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ELECTORAL REFORM (BALLOT SERVICES) LTD

FINANCIAL ACCOUNTS FOR THE
YEAR ENDED 31ST DECEMBER 1995

A.I. COHEN & ASSOCIATES
CHARTERED ACCOUNTANTS



ELECTORAL REFORM (BALLOT SERVICES) LTD

DIRECTORS: Simon J. W. Clarke
Jean Fryer
Margaret Rose
Owen Thomas
Michael S. Watson

SECRETARY: Eric M. Syddique

REGISTERED OFFICE: Independence House
33 Clarendon Road
Hornsey
London N8 0NW

REGISTERED NUMBER: 2263092

BANKERS: Coutts and Co
440 The Strand
London
WC2R 0QS

SOLICITORS: C.M. Alfille and Co.
7/9 Swallow Street
Piccadilly
London
W1R 7HD

AUDITORS: A.I. Cohen & Associates
Chartered Accountants
Registered Auditors
351 London Road
Westcliff on Sea
Essex
SSO 7HT

ELECTORAL REFORM (BALLOT SERVICES) LTD

FINANCIAL ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1995

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The following page does not form part of the Statutory Accounts

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ELECTORAL REFORM (BALLOT SERVICES) LTD
REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 1995

The directors present their annual report with the accounts of the company for the year ended 31st December 1995.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was the provision of ballot and election administration services.

REVIEW OF BUSINESS

A summary of the results for the year is given on page 4 of the accounts. The directors consider the state of affairs to be satisfactory.

DIVIDENDS

The directors recommend a dividend of £133,969, which leaves a Profit of £201,945 to be added to retained earnings.

FIXED ASSETS

Acquisitions and disposals of fixed assets during the year are shown in note 10.

In the opinion of the directors, the open market value of the company's Leasehold Land and Buildings is not materially in excess of that shown in the accounts in relation to its use in the company's trade.

DIRECTORS

The directors in office in the year and their beneficial interests in the company's issued ordinary share capital were as follows:

	Ordinary Shares of £1 each	
	<u>1995</u>	<u>1994</u>
Simon J. W. Clarke	-	-
Jean Fryer (from 31.10.95)	-	-
Christopher M. P. Huhne (until 31.10.95)	-	-
Margaret Rose	-	-
Owen Thomas	-	-
Michael S. Watson*	-	-

*M. S. Watson holds non-beneficial interest in one share held jointly in trust to the benefit of the Electoral Reform Society of Great Britain and Ireland (Limited by Guarantee)

Continued.....

ELECTORAL REFORM (BALLOT SERVICES) LTD
REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 1995

EMPLOYEES

The directors give special attention to the health and safety of their employees. Should employees become disabled, continued employment is ensured and they are retained where this is necessary for jobs which are appropriate to their disability.

OFFICERS' INSURANCE

The company has purchased and maintains insurance to cover its officers against liabilities in relation to their duties to the company.

HOLDING COMPANY

The Company is a wholly owned subsidiary of the Electoral Reform Society of Great Britain and Ireland (Limited by Guarantee), a company registered in England and Wales

POLITICAL AND CHARITABLE DONATIONS

There were charitable donations amounting to £30,000 made during the period under review.

AUDITORS

The auditors, A.I. Cohen & Associates, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

Signed on behalf of the
board of directors



Eric M. Syddique
Secretary

DATE 14th May 1996

ELECTORAL REFORM (BALLOT SERVICES) LTDSTATEMENT OF DIRECTORS' RESPONSIBILITIES

We are required under company law to prepare financial accounts for each financial year which 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 accounts we are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial accounts;
- prepare the financial accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial accounts comply with 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.

DATE 14th May 1996



Owen Thomas - Director
On behalf of the Board

AUDITORS' REPORT TO THE SHAREHOLDERS OF
ELECTORAL REFORM (BALLOT SERVICES) LTD

We have audited the financial accounts on pages 4 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 the company's directors are responsible for the preparation of financial accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

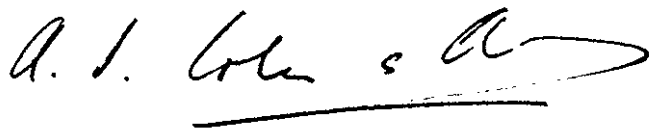
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial accounts are free from material misstatement, whether caused by fraud or other irregularity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

OPINION

In our opinion the financial accounts give a true and fair view of the state of the company's affairs as at 31st December 1995 and of its profit and cash flow for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

GROUP CONSOLIDATED ACCOUNTS

In our opinion the company is entitled to exemption from preparing group consolidated financial accounts as conferred by the Companies Act 1985, S248 it so qualifying as the parent of a medium sized group of companies.



