

**ELECTORAL REFORM
(BALLOT SERVICES)
LIMITED**

FINANCIAL STATEMENTS

FOR

31ST DECEMBER 1999

Company Registration Number 2263092



A. I. COHEN & ASSOCIATES
Chartered Accountants & Registered Auditors
61 Crowstone Road
Westcliff on Sea
Essex
SS0 8BG

ELECTORAL REFORM (BALLOT SERVICES) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1999

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ELECTORAL REFORM (BALLOT SERVICES) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 1999

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st December 1999.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was the provision of ballot and election administration services.

The company's balance sheet shows a satisfactory position, shareholders' funds amounting to £1,602,113.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	1999	1998
	£	£
Proposed dividends on ordinary shares	<u>174,107</u>	<u>174,212</u>

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year were as follows:

Owen Thomas
Michael Watson
Jean Fryer
Margaret Rose

The company is a wholly owned subsidiary and the interests of group directors are disclosed in the financial statements of the parent company.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

ELECTORAL REFORM (BALLOT SERVICES) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST DECEMBER 1999

DIRECTORS' RESPONSIBILITIES *(continued)*

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

AUDITORS

A resolution to re-appoint A. I. Cohen & Associates as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Independence House
33 Clarendon Road
London
N80NW

Signed by order of the directors



ERIC SYDDIQUE
Company Secretary

Approved by the directors on 9th May 2000

ELECTORAL REFORM (BALLOT SERVICES) LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31ST DECEMBER 1999

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on pages 1 to 2, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

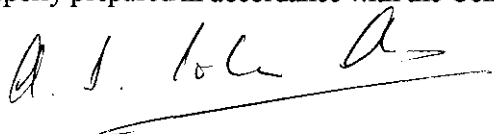
BASIS OF OPINION

We conducted our audit in accordance with 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 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.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 1999 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



A. I. COHEN & ASSOCIATES

Chartered Accountants

& Registered Auditors

61 Crowstone Road

Westcliff on Sea

Essex

SS0 8BG

16 May 2000

ELECTORAL REFORM (BALLOT SERVICES) LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31ST DECEMBER 1999**

	Note	1999 £	1998 £
TURNOVER	2	2,817,505	1,808,049
Cost of sales		(186,610)	-
GROSS PROFIT		2,630,895	1,808,049
Administrative expenses		(2,321,312)	(1,593,470)
Other operating income	3	-	4,000
OPERATING PROFIT	4	309,583	218,579
Income from group undertakings	7	320,568	280,598
Interest receivable	8	42,181	48,175
Interest payable	9	(20,731)	(27,126)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		651,601	520,226
Tax on profit on ordinary activities	10	(215,612)	(173,428)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		435,989	346,798
Dividends	11	(174,107)	(174,212)
RETAINED PROFIT FOR THE FINANCIAL YEAR		261,882	172,586
Balance brought forward		1,338,533	1,165,947
Balance carried forward		1,600,415	1,338,533

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

ELECTORAL REFORM (BALLOT SERVICES) LIMITED**BALANCE SHEET****31ST DECEMBER 1999**

	Note	1999 £	1998 £
FIXED ASSETS			
Tangible assets	12	1,116,873	797,076
Investments	13	4	4
		<u>1,116,877</u>	<u>797,080</u>
CURRENT ASSETS			
Work-in-progress	14	5,000	4,200
Debtors	15	838,084	914,575
Cash at bank and in hand		792,897	966,126
		<u>1,635,981</u>	<u>1,884,901</u>
CREDITORS: Amounts falling due within one year	16	<u>(1,152,434)</u>	<u>(1,067,581)</u>
NET CURRENT ASSETS		<u>483,547</u>	<u>817,320</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,600,424</u>	<u>1,614,400</u>
CREDITORS: Amounts falling due after more than one year	17	-	(275,858)
		<u>1,600,424</u>	<u>1,338,542</u>
CAPITAL AND RESERVES			
Called-up equity share capital	20	9	9
Profit and loss account		1,600,415	1,338,533
SHAREHOLDERS' FUNDS	21	<u>1,600,424</u>	<u>1,338,542</u>

These financial statements were approved by the directors on the 9th May 2000, and are signed on their behalf by:



