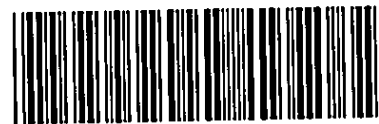


**ELECTORAL REFORM SERVICES LIMITED
AND ITS SUBSIDIARIES**

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

FRIDAY



A19 *A17VZQ13* 01/06/2007 603
COMPANIES HOUSE

ELECTORAL REFORM SERVICES LIMITED AND ITS SUBSIDIARIES

COMPANY INFORMATION

Directors

Michael Burdett - Chairman
Owen Thomas – Chief Executive
Jennifer Bradley
Philip Burkill
Christopher Graham
Simon Hearn
Russell Lord
Sian Roberts
Jonathan Wadsworth

Secretary

Jennifer Bradley

Company number

2263092

Registered office

The Election Centre
33 Clarendon Road
London
N8 ONW

Auditors

Citroen Wells
Devonshire House
1 Devonshire Street
London
W1W 5DR

Bankers

Coutts & Co
440 The Strand
London
WC2R OQS

Bank of Scotland
1st Floor, West End Business Centre
St James Gate
14 – 16 Cockspur Street
London
SW1Y 5BL

**ELECTORAL REFORM SERVICES LIMITED
AND ITS SUBSIDIARIES**

CONTENTS

	Page
Directors' report	1 – 3
Independent auditors' report	4 – 5
Consolidated profit and loss account	6
Consolidated statement of total recognised gains and losses	7
Consolidated balance sheet	8
Balance sheet of holding company	9
Consolidated cash flow statement	10
Notes to the consolidated cash flow statement	11
Notes to the financial statements	12 – 21
 The following pages do not form part of the statutory financial statements	
Detailed profit and loss account of holding company	22 – 23

ELECTORAL REFORM SERVICES LIMITED AND ITS SUBSIDIARIES

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

The directors present their report together with the financial statements of the company and the group for the year ended 31 December 2006

Principal activities and review of the business

The principal activities of the Company during the year were the provision of ballot, election administration and market research services. During the year the company formed a wholly owned subsidiary, Membership Engagement Services Limited, which provides consultancy services related to membership engagement.

The group has traded profitably during the year. The financial position of the company and the group at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

The group's key financial performance indicators were that of turnover, gross margin and retained profit, which communicate the financial performance of the group as a whole.

The key financial performance indicators for the last three years are as follows:-

	2006* £	2005 £	2004 £
Turnover	14,171,577	16,296,006	14,814,237
Gross profit	7,554,693	7,514,411	7,100,134
Net profit after taxation	1,935,067	2,045,189	1,877,233

Turnover decreased by 13.04% over the year and overall profit decreased by 5.4%.

*The figures for 2006 are consolidated amounts.

Financial risk management

The company has always funded its operations from its own generated cash resources.

Trade debtors are managed by credit and cash flow risk policies concerning the amount of credit offered to customers and the regular monitoring of amounts outstanding, both for time and credit limits.

Trade creditors liquidity risk is managed by ensuring that sufficient funds are available to meet amounts due.

Results and dividends

The group's results for the year are set out on page 6.

A final dividend based on the results for the year ended 31 December 2005 was paid during the year amounting to £922,594. The directors recommend that the company pay a dividend of £833,034 based on the results for the year ended 31 December 2006 and, subject to this dividend being approved at the forthcoming Annual General Meeting, this will be included in next year's accounts.

Market value of land and buildings

In the opinion of the directors the market value of land and buildings exceeds the current net book value.

