

Company Registration No. 02263092 (England and Wales)

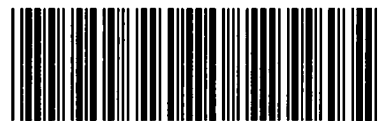
CIVICA ELECTION SERVICES LIMITED

(FORMERLY ELECTORAL REFORM SERVICES LIMITED)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

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CIVICA ELECTION SERVICES LIMITED
(FORMERLY ELECTORAL REFORM SERVICES LIMITED)
COMPANY INFORMATION

Directors	S E Roberts R P Goemans G Leigh P D Rowland W A Story
Secretary	M Stoddard
Company number	02263092
Registered office	Southbank Central 30 Stamford Street London SE1 9LQ
Auditor	Citroen Wells Chartered Accountants Devonshire House 1 Devonshire Street London W1W 5DR
Bankers	Coutts & Co 440 The Strand London WC2R 0QS

**CIVICA ELECTION SERVICES LIMITED
(FORMERLY ELECTORAL REFORM SERVICES LIMITED)
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CIVICA ELECTION SERVICES LIMITED (FORMERLY ELECTORAL REFORM SERVICES LIMITED) STRATEGIC REPORT

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

The directors present the strategic report for the period ended 30 September 2019.

Fair review of the business

Civica Election Services Limited is the UK's leading ballot services provider and expert in the administration of digital and postal voting, offering a choice of online, postal, telephone and SMS voting, available in multiple languages from anywhere in the world.

The company has traded profitably during the period with particularly good growth in revenues. The financial position of the company at the period end was considered strong.

Key performance indicators

The company's key financial performance indicators were that of turnover, gross profit and net profit after taxation, which communicate the financial performance of the company as a whole, and client satisfaction, which communicates the quality of the company's products and services and its ability to meet the needs of its clients.

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

	2019 £	2018 £	2017 £
Turnover	28,221,300	20,987,053	26,999,861
Gross profit	9,781,711	9,498,993	11,485,117
Net (loss)/profit after taxation	(5,418,034)	6,106,722	4,847,641

Client satisfaction is measured by a mixture of continual client feedback surveys, client "User Groups" where appropriate, and informal feedback. All of these measures have confirmed very high levels of client satisfaction.

Principal risks and uncertainties

The company's revenues are increasingly derived from long term contracts, but a proportion remains project oriented and can be unpredictable.

Much of the company's work is high profile and subject to very strict delivery deadlines, such that any quality failures would carry a significant risk of reputational damage. To mitigate this risk the company maintains strict quality control procedures which are ISO 9001 and ISO 27001 accredited; the result is that the company has never suffered such reputational damage in its entire history.

The company has substantial reserves and is debt free, having 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. The company's clients are mainly substantial organisations, including a large percentage in the public sector, and consequently it has a very low risk of bad debts.

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

On behalf of the board



S E Roberts
Director

4th June 2020
Date

CIVICA ELECTION SERVICES LIMITED (FORMERLY ELECTORAL REFORM SERVICES LIMITED)

DIRECTORS' REPORT

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

The directors present their annual report and financial statements for the period ended 30 September 2019.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

S E Roberts
R P Goemans
G Leigh
P D Rowland
WA Story

Results and dividends

The results for the period are set out on page 6.

Interim dividends of £12,500,000 (2018: £2,271,751) were paid during the period. The directors do not recommend payment of a final dividend (2018: nil).

Research and development

The company is actively engaged in product research and development in order to maintain its competitiveness.

Future developments

The directors aim to continue the principal activities undertaken by the company and to utilise the company's reserves to foster long-term sustainable growth.

