

STRAND ELECTORAL MANAGEMENT SERVICES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE FOUR MONTHS ENDED

31 OCTOBER 2010

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Strand Electoral Management Services Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the four months ended 31 October 2010

Company Registration Number: 2231201

Registered Office: 2nd Floor
Chancery Exchange
10 Furnival Street
London
EC4A 1AB

Directors: R G Q Kellett-Clarke (appointed 4 August 2010)
W S Edmondson (appointed 29 July 2010)

Secretary J Mackie (appointed 29 July 2010)

Solicitors: Memery Crystal
44 Southampton Buildings
London
WC2A 1AP

Auditor: Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

Strand Electoral Management Services Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the four months ended 31 October 2010

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Strand Electoral Management Services Limited

REPORT OF THE DIRECTORS

For the four months ended 31 October 2010

The directors present their report together with financial statements for the four months ended 31 October 2010

Principal activity

The principal activity of the company is the provision of electoral management services.

Business review and future developments

The profit for the period after taxation amounted to £160,460 (Year ended 30 June 2010 £469,712). During the period a dividend of £260,000 was paid for the year ended 30 June 2010. The directors do not recommend the payment of a dividend for the 4 month period to 31 October 2010. On 29 July 2010, the entire share capital of the Company was acquired by IDOX plc.

Key financial performance indicators, including the management of profitability and working capital, monitored on an ongoing basis by management are set out below.

Indicator	4 months ended 31 October 2010	Year ended 30 June 2010	Measure
Turnover (£'000)	459	1,614	
Profitability ratios			
Gross margin	82%	83%	Gross profit as a percentage of turnover
Liquidity ratio			
Current ratio	1.34	1.17	Current assets divided by current liabilities
Other indicator			
Debtor days	5	4.4	Year end trade debtors divided by turnover, multiplied by 123/365 days.

Strand Electoral Management Services Limited

REPORT OF THE DIRECTORS

For the four months ended 31 October 2010

Directors

The names of persons who were directors at any time during the financial period and up to the date of the signing of the financial statements are listed below:

L K Botha (resigned 4 August 2010)
C J Morris (resigned 29 July 2010)
N S R Oldfield (resigned 29 July 2010)
J T Hood (resigned 1 July 2010)
W S Edmondson (appointed 29 July 2010)
R G Q Kellet-Clarke (appointed 4 August 2010)

The interests of the directors in the shares of the parent company, IDOX plc, are disclosed in that company's financial statements

Directors' responsibilities for the financial statements

The directors are responsible for preparing the Directors' 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and 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 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

Financial risk management objectives and policies

The company uses various financial instruments which include cash, equity investments and items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The main risk arising from the company's financial instruments is credit risk. The directors review this risk on an ongoing basis. This policy has remained unchanged from previous years.

Strand Electoral Management Services Limited

REPORT OF THE DIRECTORS

For the four months ended 31 October 2010

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade debtors. This risk is mitigated by the nature of the customers.

In order to manage credit risk, the management review the debt ageing on an ongoing basis, together with the collection history and third party credit references where appropriate.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Interest rate risk

Any funds over and above the current working capital requirements of the company are invested in high interest deposit accounts.

Disclosure of information to auditors

In the case of each of the persons who were directors of the company at the date when this report was approved:

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware
- they have taken all steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company received notice under section 488(1) of the Companies Act 2006.

BY ORDER OF THE BOARD



W Edmondson
Director

17/8 2011

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF STRAND ELECTORAL
MANAGEMENT SERVICES LIMITED**

We have audited the financial statements of Strand Electoral Management Services Limited for the four months ended 31 October 2010 which comprise the principal accounting policies, the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2010 and of its profit 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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.

Mark Cardiff
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
London



22 Sept 2011 2011

PRINCIPAL ACCOUNTING POLICIES

For the four months ended 31 October 2010

BASIS OF PREPARATION AND GOING CONCERN

The financial statements have been prepared under the historical cost convention, in accordance with applicable United Kingdom accounting standards and on a going concern basis since the company has received guarantees of financial support from its parent undertaking, IDOX plc, for the foreseeable future.

The company is a wholly owned subsidiary of IDOX plc and the cash flows of the company are included in the consolidated group cash flow statement. Consequently, the company is exempt under the terms of Financial Reporting Standard 1 (revised 1996) from publishing a cash flow statement.