ELECTORAL REFORM SERVICES LIMITED AND ITS SUBSIDIARIES

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006 – (CONTINUED)

Directors

The following directors have held office since 1 January 2006

Michael Burdett – Chairman	(Appointed 1 March 2006)
Owen Thomas - Chief Executive	
David Martin-Jenkins	(Resigned 30 June 2006)
Jennifer Bradley	
Philip Burkill	
Christopher Graham	
Simon Hearn	
Russell Lord	
Sian Roberts	
Michael Stone	(Resigned 15 September 2006)
Jonathan Wadsworth	

Directors' interests

None of the directors had any interest in the shares of the company, or any other company in the group, during the year

Charitable donations	2006 £	2005 £
During the year the company made the following payments		
Charitable donations for educational research	269,000	200,000

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Citroen Wells be reappointed as auditors of the company will be put to the Annual General Meeting

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgement and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

**ELECTORAL REFORM SERVICES LIMITED
AND ITS SUBSIDIARIES**

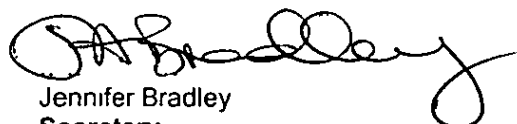
**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2006 – (CONTINUED)**

Statement of disclosure to auditors

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the board


Jennifer Bradley
Secretary

4th April 2007

ELECTORAL REFORM SERVICES LIMITED AND ITS SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ELECTORAL REFORM SERVICES LIMITED

We have audited the group and parent company financial statements of Electoral Reform Services Limited for the year ended 31 December 2006 set out on pages 6 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the 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 company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the 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 directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 the financial statements, and of whether the accounting policies are appropriate to the 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.

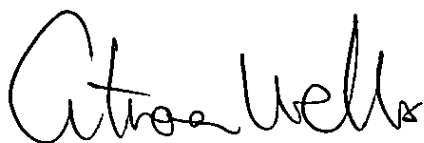
**ELECTORAL REFORM SERVICES LIMITED
AND ITS SUBSIDIARIES**

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF ELECTORAL REFORM SERVICES LIMITED – (CONTINUED)**

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the company's affairs as at 31 December 2006 and the group's profit for the year then ended
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements



Citroen Wells

Chartered Accountants
Registered Auditor

4th April..... 2007

Devonshire House
1 Devonshire Street
London
W1W 5DR

**ELECTORAL REFORM SERVICES LIMITED
AND ITS SUBSIDIARIES**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006**

		2006	2005 as restated
	Note	£	£
Turnover	2	14,171,577	16,296,006
Cost of sales		(6,616,884)	(8,781,595)
Gross profit		7,554,693	7,514,411
Administrative expenses		(5,087,584)	(4,877,321)
Other operating income		11,807	48,565
Operating profit	3	2,478,916	2,685,655
Other interest receivable and similar income	4	274,018	237,608
Interest payable and similar charges	5	(3,381)	(4,003)
Profit on ordinary activities before taxation		2,749,553	2,919,260
Tax on profit on ordinary activities	6	(814,486)	(874,071)
Profit for the year	15	1,935,067	2,045,189

The profit and loss account has been prepared on the basis that all operations are continuing operations

**ELECTORAL REFORM SERVICES LIMITED
AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2006**

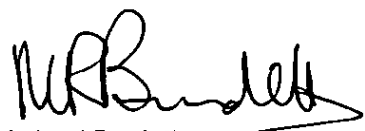
		2006	2005 as restated
	Note	£	£
Profit for the financial year		1,935,067	2,045,189
Prior year adjustment – FRS 21 Proposed dividends	1	922,594	-
		<hr/>	<hr/>
Total gains and losses recognised since last financial year		2,857,661	2,045,189
		<hr/>	<hr/>


**ELECTORAL REFORM SERVICES LIMITED
AND ITS SUBSIDIARIES**

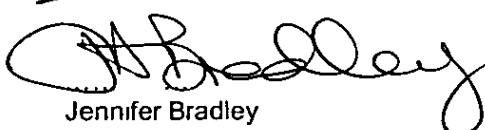
**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2006**

	Notes	2006		2005 as restated	
		£	£	£	£
Fixed assets					
Tangible assets	8		1,806,094		1,645,857
Current assets					
Stock	10	27,093		30,313	
Debtors	11	2,257,771		2,400,830	
Cash at bank and in hand		6,363,211		5,986,410	
			8,648,075		8,417,553
Creditors' amounts falling due within one year	12	(2,152,934)		(2,774,648)	
Net current assets			6,495,141		5,642,905
Total assets less current liabilities			8,301,235		7,288,762
Capital and reserves					
Called up share capital	14		9		9
Profit and loss account	15		8,301,226		7,288,753
Shareholders' funds – equity interests	16		8,301,235		7,288,762