A.I. COHEN & ASSOCIATES
Registered Auditors
Chartered Accountants
351 LONDON ROAD
WESTCLIFF ON SEA
ESSEX
SSO 7HT

DATE 20th May 1996

ELECTORAL REFORM (BALLOT SERVICES) LTDPROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		£	£
<u>TURNOVER</u>	2		
Continuing Operations		1,466,415	1,621,780
Discontinued Operations		3,682,559	4,330,635
		<u>5,148,974</u>	<u>5,952,416</u>
Direct Costs		3,322,674	4,064,707
		<u>1,826,300</u>	<u>1,887,709</u>
<u>GROSS PROFIT</u>			
Net Operating Expenses			
Administrative Expenses	1,351,541	1,342,843	
Other Operating Income	(59,037)	-	
		<u>1,292,504</u>	<u>1,342,843</u>
<u>OPERATING PROFIT</u>	3 & 4	533,796	544,866
Income from Investments	6	25,942	17,950
		<u>559,738</u>	<u>562,816</u>
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</u>			
Interest Payable	9	27,706	25,411
		<u>532,032</u>	<u>537,405</u>
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>			
Tax on Ordinary Activities	7	196,118	179,294
		<u>335,914</u>	<u>358,111</u>
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>			
Dividends		133,969	160,000
		<u>£ 201,945</u>	<u>£ 198,111</u>
<u>RETAINED PROFIT FOR THE YEAR</u>			
<u>STATEMENT OF RETAINED EARNINGS</u>			
Retained Profit Brought Forward		675,713	477,602
Retained Profit for the Year		201,945	198,111
		<u>£ 877,658</u>	<u>£ 675,713</u>
<u>RETAINED PROFIT CARRIED FORWARD</u>			

There were no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 7a to 7g form part of these accounts.

ELECTORAL REFORM (BALLOT SERVICES) LTDBALANCE SHEET
AS AT 31ST DECEMBER 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible Assets	10	883,654	929,108
Investments	17	4	-
		<hr/>	<hr/>
		883,658	929,108
<u>CURRENT ASSETS</u>			
Stock and Work in Progress	11	2,850	12,559
Debtors	12	408,013	321,720
Cash at Bank and in Hand		370,158	464,284
		<hr/>	<hr/>
		781,021	798,563
<u>CREDITORS</u> : Amounts Falling Due within One Year	13	(475,211)	(655,464)
		<hr/>	<hr/>
<u>NET CURRENT ASSETS</u>		305,810	143,099
		<hr/>	<hr/>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		1,189,468	1,072,207
<u>CREDITORS</u> : Amounts Falling Due After more than One Year			
	16	311,801	396,485
		<hr/>	<hr/>
		£ 877,667	£ 675,722
		<hr/>	<hr/>
<u>CAPITAL AND RESERVES</u>			
Share Capital	14	9	9
Profit and Loss Account		877,658	675,713
		<hr/>	<hr/>
<u>TOTAL SHAREHOLDERS' FUNDS</u>		£ 877,667	£ 675,722
		<hr/>	<hr/>

Signed on behalf of the
board of directors



Owen Thomas
Director

Approved by the board: DATE 14th May 1996

ELECTORAL REFORM (BALLOT SERVICES) LTDCASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 1995

	<u>1995</u>		<u>1994</u>	
	£	£	£	£
<u>NET CASH INFLOW</u>				
FROM OPERATING ACTIVITIES		435,640		530,749
Returns on Investments and Servicing of Finance				
Interest Received	25,942		17,950	
Interest Paid	(29,253)		(23,863)	
Dividends Paid	(160,000)		(140,000)	
		<u> </u>		<u> </u>
Net Cash Outflow From Returns on Investments and Servicing of Finance		(163,311)		(145,913)
Taxation				
Taxation Paid	(165,631)		(123,730)	
		<u> </u>		<u> </u>
Tax Paid		(165,631)		(123,730)
Investing Activities				
Fixed Asset Aquisitions	(39,519)		(168,668)	
Fixed Asset Disposals	7,500		-	
Fixed Asset Investments	(4)		-	
		<u> </u>		<u> </u>
Net Cash Outflow from Investing		(32,023)		(168,668)
<u>INCREASE IN CASH AND CASH EQUIVALENTS</u>		<u>74,675</u>		<u>92,438</u>

See Note 18 for the notes to this statement

ELECTORAL REFORM (BALLOT SERVICES) LTDNOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1995**1. ACCOUNTING POLICIES****Basis of Accounting**

The accounts have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

Turnover

Turnover represents the net invoiced services and disbursements, excluding VAT.