Auditor

Citroen Wells were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

**CIVICA ELECTION SERVICES LIMITED
(FORMERLY ELECTORAL REFORM SERVICES LIMITED)
DIRECTORS' REPORT (CONTINUED)**

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



S E Roberts
Director

Date:

4th June 2020

CIVICA ELECTION SERVICES LIMITED (FORMERLY ELECTORAL REFORM SERVICES LIMITED) INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CIVICA ELECTION SERVICES LIMITED

Opinion

We have audited the financial statements of Civica Election Services Limited (the 'company') for the period ended 30 September 2019 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, 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 company's affairs as at 30 September 2019 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 company 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 our audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**CIVICA ELECTION SERVICES LIMITED
(FORMERLY ELECTORAL REFORM SERVICES LIMITED)
INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

TO THE MEMBERS OF CIVICA ELECTION SERVICES LIMITED

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors 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 directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



**Stephen Simou FCA (Senior Statutory Auditor)
for and on behalf of Citroen Wells**

15/6/20

**Chartered Accountants
Statutory Auditor**

Devonshire House
1 Devonshire Street
London
W1W 5DR

CIVICA ELECTION SERVICES LIMITED
(FORMERLY ELECTORAL REFORM SERVICES LIMITED)
INCOME STATEMENT

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

		Period ended 30 September 2019 £	Year ended 31 December 2018 £
	Notes		
Revenue	3	28,221,300	20,987,053
Cost of sales		(18,439,589)	(11,488,060)
Gross profit		9,781,711	9,498,993
Administrative expenses		(6,807,176)	(9,324,238)
Operating profit	4	2,974,535	174,755
Investment income	7	9,263	5,931,967
Impairment on investment	8	(7,687,728)	-
(Loss)/profit before taxation		(4,703,930)	6,106,722
Tax on (loss)/profit	9	(714,104)	-
(Loss)/profit for the financial period		(5,418,034)	6,106,722

The Income Statement has been prepared on the basis that all operations are continuing operations.

There were no items of comprehensive income in the current or prior period other than the profit for the period end and accordingly no statement of comprehensive income is presented.

CIVICA ELECTION SERVICES LIMITED
(FORMERLY ELECTORAL REFORM SERVICES LIMITED)
STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2019

	Notes	2019 £	£	As at 31 December 2018 £	£
Non-current assets					
Property, plant and equipment	11	1,117,520		5,013,358	
Investments	12	2,582,858		10,270,586	
		<u>3,700,378</u>		<u>15,283,944</u>	
Current assets					
Inventories	14	216,286		148,955	
Trade and other receivables	15	14,094,440		17,494,458	
Cash and cash equivalents		1,846,816		1,182,420	
		<u>16,157,542</u>		<u>18,825,833</u>	
Current liabilities	16	(7,445,832)		(3,797,932)	
Net current assets		<u>8,711,710</u>		<u>15,027,901</u>	
Total assets less current liabilities		<u>12,412,088</u>		<u>30,311,845</u>	
Provisions for liabilities	17	(18,277)		-	
Net assets		<u>12,393,811</u>		<u>30,311,845</u>	
Equity					
Called up share capital	22	505		505	
Revaluation reserve		-		494,125	
Retained earnings		12,393,306		29,817,215	
Total equity		<u>12,393,811</u>		<u>30,311,845</u>	

The financial statements were approved by the board of directors and authorised for issue on 14th June 2020 and are signed on its behalf by:


 S E Roberts
 Director

Company Registration No. 02263092

CIVICA ELECTION SERVICES LIMITED
(FORMERLY ELECTORAL REFORM SERVICES LIMITED)
STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