The financial statements were approved by the Board on *4th April 2007*


Michael Burdett
Director


Owen Thomas
Director


Jennifer Bradley
Director

ELECTORAL REFORM SERVICES LIMITED

BALANCE SHEET OF HOLDING COMPANY AS AT 31 DECEMBER 2006

	Notes	2006	2005 as restated
		£	£
Fixed assets			
Tangible assets	8	1,806,094	1,645,857
Investments	9	8	6
		<hr/>	<hr/>
		1,806,102	1,645,863
Current assets			
Stock	10	27,093	30,313
Debtors	11	2,266,901	2,400,830
Cash at bank and in hand		6,363,211	5,986,410
		<hr/>	<hr/>
		8,657,205	8,417,553
Creditors: amounts falling due within one year	12	(2,152,579)	(2,774,648)
		<hr/>	<hr/>
Net current assets		6,504,626	5,642,905
		<hr/>	<hr/>
Total assets less current liabilities		8,310,728	7,288,768
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	14	9	9
Profit and loss account	15	8,310,719	7,288,759
		<hr/>	<hr/>
Shareholders' funds – equity interests	16	8,310,728	7,288,768
		<hr/>	<hr/>

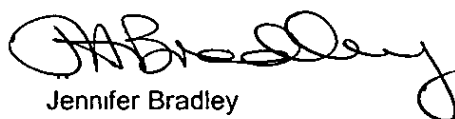
The financial statements were approved by the Board on 4th April 2007



Michael Burdett
Director



Owen Thomas
Director



Jennifer Bradley
Director

**ELECTORAL REFORM SERVICES LIMITED
AND ITS SUBSIDIARIES**

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	2006		2005 as restated	
		£	£	£	£
Net cash inflow from operating activities	1		2,360,272		2,754,675
Returns on investments and servicing of finance					
Interest received		218,868		218,970	
Interest paid		(3,381)		(4,003)	
Net cash inflow for returns on investments and servicing of finance			215,487		214,967
Taxation			(934,071)		(727,720)
Capital expenditure					
Payments to acquire tangible assets		(348,093)		(186,054)	
Receipts from sales of tangible assets		5,800		22,500	
Net cash outflow for capital expenditure			(342,293)		(163,554)
Equity dividends paid			(922,594)		(846,116)
Net cash inflow before management of liquid resources and financing			376,801		1,232,252
Management of liquid resources					
Bank deposits	3		(702,694)		(1,513,000)
Decrease in cash in the year (excluding bank deposits)			(325,893)		(280,748)

ELECTORAL REFORM SERVICES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

1 Reconciliation of operating profit to net cash inflow from operating activities

	2006 £	2005 £
Operating profit	2,478,916	2,685,655
Depreciation of tangible assets	185,418	185,264
(Profit)/loss on disposal of tangible assets	(3,362)	269
Decrease/(increase) in stocks	3,220	(16,820)
Decrease/(increase) in debtors	198,209	(469,074)
(Decrease)/increase in creditors within one year	(502,129)	369,381
Net cash inflow from operating activities	2,360,272	2,754,675

2. Analysis of net assets

	1 January 2006 £	Cash flow £	Other non- cash changes £	31 December 2006 £
Net cash				
Cash at bank and in hand	1,273,410	(325,893)	-	947,517
Liquid resources				
Bank deposits	4,713,000	702,694	-	5,415,694
Net funds	5,986,410	376,801	-	6,363,211

3. Management of Liquid Resources

Liquid Resources comprise either fixed term bank deposit accounts or deposit accounts requiring notice in order to withdraw funds.