Tangible Fixed Assets

Depreciation is provided on a fixed time basis calculated in order to write off each individual asset over its estimated useful life.

Stocks and Work in Progress

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

Deferred Taxation

Deferred Taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. TURNOVER

The Turnover and Profit (1994 - Profit) before taxation for the year is attributable to the principal activity of the Company which is provision of ballot and election administration services.

Turnover has not been analysed by geographical market.

3. OPERATING PROFIT

The Operating Profit (1994 - Profit) is stated after charging:

	<u>1995</u>	<u>1994</u>
	£	£
Depreciation of Tangible Fixed Assets	77,472	70,131
Staff Costs - note 5	991,098	1,017,382
Auditors' Remuneration	6,500	5,750
Auditors' Remuneration - Non Audit Work	5,500	4,250
	<u> </u>	<u> </u>

ELECTORAL REFORM (BALLOT SERVICES) LTDNOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 19954. OPERATING PROFIT

	<u>1995</u>		<u>Total</u>
	<u>Continuing</u>	<u>Discontinued</u>	
	£	£	£
Direct Costs	15,512	3,307,162	3,322,674
Net Operating Expenses			
Administrative Expenses	1,010,371	341,170	1,351,541
Other Operating Income	(59,037)	-	(59,037)
	<u>966,846</u>	<u>3,648,332</u>	<u>4,615,178</u>

	<u>1994 (as restated)</u>		<u>Total</u>
	<u>Continuing</u>	<u>Discontinued</u>	
	£	£	£
Direct Costs	41,035	4,023,672	4,064,707
Net Operating Expenses			
Administrative Expenses	884,041	458,802	1,342,843
	<u>925,076</u>	<u>4,482,474</u>	<u>5,407,550</u>

5. STAFF COSTS

The costs incurred, including directors remuneration (note 8), were as follows:

	<u>1995</u>	<u>1994</u>
	£	£
Wages and Salaries	982,128	1,009,770
Pension Costs	8,970	7,612
	<u>991,098</u>	<u>1,017,382</u>

The average weekly number of employees during the year was as follows:

Administration and Management	14	5
Ballot Administration Department	5	6
Counts Department	10	10
Mailing Department (discontinued)	-	8
Print Department (discontinued)	-	5
Market Research Department	5	2
Computer Department	2	2
	<u>36</u>	<u>38</u>

6. INCOME FROM INVESTMENTS

	<u>1995</u>	<u>1994</u>
	£	£
Bank Interest Received	25,942	17,950

ELECTORAL REFORM (BALLOT SERVICES) LTDNOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1995**7. TAXATION**

The tax charge on the profit on ordinary activities was as follows:

	<u>1995</u>	<u>1994</u>
	£	£
Corporation Tax	192,401	179,294
Prior Year Adjustment	3,717	-
	<u>196,118</u>	<u>179,294</u>

Corporation tax has been charged on the profit at 33% (1994 33%).

The charge for the year has been increased by expenditure not allowable for taxation.

8. DIRECTORS' REMUNERATION

	<u>1995</u>	<u>1994</u>
	£	£
Directors' Remuneration	114,480	108,359
Emoluments, excluding Pension Contributions:		
Highest Paid Director	63,880	60,630

Number of Other Directors whose total emoluments, excluding Pension Contributions, were within the ranges:

£nil - £5,000	4	3
£40,001 - £45,000	1	1
	<u>5</u>	<u>4</u>

9. INTEREST PAYABLE

	<u>1995</u>	<u>1994</u>
	£	£
Mortgage Interest	27,706	25,372
Bank Interest	-	39
	<u>27,706</u>	<u>25,411</u>

ELECTORAL REFORM (BALLOT SERVICES) LTDNOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1995**10. TANGIBLE FIXED ASSETS**

	Fixtures Fittings & Equipment	Leasehold Property & Improvements	TOTAL
COST OR VALUATION	£	£	£
At 1st January 1995	397,248	680,965	1,078,213
Additions in year	37,682	1,837	39,519
Disposals in year	(16,250)	-	(16,250)
At 31st December 1995	418,680	682,802	1,101,482
DEPRECIATION			
At 1st January 1995	116,075	33,030	149,105
Write Off On Disposal	(6,250)	-	(6,250)
Charge for year	61,955	13,018	74,973
At 31st December 1995	171,780	46,048	217,828
NET BOOK VALUE			
At 31st December 1995	246,900	636,754	883,654
At 31st December 1994	281,173	647,935	929,108

11. STOCKS AND WORK-IN-PROGRESS

	<u>1995</u> £	<u>1994</u> £
Stocks of Stationery	-	4,517
Work in Progress	2,850	8,042
	2,850	12,559

