
Age Concern	42,250	-	42,250	-
Stone Ashdown	10,000	-	10,000	-
Duncan Greenland	7,000	-	7,000	-
Network for Social Change	8,900	-	8,900	-
	<u>99,964</u>	<u>685,790</u>	<u>785,754</u>	<u>376,714</u>

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Notes to the financial statements

For the year ended 31 December 2002

4. Total resources expended

	Fundraising and publicity £	Costs associated with rental £	Projects £	Publications & subscriptions £	Events & seminars £	Support costs £	Management and administration £	2002 Total £	2001 Total £
Staff costs (note 6)	-	-	350,316	-	-	35,032	3,892	389,240	244,202
Other staff costs	-	-	7,694	1,894	1,065	1,065	119	11,837	15,200
Printing, postage, stationery, telephone	-	1,274	14,817	3,647	2,051	2,051	229	24,069	27,200
Premises	-	7,000	27,908	6,870	3,864	3,864	429	49,935	58,690
Professional fees	-	-	5,666	1,395	785	785	87	8,718	4,613
Venue & catering	-	-	-	-	22,593	-	-	22,593	15,512
Project consultancy and freelance payments	-	-	92,162	-	-	-	-	92,162	98,258
Publications design & print	-	-	55,963	10,344	-	-	-	66,307	37,550
Marketing	-	-	-	-	-	-	-	-	-
Public relations	7,667	-	-	-	-	-	-	7,667	7,429
Travel	-	-	22,111	5,443	3,062	3,062	339	34,017	16,722
Other office costs	-	-	16,467	4,053	2,280	2,280	254	25,334	18,234
Bank charges	-	-	885	218	123	123	13	1,362	1,774
Audit & accountancy	-	-	-	-	-	5,852	4,100	9,952	9,303
Irrecoverable VAT	-	-	7,647	1,882	1,059	1,059	118	11,765	8,763
Depreciation	-	-	6,079	1,496	842	842	93	9,352	9,275
Grants payable	-	-	25,900	-	-	-	-	25,900	-
Unfulfilled contracts	-	-	-	-	-	-	-	-	19,400
Sundry expenditure	-	-	-	1,165	656	656	73	2,550	4,686
Total resources expended	7,667	8,274	633,615	38,407	38,380	56,671	9,746	792,760	596,811

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Notes to the financial statements

For the year ended 31 December 2002

5. Net outgoing resources for the year

This is stated after charging:

	2002	2001
	£	£
Depreciation	9,352	9,275
Directors' remuneration	-	-
Directors' reimbursed expenses	-	-
Auditors' remuneration:		
▪ Audit	4,100	4,100
▪ Under accrual in previous year	1,275	3,203
▪ Other services	2,883	2,000
Operating lease rentals:		
▪ Property	48,620	48,620
▪ Other	1,645	1,566
	<u>1,645</u>	<u>1,566</u>

6. Staff costs and numbers

Staff costs were as follows:

	2002	2001
	£	£
Salaries and wages	348,440	222,663
Social security costs	33,651	21,539
Pension costs	7,149	-
	<u>389,240</u>	<u>244,202</u>

1 employee earned more than £50,000 during the year (2001: 0).

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

	2002	2001
	No.	No.
Fundraising & publicity	-	-
Rental costs	-	-
Projects	10.0	5.0
Publications & subscriptions	1.0	1.0
Events & seminars	0.8	0.8
Consultancy costs	0.3	0.3
Support costs	1.8	1.8
Management & administration	0.1	0.1
	<u>14.0</u>	<u>9.0</u>

7. Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

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Notes to the financial statements

For the year ended 31 December 2002

8. Tangible fixed assets

	Office equipment £	Computer equipment £	Total £
COST			
At 1 January 2002	5,285	28,923	34,208
Additions in year	<u>977</u>	<u>8,239</u>	<u>9,216</u>
At 31 December 2002	<u>6,262</u>	<u>37,162</u>	<u>43,424</u>
DEPRECIATION			
At 1 January 2002	3,928	23,689	27,617
Charge for the year	<u>845</u>	<u>8,507</u>	<u>9,352</u>
At 31 December 2002	<u>4,773</u>	<u>32,196</u>	<u>36,969</u>
NET BOOK VALUE			
At 31 December 2002	<u>1,489</u>	<u>4,966</u>	<u>6,455</u>
At 31 December 2001	<u>1,357</u>	<u>5,234</u>	<u>6,591</u>

All tangible fixed assets are used for direct charitable purposes.