4 Reconciliation of net cash flow to movement in net funds

	2006 £	2005 £
Decrease in cash in the year	(325,893)	(280,748)
Cash outflow from increase in liquid resources	702,694	1,513,000
Movement of net funds in the year	376,801	1,232,252
Opening net funds	5,986,410	4,754,158
Closing net funds	6,363,211	5,986,410

ELECTORAL REFORM SERVICES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1. Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Changes in accounting policies

The accounting policy for dividends has been changed following the introduction of Financial Reporting Standard 21 'Events After The Balance Sheet Date'. This FRS provides that final dividends should only be recognised in the period in which they are approved at the Annual General Meeting. Interim dividends continue to be recognised in the period in which they are paid.

This change in accounting policy has led to a reduction in Creditors' amounts falling due within one year and an increase in net assets of £922,594 as at 31 December 2005. The profit for the year ended 31 December 2005 has not been affected.

1.3 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom General Accepted Accounting Practice), which have been applied consistently.

1.4 Turnover and revenue recognition

Turnover represents amounts due under contracts for goods and services and is recognised as earned when, and to the extent that, the company and the group obtain the right to consideration in exchange for their performance under these contracts. It is derived entirely from the company's and the group's principal activities and is stated exclusive of VAT.

Revenue is recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Turnover not billed to customers is included in debtors and amounts received on account in excess of the relevant amount of revenue are included in creditors.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land and buildings are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows -

Freehold property	Nil
Property improvements	10% on cost
Plant and equipment	10% to 33 33% on cost
Computer equipment	33 33% on cost
Fixtures and fittings	10% on cost

No depreciation is provided on the company's freehold building. Given the length of life of the building and because it is maintained to a high standard, it is the opinion of the directors that the residual value would be sufficiently high to make any depreciation charge immaterial.

1.6 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

ELECTORAL REFORM SERVICES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 – (CONTINUED)

1. Accounting policies - (continued)

1.8 Stock

Stock is valued at the lower of cost and net realisable value

1.9 Pensions

The company operates a defined contributions scheme for the benefit of one employee. Contributions payable are charged to the profit and loss account in the year they are payable.

1.10 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.11 Group accounts

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2006. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own profit and loss account.

2. Turnover

Geographical market	2006 £	2005 £
United Kingdom	14,171,577	16,296,006
Class of business		
Electoral and research services	14,136,793	16,296,006
Membership engagement services	34,784	-
	14,171,577	16,396,006

3. Operating profit

	2006 £	2005 £
Operating profit is stated after charging -		
Depreciation of tangible assets	185,418	185,264
Loss on disposal of tangible assets	-	269
Operating lease rentals		
- Plant and machinery	4,947	8,722
Auditors' remuneration	8,700	7,700
and after crediting		
Profit on disposal of tangible assets	3,362	-

**ELECTORAL REFORM SERVICES LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 – (CONTINUED)**

4. Investment income	2006 £	2005 £
Bank interest	274,018	237,608
	<u> </u>	<u> </u>
5 Interest payable	2006 £	2005 £
Other interest	3,381	4,003
	<u> </u>	<u> </u>
6. Taxation	2006 £	2005 £
Domestic current year tax		
U K corporation tax	814,486	874,071
	<u> </u>	<u> </u>
Current tax charge	814,486	874,071
	<u> </u>	<u> </u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	2,749,553	2,919,260
	<u> </u>	<u> </u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005 – 30.00%)	824,866	875,778
	<u> </u>	<u> </u>
Effect of		
Non tax deductible expenses	1,357	2,433
Depreciation	55,625	55,579
Capital allowances	(67,362)	(59,800)
Chargeable disposals	-	81
	<u> </u>	<u> </u>
	(10,380)	(1,707)
	<u> </u>	<u> </u>
Current tax charge	814,486	874,071
	<u> </u>	<u> </u>

**ELECTORAL REFORM SERVICES LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 – (CONTINUED)**

7. Dividends

	2006 £	2005 £
Final dividend paid on 'A' ordinary shares based on the results for the year ended 31 December 2005 (see note 1 2)	922,594	-