		Share capital	Revaluation reserve	Share based payment & ESOP reserve	Retained earnings	Total
	Notes	£	£	£	£	£
Balance at 1 January 2018		237	494,125	(459,397)	18,902,490	18,937,455
Period ended 31 December 2018:						
Profit and total comprehensive income for the period		-	-	-	6,106,722	6,106,722
Issue of share capital	22	268	-	-	-	268
Share based payment and ESOP transactions released in year		-	-	517,783	(517,783)	-
Share based payments and ESOP transactions		-	-	(58,386)	-	(58,386)
Reversal of provision for dividends payable provided in earlier periods		-	-	-	5,325,786	5,325,786
Balance at 31 December 2018		505	494,125	-	29,817,215	30,311,845
Period ended 30 September 2019:						
Loss and total comprehensive income for the period		-	-	-	(5,418,034)	(5,418,034)
Dividends	10	-	-	-	(12,500,000)	(12,500,000)
Other movements		-	(494,125)	-	494,125	-
Balance at 30 September 2019		505	-	-	12,393,306	12,393,811

CIVICA ELECTION SERVICES LIMITED

(FORMERLY ELECTORAL REFORM SERVICES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

1 Accounting policies

Company information

Civica Election Services Limited is a private company limited by shares incorporated in England and Wales. The registered office is at Southbank Central, 30 Stamford Street, London, SE1 9LQ. Its principal place of business is at The Election Centre, 33 Clarendon Road, Hornsey, London, N8 0NW.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The company is indirectly a wholly owned subsidiary of Camelia Investment 1 Limited. Camelia Investment 1 Limited has included the company in its group accounts, copies of which are available from its registered office: Southbank Central, 30 Stamford Street, London, England, SE1 9LQ.

1.2 Going concern

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

1.3 Reporting period

The financial statements are presented for the nine months ended on 30 September 2019. The comparative figures cover the whole year from 1 January 2018 to 31 December 2018.

CIVICA ELECTION SERVICES LIMITED
(FORMERLY ELECTORAL REFORM SERVICES LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

1 Accounting policies

(Continued)

1.4 Revenue

Revenue represents amounts due under contracts for goods and services and is recognised as earned when, and to the extent that, the company obtains the right to consideration in exchange for their performance under these contracts. It is derived entirely from the company's principal activities. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue for services 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. Revenue not billed to customers is included within accrued income in debtors and amounts received on account in excess of the relevant amount of revenue are included in creditors.

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Freehold property	Nil
Plant and equipment	10% to 33% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

Freehold land and buildings are carried at fair value as at the date of the last revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying value does not differ materially from what would be determined using fair value at the Statement of Financial Position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Consolidated Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

**CIVICA ELECTION SERVICES LIMITED
(FORMERLY ELECTORAL REFORM SERVICES LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

1 Accounting policies

(Continued)

1.6 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of non-current assets

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

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

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

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

1.8 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.9 Cash and cash equivalents

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

**CIVICA ELECTION SERVICES LIMITED
(FORMERLY ELECTORAL REFORM SERVICES LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

1 Accounting policies

(Continued)

1.10 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Loan and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

CIVICA ELECTION SERVICES LIMITED
(FORMERLY ELECTORAL REFORM SERVICES LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Taxation

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

**CIVICA ELECTION SERVICES LIMITED
(FORMERLY ELECTORAL REFORM SERVICES LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

1 Accounting policies

(Continued)

Current tax

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

Deferred tax

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

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

1.12 Employee benefits

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

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

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plans are held separately from the company in independently administered funds.

1.14 Share-based payments

Where share options are awarded to employees, the fair value of the options at the grant date is charged to the Consolidated Income Statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Consolidated Income Statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Consolidated Income Statement is charged with the fair value of goods and services received.

CIVICA ELECTION SERVICES LIMITED
(FORMERLY ELECTORAL REFORM SERVICES LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

1 Accounting policies

(Continued)

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

1.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.18 Employee share ownership plan ("ESOP")

The cost of the group's shares held by the ESOP is deducted from equity in the group and company Statement of Financial Position under the heading share based payment and ESOP reserve. Any cash received by the ESOP on disposal of the shares it holds is also recognised directly in equity. Other assets and liabilities of the ESOP (including borrowings) are recognised as assets and liabilities of the group and company.

2 Judgements and key sources of estimation uncertainty

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

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

3 Revenue

All revenue is from electoral and research services and is generated in the UK.