12. DEBTORS

	<u>1995</u> £	<u>1994</u> £
Amounts due within one year:		
Trade Debtors	176,829	270,557
Amounts Owed by Group Undertakings	175,510	-
Other Debtors	7,130	8,671
Prepayments	32,294	26,242
	391,763	305,470
Amounts due in more than one year:		
Long Term Loan (see below)	16,250	16,250
	408,013	321,720

The long term loan of £16,250 has been advanced on an unsecured basis to Ballot Services USA Inc. over a five year term from 1994. Interest accrues at a fixed rate of 20% per annum payable at the end of the term. No account of accrued interest has been taken in the preparation of these Financial Accounts.

ELECTORAL REFORM (BALLOT SERVICES) LTDNOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1995**13. CREDITORS**

Amounts falling due within one year:	<u>1995</u>	<u>1994</u>
	£	£
Bank Overdrafts	8,312	177,113
Client's Deposits	294	2,500
Amounts Owed to Parent Company	52,092	25,000
Other Creditors:		
Taxation	182,401	153,461
Social Security and Other Taxes	64,850	90,748
Proposed Dividend	133,969	160,000
Sundry Creditors and Accruals	33,293	46,642
	<u>475,211</u>	<u>655,464</u>

14. SHARE CAPITAL

	<u>1995</u>	<u>1994</u>
	£	£
Authorised	<u>100</u>	<u>100</u>
Allotted, Issued and Fully Paid	<u>9</u>	<u>9</u>

15. FINANCIAL COMMITMENTS**Operating Leases**

At 31st December 1995 the company had annual commitments under non-cancellable operating leases as set out below :-

	<u>1995</u>	<u>1994</u>
	<u>Equipment</u>	<u>Equipment</u>
	£	£
Operating Leases commitments:		
within one year	20,593	7,146
in the second to fifth years	43,318	7,405
	<u>63,911</u>	<u>14,551</u>

ELECTORAL REFORM (BALLOT SERVICES) LTDNOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1995**16. CREDITORS**

Amounts falling due after more than one year:	<u>1995</u>	<u>1994</u>
	£	£
Amounts Owed to Parent Company	-	73,724
Property Mortgage	311,801	322,761
	<u>311,801</u>	<u>396,485</u>
Creditors other than Finance Lease and Hire Purchase Contracts		
Creditors with instalments due for payment after more than five years	322,801	322,761
Instalments due after more than five years	<u>256,995</u>	<u>267,835</u>

The property mortgage is secured by a first charge over the Company's leasehold property.

17. FIXED ASSETS INVESTMENTS

	<u>1995</u>	<u>1994</u>
	£	£
Shares in Group Undertakings	<u>4</u>	<u>-</u>

The above investments represent total holdings of the complete issued share capital of subsidiary companies.

Two Ordinary Shares are held in Electoral Reform (Printing Services) Ltd. registered in England and Wales, this company provides printing services.

Two Ordinary Shares are held in Electoral Reform (Mailing Services) Ltd. registered in England and Wales, this company provides mailing services.

The relevant financial data attributable to these shareholdings is:-

	Electoral Reform (Printing Services) Ltd		Electoral Reform (Mailing Services) Ltd	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Pre Tax Profits	59,970	-	10,513	-
Corporation Tax thereon	14,196	-	2,628	-
Net Assets retained	45,774	-	7,885	-

ELECTORAL REFORM (BALLOT SERVICES) LTDNOTES TO ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 199518. NOTES TO THE CASH FLOW STATEMENTRECONCILIATION OF OPERATING PROFIT TO
NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>1995</u>	<u>1994</u>
	£	£
Operating Profit	533,796	544,866
Depreciation Charges	74,972	70,131
Loss on Sale of Fixed Assets	2,500	-
Decrease in Stocks	9,709	63,983
(Increase) in Debtors	(86,293)	(107,845)
(Decrease) in Creditors	(99,044)	(40,386)
	<u>435,640</u>	<u>530,749</u>

ANALYSIS OF CHANGES IN CASH AND CASH
EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

Balance at 1st January 1995	287,171	194,733
Net Cash Inflow	74,675	92,438
	<u>361,846</u>	<u>287,171</u>

ANALYSIS OF THE BALANCES OF CASH AND CASH
EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	<u>1995</u>	<u>1994</u>	<u>Change</u> <u>in year</u>
	£	£	£
Cash at Bank and in Hand	370,158	464,284	(94,126)
Bank Overdrafts	(8,312)	(177,113)	168,801
	<u>361,846</u>	<u>287,171</u>	<u>74,675</u>