8. Tangible fixed assets

Group and Company

	Freehold property £	Property improvements £	Plant and equipment £	Total £
Cost				
At 1 January 2006	1,291,628	250,505	2,164,770	3,706,903
Additions	91,293	-	256,800	348,093
Disposals	-	-	(231,126)	(231,126)
	<u>1,382,921</u>	<u>250,505</u>	<u>2,190,444</u>	<u>3,823,870</u>
At 31 December 2006	1,382,921	250,505	2,190,444	3,823,870
Depreciation				
At 1 January 2006	-	228,230	1,832,816	2,061,046
Disposals	-	-	(228,688)	(228,688)
Charge for the year	-	7,752	177,666	185,418
	<u>-</u>	<u>235,982</u>	<u>1,781,794</u>	<u>2,017,776</u>
At 31 December 2006	-	235,982	1,781,794	2,017,776
Net book value				
At 31 December 2006	1,382,921	14,523	408,650	1,806,094
At 31 December 2005	1,291,628	22,275	331,954	1,645,857

ELECTORAL REFORM SERVICES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 – (CONTINUED)

9 Fixed asset investments	Company
	Shares in subsidiary undertakings
	£
Cost	
At 1 January 2006	6
Additions	2
	<hr/>
At 31 December 2006	8
	<hr/>
Net book value	
At 31 December 2006	8
	<hr/>
At 31 December 2005	6
	<hr/>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration of Incorporation	Class	Shares held	%
Subsidiary undertakings				
Electoral Services Limited	England	Ordinary	100	
Electoral Reform (Market Research) Limited	England	Ordinary	100	
The Election Centre Limited	England	Ordinary	100	
Membership Engagement Services Limited	England	Ordinary	100	

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows -

		Capital and Reserves	Loss for the year
		2006	2006
	Principal activity	£	£
Electoral Services Limited	Dormant	-	-
Electoral Reform (Market Research) Limited	Dormant	-	-
The Election Centre Limited	Dormant	-	-
Membership Engagement Services Limited	Membership engagement consultancy services	(9,485)	(9,487)
		<hr/>	<hr/>

**ELECTORAL REFORM SERVICES LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 – (CONTINUED)**

10.	Stock			Group and Company	
				2006	2005
				£	£
	Raw materials and consumables			27,093	30,313
11.	Debtors		Group	Company	
		2006	2005	2006	2005
		£	£	£	£
	Trade debtors	1,647,791	1,675,626	1,647,791	1,675,626
	Amounts due under open contracts	490,004	669,566	490,004	669,566
	Amounts owed by subsidiary undertakings	-	-	11,530	-
	Other debtors	4,310	2,326	4,310	2,326
	Prepayments and accrued income	115,666	53,312	113,266	53,312
		2,257,771	2,400,830	2,266,901	2,400,830
12	Creditors: amounts falling due within one year		Group	Company	
		2006	2005	2006	2005
		£	£	£	£
	Prepayments received on account	76,711	90,793	76,711	90,793
	Trade creditors	364,052	564,061	364,052	564,061
	Corporation tax	384,486	504,071	384,486	504,071
	Other taxes and social security costs	581,374	573,870	581,019	573,870
	Accruals and deferred income	746,311	1,041,853	746,311	1,041,853
		2,152,934	2,774,648	2,152,579	2,774,648
13	Pension costs			Group and Company	
	Defined contribution			2006	2005
				£	£
	Contributions payable for the year			2,034	1,990

**ELECTORAL REFORM SERVICES LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 – (CONTINUED)**

14. Share capital	2006 £	2005 £
Authorised		
5 'A' Ordinary shares of £1 each	5	5
4 'B' Ordinary shares of £1 each	4	4
91 Ordinary shares of £1 each	91	91
	<hr/>	<hr/>
	100	100
	<hr/>	<hr/>
 Allotted, issued and fully paid		
5 'A' Ordinary shares of £1 each	5	5
4 'B' Ordinary shares of £1 each	4	4
	<hr/>	<hr/>
	9	9
	<hr/>	<hr/>

The company's issued share capital is divided into 5 'A' Ordinary shares and 4 'B' Ordinary shares. Only the 'A' Ordinary shares are entitled to dividends and to any proceeds on the winding up of the company. The shares have equal voting rights and rank pari passu in all other respects.