	2019 £	2018 £
Revenue analysed by geographical market		
United Kingdom	28,126,216	20,821,589
Rest of the world	95,084	165,464
	<u>28,221,300</u>	<u>20,987,053</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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4 Operating profit

	2019	2018
	£	£
Operating profit for the period is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	25,500	41,810
Depreciation of owned property, plant and equipment	223,795	307,625
Share-based payments	-	594,636
Operating lease charges	52,132	74,578
	<u> </u>	<u> </u>

5 Employees

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

	2019	2018
	Number	Number
Average employees	134	163
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	5,205,554	6,816,807
Social security costs	578,945	769,696
Pension costs	105,957	123,300
	<u> </u>	<u> </u>
	5,890,456	7,709,803
	<u> </u>	<u> </u>

6 Directors' remuneration

	2019	2018
	£	£
Remuneration for qualifying services	585,134	1,799,889
Company pension contributions to defined contribution schemes	9,169	20,808
	<u> </u>	<u> </u>
	594,303	1,820,697
	<u> </u>	<u> </u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2018 - 9).

The number of directors who exercised share options during the period was 0 (2018 - 7).

CIVICA ELECTION SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

6 Directors' remuneration

(Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019	2018
	£	£
Remuneration for qualifying services	447,634	458,016
Company pension contributions to defined contribution schemes	6,236	5,575
	<u>453,870</u>	<u>463,591</u>

7 Investment income

	2019	2018
	£	£
Interest income		
Interest on bank deposits	5,331	28,037
Other interest income	3,932	-
	<u>9,263</u>	<u>28,037</u>
Total interest revenue	9,263	28,037
Income from fixed asset investments		
Income from shares in group undertakings	-	5,903,930
	<u>-</u>	<u>5,903,930</u>
Total income	9,263	5,931,967
	<u>9,263</u>	<u>5,931,967</u>

8 Impairment on investment

	£	£
Impairment on investment	(7,687,728)	-
	<u>(7,687,728)</u>	<u>-</u>

9 Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	566,035	-
Adjustments in respect of prior periods	8,296	-
	<u>574,331</u>	<u>-</u>
Total current tax	574,331	-
Deferred tax		
Origination and reversal of timing differences	139,773	-
	<u>139,773</u>	<u>-</u>
Total tax charge	714,104	-
	<u>714,104</u>	<u>-</u>

CIVICA ELECTION SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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9 Taxation

(Continued)

The actual charge for the period can be reconciled to the expected (credit)/charge for the period based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
(Loss)/profit before taxation	(4,703,930)	6,106,722
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(893,747)	1,160,277
Tax effect of expenses that are not deductible in determining taxable profit	1,435,245	(78,050)
Group relief	-	632,299
Permanent capital allowances in excess of depreciation	14,243	(3,005)
Tax relief on share options	-	(702,755)
Share based payment charge	-	112,981
Under/(over) provided in prior years	18,590	-
Dividend income	-	(1,121,747)
Movement on deferred tax	139,773	-
Taxation charge for the period	714,104	-

10 Dividends

	2019 £	2018 £
Interim paid	12,500,000	2,271,751

The interim dividend paid in the prior year was fully offset against the financial liability for dividends payable that existed at that time.

CIVICA ELECTION SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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11 Property, plant and equipment

	Freehold property £	Plant and equipment £	Total £
Cost			
At 1 January 2019	3,750,000	4,123,169	7,873,169
Additions	-	77,957	77,957
Disposals	(3,750,000)	(45,634)	(3,795,634)
At 30 September 2019	-	4,155,492	4,155,492
Depreciation and impairment			
At 1 January 2019	-	2,859,811	2,859,811
Depreciation charged in the period	-	223,795	223,795
Eliminated in respect of disposals	-	(45,634)	(45,634)
At 30 September 2019	-	3,037,972	3,037,972
Carrying amount			
At 30 September 2019	-	1,117,520	1,117,520
At 31 December 2018	3,750,000	1,263,358	5,013,358