9. Stock

	2002 £	2001 £
Finished goods for resale	<u>19,644</u>	<u>26,769</u>

10. Debtors

	2002 £	2001 £
Trade debtors	136,792	37,564
Other debtors	-	2,874
Prepayments	<u>15,392</u>	<u>15,053</u>
	<u>152,184</u>	<u>55,491</u>

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Notes to the financial statements

For the year ended 31 December 2002

11. Creditors : Amounts falling due within one year

	2002	2001
	£	£
Trade creditors	15,595	24,350
Taxations and social security	38,723	6,744
Other creditors	4,360	1,229
Accruals	6,100	6,100
	<u>64,778</u>	<u>38,423</u>

12. Analysis of net assets between funds

	Restricted funds £	General funds £	Total funds £
Tangible fixed assets	-	6,455	6,455
Current assets	11,125	292,932	304,057
Current liabilities	-	<u>(64,778)</u>	<u>(64,778)</u>
Net assets at 31 December 2002	<u>11,125</u>	<u>234,609</u>	<u>245,734</u>

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Notes to the financial statements

For the year ended 31 December 2002

13. Movement in funds

	At 1 January 2002 £	Incoming resources £	Outgoing resources £	At 31 December 2002 £
Logged Off (Carnegie)	-	9,951	(9,951)	-
Local Leadership (Joseph Rowntree)	-	6,863	(6,863)	-
Childrens' Lives (Calouste Carnegie)	20,000	-	(18,140)	1,860
(Kids' Club)	12,500	-	(11,360)	1,140
Changing the Face of Retirement (Age Concern)	-	15,000	(15,000)	-
Pioneers of Changes (Network for Social Change)	-	42,250	(34,125)	8,125
(Duncan Greenland)	-	8,900	(8,900)	-
Foreign Policy Centre (Stone Ashdown Foundation)	-	7,000	(7,000)	-
	-	10,000	(10,000)	-
Total restricted funds	32,500	99,964	(121,339)	11,125
Unrestricted funds:				
General fund	89,315	816,715	(671,421)	234,609
Total unrestricted funds	89,315	816,715	(671,421)	234,609
Total funds	121,815	916,679	(792,760)	245,734

Purposes of restricted funds

Logged off

A project to investigate how young people might be engaged with public decision making through new technologies.

Local Leadership

This project examines leadership in action and will suggest ways to transform the development of top managers in local authorities.

Childrens' Lives

A national enquiry into the social, technological and other factors affecting children's lives in order to develop a national strategy for improving the quality of life for children.

Changing the face of retirement

A project that seeks to understand the ageing society in the context of the values and attitudes of baby boomers, who will be retiring over the next 20 years.

Demos

Notes to the financial statements

For the year ended 31 December 2002

13. Movement in funds (continued)

Purposes of restricted funds (continued)

Pioneers of Change

Money was received on behalf of Pioneers of Change from other charitable organisations. Payments were made to Pioneers of Change for work that is within the charitable objects of Demos.

Foreign Policy Centre

Money was received on behalf of the Foreign Policy Centre from the Stone Ashdown Foundation. Payments were made to the Foreign Policy Centre for work that is within the charitable objects of Demos.

14. General funds

Reserves are held by the charity to fund fixed assets and working capital. General reserves at the year end are built up in accordance with the policy approved by the Directors in July 1995 to cover six months expected expenditure from unrestricted funds.

15. Operating lease commitments

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

	Land and buildings		Equipment	
	2002	2001	2002	2001
	£	£	£	£
1 - 2 years	-	-	-	1,566
2 - 5 years	<u>45,000</u>	<u>45,000</u>	<u>1,645</u>	<u>-</u>
	<u>45,000</u>	<u>45,000</u>	<u>1,645</u>	<u>1,566</u>

16. Directors' remuneration and expenses

The directors of the charitable company are the trustees under charity law and received no remuneration or reimbursed expenses.

Demos

Notes to the financial statements

For the year ended 31 December 2002

17. Related party transactions

Tom Bentley, the Director of Demos is also a Director of Yorkco 148G, trading as The Mezzanine. The company was set up by the tenants of the Mezzanine floor of Elizabeth House through which Demos has a sub lease for office space. Mr Bentley receives no remuneration for the Directorship.

The charity controls Demos Projects Limited (company number 2667039), a company limited by guarantee. The Directors of Demos Projects Limited are also Directors of Demos Limited. The company has not traded in the year.