15. Statement of movements on profit and loss account	Group 2006 £	Company 2006 £
Balance at 1 January 2006 as previously reported	6,366,159	6,366,165
Prior year adjustment (see note 1 2)	922,594	922,594
	<hr/>	<hr/>
Balance at 1 January 2006 as restated	7,288,753	7,288,759
Profit for the year	1,935,067	1,944,554
Dividends paid	(922,594)	(922,594)
	<hr/>	<hr/>
Balance at 31 December 2006	8,301,226	8,310,719
	<hr/>	<hr/>

ELECTORAL REFORM SERVICES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 – (CONTINUED)

16 Reconciliation of movements in shareholders' funds	Group		Company	
	2006	2005 as restated	2006	2005 as restated
	£	£	£	£
Profit for the financial year	1,935,067	2,045,189	1,944,554	2,045,189
Dividends	(922,594)	-	(922,594)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net addition to shareholders' funds	1,012,473	2,045,189	1,021,960	2,045,189
Opening shareholders' funds	7,288,762	5,243,573	7,288,768	5,243,579
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	8,301,235	7,288,762	8,310,728	7,288,768
	<hr/>	<hr/>	<hr/>	<hr/>

17 Contingent liabilities

The company has guaranteed banking facilities, provided to Electoral Reform International Services Limited, which is a subsidiary of the parent company, Electoral Reform Society Limited. The guarantee is limited to £250,000.

There are no other contingent liabilities at 31 December 2006.

18. Financial commitments

At 31 December 2006 the group was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2007 -

	2006 £	2005 £
Operating leases which expire -		
Within one year	3,154	1,406
Between two and five years	-	3,441
	<hr/>	<hr/>
	3,154	4,847
	<hr/>	<hr/>

19. Capital commitments

At 31 December 2006 the group had capital commitments as follows -

	2006 £	2005 £
Authorised but not contracted for	2,000,000	-
	<hr/>	<hr/>

ELECTORAL REFORM SERVICES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 – (CONTINUED)

20 Directors' emoluments

	Group	
	2006	2005
	£	£
Emoluments for qualifying services	941,720	911,240
Emoluments disclosed above include the following amounts paid to the highest paid director		
Emoluments for qualifying services	228,408	228,522

21 Employees

Number of employees

The average monthly number of employees (including directors) during the year was -

	Group	
	2006	2005
	Number	Number
Production	27	27
General administration and management	38	37
Ballot administration and counting	39	39
Market research	6	7
	110	110

Employment costs

	2006	2005
	£	£
Wages and salaries	3,589,899	3,557,918
Social security costs	384,123	379,221
Other pension costs	2,034	1,990
	3,976,056	3,939,129

22. Control

The company is under the control of the Electoral Reform Society Limited ('ERS'), a company limited by guarantee and registered in England. ERS owns 56% of the company's issued share capital, comprising the 'A' ordinary shares in the company.

The 'B' shares are owed by the Trustees of The Staff Representative Association of Electoral Reform Services Limited.

ELECTORAL REFORM SERVICES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 – (CONTINUED)

23. Related party transactions

The transactions undertaken with the following non-executive directors were as follows -

During the year, Mr David Martin-Jenkins ('DMJ') received director's fees amounting to £10,000 (2005 £20,000) from the company. There were no amounts due to DMJ as at 31 December 2006 (2005 £5,000)

Mr Michael Burdett is also a director of Second Sight Business Solutions Limited ('SSBS'). During the year, the company paid the sum of £19,583 (2005 £Nil) to SSBS for professional services rendered. A sum of £6,250 (2005 £Nil) was due to SSBS as at 31 December 2006.

Mr Christopher Graham is the Director General of the Advertising Standards Authority ('ASA'). The company paid the sum of £2,500 (2005 £8,000) to ASA for fees and services provided by Mr Graham. There were no amounts due to ASA as at 31 December 2006 (2005 £2,000).

Mr Philip Burkill is also a director of Burkill Johnson Limited ('BJ'). The company paid the sum of £14,089 (2005 £8,000) to BJ for fees and services rendered as a director and surveyor for the year. A sum of £2,500 (2005 £2,000) was due to BJ as at 31 December 2006.