CIVICA ELECTION SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

12 Fixed asset investments

	Notes	2019 £	2018 £
Investments in subsidiaries	13	2,582,858	10,270,586

Movements in non-current investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2019 & 30 September 2019	10,270,586
Impairment	
At 1 January 2019	-
Impairment losses	7,687,728
At 30 September 2019	7,687,728
Carrying amount	
At 30 September 2019	2,582,858
At 31 December 2018	10,270,586

13 Subsidiaries

Details of the company's subsidiaries at 30 September 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Electoral Reform (Market Research) Limited	England	Dormant	Ordinary	100.00	-
Electoral Services Limited	England	Dormant	Ordinary	100.00	-
Membership Engagement Services Limited	England	Membership engagement consultancy services	Ordinary	100.00	-
Modern Mindset Limited	England	Development and sale of computer software	Ordinary	-	100.00
The Election Centre Limited	England	Dormant	Ordinary	100.00	-
Xpress Software Solutions Limited	England	Development and sale of computer software	Ordinary	100.00	-
Shaw and Sons Limited	England	Publishers and suppliers	Ordinary	100.00	-

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14 Inventories

	2019 £	2018 £
Raw materials and consumables	216,286	148,955

15 Trade and other receivables

	2019 £	2018 £
Amounts falling due within one year:		
Trade receivables	3,958,268	3,748,117
Gross amounts owed by contract customers	4,525,038	744,976
Corporation tax recoverable	-	524,119
Amounts owed by group undertakings	5,480,513	12,200,000
Other receivables	2,658	202
Prepayments and accrued income	127,963	155,548
	14,094,440	17,372,962
Deferred tax asset (note 19)	-	121,496
	14,094,440	17,494,458

16 Current liabilities

	2019 £	2018 £
Trade payables	2,771,828	608,827
Amounts owed to group undertakings	2,184,573	1,574,766
Corporation tax	472,036	-
Other taxation and social security	257,301	1,352,422
Accruals and deferred income	1,760,094	261,917
	7,445,832	3,797,932

17 Provisions for liabilities

	2019 £	2018 £
Deferred tax liabilities	18,277	-

18 Employee Share Ownership Plan ('ESOP') Shares

At 31 December 2017, 850,384 'C' Ordinary shares of £0.0001 each were held by the Electoral Reform Services Employees' Share Trust ("ESOP"). These shares were transferred to employees exercising their share options during the year ended 31 December 2018.

No further ESOP shares were granted during the period ended 30 September 2019.

CIVICA ELECTION SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities	Liabilities	Assets	Assets
	2019	2018	2019	2018
Balances:	£	£	£	£
Accelerated capital allowances	18,277	20,096	-	-
Short term timing differences	-	-	-	141,592
	<u>18,277</u>	<u>20,096</u>	<u>-</u>	<u>141,592</u>
				2019
Movements in the period:				£
(Asset) at 1 January 2019				(121,496)
Charge to profit or loss				139,773
				<u>18,277</u>
Liability at 30 September 2019				<u>18,277</u>

20 Retirement benefit schemes

	2019	2018
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	<u>105,957</u>	<u>123,300</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

**CIVICA ELECTION SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

21 Share-based payment transactions

On 1st October, 2014, the company granted options over 3,891,330 shares through an Enterprise Management Incentives share option scheme to the directors and employees on an all-employee basis at an option price of £0.0001 per C share. The period over which the outstanding options were capable of subsisting and were exercisable is the period from October, 2015 to December, 2019.

On 1st October, 2015, the company granted options over 480,000 shares through an Enterprise Management Incentives share option scheme to the directors and employees on an all-employee basis at an option price of £0.0001 per C share. The period over which the outstanding options were capable of subsisting and were exercisable is the period from October, 2016 to December, 2020.