OWEN THOMAS

ELECTORAL REFORM (BALLOT SERVICES) LIMITED**CASH FLOW STATEMENT****YEAR ENDED 31ST DECEMBER 1999**

	1999	1998
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	865,580	364,346
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Income from group undertakings	320,568	280,598
Interest received	42,181	48,175
Interest paid	(20,731)	(27,126)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	342,018	301,647
TAXATION	(229,068)	(168,165)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(594,253)	(157,391)
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(594,253)	(157,391)
EQUITY DIVIDENDS PAID	(174,212)	(144,195)
CASH INFLOW BEFORE FINANCING	210,065	196,242
FINANCING		
Net outflow from other long-term creditors	(275,858)	(12,152)
NET CASH OUTFLOW FROM FINANCING	(275,858)	(12,152)
(DECREASE)/INCREASE IN CASH	<u>(65,793)</u>	<u>184,090</u>

ELECTORAL REFORM (BALLOT SERVICES) LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31ST DECEMBER 1999

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1999	1998
	£	£
Operating profit	309,583	218,579
Depreciation	274,456	133,349
(Increase)/Decrease in work-in-progress	(800)	110
Decrease/(Increase) in debtors	76,491	(157,893)
Increase in creditors	205,850	170,201
Net cash inflow from operating activities	<u>865,580</u>	<u>364,346</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	1999		1998
	£	£	£
(Decrease)/Increase in cash in the period	(65,793)		184,090
Net cash outflow from other long-term creditors	<u>275,858</u>		<u>12,152</u>
	210,065		196,242
Change in net funds	210,065		196,242
Net funds at 1st January 1999	523,732		327,491
Net funds at 31st December 1999	<u>733,797</u>		<u>523,732</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 1999	Cash flows	At 31 Dec 1999
	£	£	£
Net cash:			
Cash in hand and at bank	966,126	(173,229)	792,897
Overdrafts	(166,536)	107,436	(59,100)
	<u>799,590</u>	<u>(65,793)</u>	<u>733,797</u>
Debt:			
Debt due after 1 year	(275,858)	275,858	-
Net funds	<u>523,732</u>	<u>210,065</u>	<u>733,797</u>

ELECTORAL REFORM (BALLOT SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1999

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the United Kingdom. As a result, the company, in accordance with section 228 of the Companies Act 1985, is not required to produce, and has not published, consolidated accounts.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

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

Leasehold Property	-	over the term of the lease
Plant & Equipment	-	50% of written down value
Fixtures & Fittings	-	25% of written down value
Leasehold Property Improvements	-	25% of written down value

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

ELECTORAL REFORM (BALLOT SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1999

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	1999	1998
	£	£
United Kingdom	<u>2,817,505</u>	<u>1,808,049</u>

3. OTHER OPERATING INCOME

	1999	1998
	£	£
Sale of leased equipment	<u>-</u>	<u>4,000</u>

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	1999	1998
	£	£
Depreciation	274,456	133,349
Auditors' remuneration		
- as auditors	6,300	6,300
- for other services	7,700	7,700
Operating lease costs:		
Plant and equipment	<u>18,948</u>	<u>12,623</u>

Auditors' fees

The fees charged by the auditors can be further analysed under the following headings for services rendered:

	1999	1998
	£	£
Audit	6,300	6,300
Accountancy	6,300	6,300
Taxation	1,400	1,400
	<u>14,000</u>	<u>14,000</u>

ELECTORAL REFORM (BALLOT SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1999

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	1999	1998
	No.	No.
General administration and management	21	19
Ballot administration and counting	28	26
Research and development staff	7	4
	<u>56</u>	<u>49</u>

The aggregate payroll costs of the above were:

	1999	1998
	£	£
Wages and salaries	1,295,620	867,793
Social security costs	110,257	76,801
Other pension costs	1,691	1,958
	<u>1,407,568</u>	<u>946,552</u>

6. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	1999	1998
	£	£
Emoluments receivable	<u>96,195</u>	<u>74,560</u>

7. INCOME FROM GROUP UNDERTAKINGS

	1999	1998
	£	£
Rent and services received	<u>320,568</u>	<u>280,598</u>

8. INTEREST RECEIVABLE

	1999	1998
	£	£
Bank interest receivable	<u>42,181</u>	<u>48,175</u>

9. INTEREST PAYABLE

	1999	1998
	£	£
Mortgage interest	<u>20,731</u>	<u>27,126</u>

ELECTORAL REFORM (BALLOT SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1999

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
In respect of the year:		
Corporation tax based on the results for the year at 30.25% (1998 - 31%)	214,768	173,428
Adjustment in respect of previous years:		
Corporation tax	844	-
	<u>215,612</u>	<u>173,428</u>

11. DIVIDENDS

The following dividends have been proposed in respect of the year:

	1999 £	1998 £
Proposed dividends on equity shares	<u>174,107</u>	<u>174,212</u>

12. TANGIBLE FIXED ASSETS

	Leasehold Property £	Leasehold Property Improvements £	Plant & Equipment Fixtures & Fittings £	Total £
COST				
At 1st January 1999	624,836	98,382	640,866	1,364,084
Additions	-	152,123	442,130	594,253
At 31st December 1999	<u>624,836</u>	<u>250,505</u>	<u>1,082,996</u>	<u>1,958,337</u>
DEPRECIATION				
At 1st January 1999	52,367	51,819	462,822	567,008
Charge for the year	7,223	49,671	217,562	274,456
At 31st December 1999	<u>59,590</u>	<u>101,490</u>	<u>680,384</u>	<u>841,464</u>
NET BOOK VALUE				
At 31st December 1999	<u>565,246</u>	<u>149,015</u>	<u>402,612</u>	<u>1,116,873</u>
At 31st December 1998	<u>572,469</u>	<u>46,563</u>	<u>178,044</u>	<u>797,076</u>

ELECTORAL REFORM (BALLOT SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1999

12. TANGIBLE FIXED ASSETS *(continued)*

Capital commitments

	1999	1998
	£	£
Contracted but not provided for in the accounts	<u>150,000</u>	<u>372,599</u>

13. INVESTMENTS

Investments in subsidiary companies

COST

At 1st January 1999 and 31st December 1999	<u>4</u>
--------------------------------------------	----------

NET BOOK VALUE

At 31st December 1999	<u>4</u>
At 31st December 1998	<u>4</u>

The company owns 100% of the issued share capital of the companies listed below.

FINANCIAL INFORMATION

	1999	1998
Aggregate capital and reserves		
Electoral Reform (Printing Services) Limited	287,964	262,559
Electoral Reform (Mailing Services) Limited	45,933	34,129
Profit for the year	1999	1998
Electoral Reform (Printing Services) Limited	25,406	78,458
Electoral Reform (mailing Services) Limited	11,804	33,558

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

14. WORK-IN-PROGRESS

	1999	1998
	£	£
Work in progress	<u>5,000</u>	<u>4,200</u>

ELECTORAL REFORM (BALLOT SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1999

15. DEBTORS

	1999	1998
	£	£
Trade debtors	620,654	238,698
Amounts owed by group undertakings	145,383	564,023
Other debtors	34,486	33,034
Sundry debtors and prepayments	37,561	78,820
	<u>838,084</u>	<u>914,575</u>

16. CREDITORS: Amounts falling due within one year

	1999	1998
	£	£
Bank loans and overdrafts	59,100	166,536
Amounts owed to group undertakings	471,463	375,495
Other creditors including taxation and social security:		
Corporation tax	190,240	203,696
PAYE and social security	70,771	43,718
VAT	106,323	48,519
Dividends payable	174,107	174,212
	<u>541,441</u>	<u>470,145</u>
Sundry creditors and accruals	80,430	55,405
	<u>1,152,434</u>	<u>1,067,581</u>

17. CREDITORS: Amounts falling due after more than one year

	1999	1998
	£	£
Property mortgage	<u>-</u>	<u>275,858</u>

18. COMMITMENTS UNDER OPERATING LEASES

At 31st December 1999 the company had annual commitments under non-cancellable operating leases as set out below.

	Assets Other Than Land & Buildings
	1999
	£
Operating leases which expire:	
Within 2 to 5 years	<u>11,984</u>
	<u>11,984</u>

ELECTORAL REFORM (BALLOT SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1999

19. RELATED PARTY TRANSACTIONS

The company has advanced an unsecured loan in the sum of £30,419 to Eric Syddique, the company secretary, to assist in his administration of a deceased's estate. Interest is payable at market rates on settlement which was due on 29th December 1997 and has been delayed, pending the winding up of said estate.

20. SHARE CAPITAL

Authorised share capital:

	1999	1998
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	1999	1998
	£	£
Ordinary share capital	<u>9</u>	<u>9</u>

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999	1998
	£	£
Profit for the financial year	435,989	346,798
Dividends	<u>(174,107)</u>	<u>(174,212)</u>
	261,882	172,586
Opening shareholders' equity funds	<u>1,338,542</u>	<u>1,165,956</u>
Closing shareholders' equity funds	<u>1,600,424</u>	<u>1,338,542</u>

22. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Electoral Reform Society (Limited by Guarantee), a company registered in England.