On 15th December, 2016, the company granted options over 523,950 shares through an Enterprise Management Incentives share option scheme to the directors and employees on an all-employee basis at an option price of £0.0001 per C share. The period over which the outstanding options were capable of subsisting and are exercisable were the period from October, 2017 to December, 2021.

On 1st October, 2017, the company granted options over 685,125 shares through an Enterprise Management Incentives share option scheme to the directors and employees on an all-employee basis at an option price of £0.0001 per C share. The period over which the outstanding options were capable of subsisting and were exercisable is the period from October, 2018 to December, 2022.

In May 2018, the company granted options over 68,325 shares through an Enterprise Management Incentives share option scheme to the directors and employees on an all-employee basis at an option price of £0.0001 per C share. The period over which the outstanding options were capable of subsisting and were exercisable is the period from October, 2019 to December, 2023.

The exercise profile for each round of option grants is as follows:-

1. In relation to 20% of the shares over which any given option has been granted, the employee can exercise from the first anniversary of the date of grant for a period of 90 days thereafter;
2. In relation to a further 20% of the shares over which any given option has been granted, the employee can exercise from the second anniversary of the date of grant for a period of 90 days thereafter;
3. In relation to a further 20% of the shares over which any given option has been granted, the employee can exercise from the third anniversary of the date of grant for a period of 90 days thereafter;
4. In relation to a further 20% of the shares over which any given option has been granted, the employee can exercise from the fourth anniversary of the date of grant for a period of 90 days thereafter;
5. In relation to a further 20% of the shares over which any given option has been granted, the employee can exercise from the fifth anniversary of the date of grant for a period of 90 days thereafter.

The exercise price and the share price were theoretical positions for purposes of the application of the Black-Scholes assumptions, based on the treatment of the growth shares as market value options.

All remaining share options were exercised by employees during the year ended 31 December 2018 prior to the acquisition by Civica UK Limited.

No share based payment options existed in the period ended 30 September 2019.

CIVICA ELECTION SERVICES LIMITED
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22 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
5,051,671 (2018: see note) Ordinary shares of 0.01p each	505	505
	<u>505</u>	<u>505</u>

At 31 December 2018, the following shares were issued and fully paid:

5 'A' Ordinary shares of £1 each
6 'B' Ordinary shares of £1 each
4,941,671 'C' Ordinary shares of £0.0001 each

These had a total value of £505.

On 1 April 2019, the 'A' and 'B' ordinary shares were sub-divided into 50,000 and 60,000 shares respectively of £0.0001 each. On the same date, the 'A' and 'B' and 'C' ordinary shares were all re-designated as ordinary shares and now rank pari passu in all respects.

23 Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Share based payment / Other reserve

This includes the credit entry arising from share based payments expense, along with entries arising from the purchase (debit) or sale (credit) of the company's own shares by the company or the ESOP.

Profit and loss account

Profit and loss account represents the cumulative profits and losses made by the company since its inception.

Revaluation reserve

The revaluation reserve represents revaluation amounts arising on revaluation of freehold land and buildings.

24 Operating lease commitments

Lessee

At the reporting end date the company had no outstanding commitments for future minimum lease payments under non-cancellable operating leases. In the prior year, outstanding commitments were as follows:

	2019 £	2018 £
Within one year	-	19,167
	<u>-</u>	<u>19,167</u>

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25 Related party transactions

No disclosure has been made of transactions with other wholly owned group companies in accordance with FRS 102 Section 33, paragraph 33.1A as the company is itself indirectly a wholly owned subsidiary of Camelia Investment 1 Limited. Camelia Investment 1 Limited has included the company in its group accounts, copies of which are available from its registered office: Southbank Central, 30 Stamford Street, London, England, SE1 9LQ.

26 Ultimate controlling party

The ultimate controlling party is Partners Group Holding AG, a company incorporated in Switzerland.