TURNOVER

Turnover represents the amounts receivable in respect of services provided during the year, stated net of value added tax

The company derives its revenue streams from electoral management services.

Revenue from projects is recognised over the life of the project. Revenue from managed services is recognised on a usage basis as the service is performed.

GOODWILL

Purchased goodwill representing the excess of the fair value of the consideration paid over the fair values of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over a period of 10 years, being its estimated useful life. In accordance with FRS11, goodwill is assessed for impairment when an indication of such impairment exists

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is provided using the following rates and bases so as to write off the cost or valuation of tangible fixed assets over their expected useful lives. The rates generally applicable are:

Computer equipment	25% straight line
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PRINCIPAL ACCOUNTING POLICIES

For the four months ended 31 October 2010

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date

CONTRIBUTIONS TO DEFINED CONTRIBUTION PENSION SCHEMES

Contributions paid to private pension plans of certain employees are charged to the profit and loss account in the period in which they become payable. Contributions paid to the group personal pension plans of employees are charged to the profit and loss account in the period in which they become payable.

FINANCIAL INSTRUMENTS

Financials 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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

OPERATING LEASES

Amounts paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Strand Electoral Management Services Limited

PRINCIPAL ACCOUNTING POLICIES

For the four months ended 31 October 2010

CHANGE IN ACCOUNTING POLICY

Comparative figures have been restated to reflect a change in accounting policy with regard to intangible fixed assets. Previously intangible fixed assets were capitalised and amortised. These assets are now written off.

As a result, comparative figures for the year ended 31 October 2010 have been adjusted as follows -

	Net assets £
As previously reported	550,270
Effect of prior year adjustment	(148,028)
Restated	<u>402,242</u>

Current year profit before tax is not affected following the change in accounting policy

Strand Electoral Management Services Limited

PROFIT AND LOSS ACCOUNT

For the four months ended 31 October 2010

	Note	4 months ended 31 October 2010 £	Year ended 30 June 2010 £
Turnover		459,136	1,613,770
Cost of sales		<u>(84,091)</u>	<u>(277,674)</u>
Gross profit		375,045	1,336,096
Staff costs	2	(165,584)	(520,973)
Other operating charges		<u>13,419</u>	<u>(151,411)</u>
Operating profit		222,880	663,712
Interest receivable	3	<u>6</u>	<u>-</u>
Profit on ordinary activities before taxation		222,886	663,712
Tax on profit on ordinary activities	4	<u>(62,426)</u>	<u>(194,000)</u>
Profit for the year transferred to reserves	10	<u>160,460</u>	<u>469,712</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	4 months ended 31 October 2010 £	Year ended 30 June 2010 £
Profit after tax	160,460	469,712
Dividend paid	<u>(260,000)</u>	<u>-</u>
Total recognised gains and losses attributable to shareholders	<u>(99,540)</u>	<u>469,712</u>

All operations are attributable to continuing operations.

The accompanying accounting policies and notes form an integral part of these financial statements.

STRAND ELECTORAL MANAGEMENT SERVICES LIMITED
Company Number 2231204

BALANCE SHEET
At 31 October 2010

	Note	31 October 2010 £	31 October 2010 £	30 June 2010 £ (restated)	30 June 2010 £ (restated)
Fixed assets					
Tangible assets	5		1,147		1,680
Current assets					
Debtors	6	1,176,540		1,259,039	
Cash at bank and in hand		<u>37,659</u>		<u>1,469,000</u>	
		1,214,199		2,728,039	
Creditors: amounts falling due within one year	7	<u>(912,644)</u>		<u>(2,327,477)</u>	
Net current assets			301,555		400,562
Net assets			<u>302,702</u>		<u>402,242</u>
Capital and reserves					
Called up share capital	8		75		75
Profit and loss account	10		<u>302,627</u>		<u>402,167</u>
Shareholders' funds	11		<u>302,702</u>		<u>402,242</u>

The financial statements were approved by the Board of Directors on

17/8 2011.



W Edmondson
Director

The accompanying accounting policies and notes form an integral part of these financial statements

Strand Electoral Management Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the four months ended 31 October 2010

1 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities is stated after charging:

	4 months ended 31 October 2010 £	Year ended 30 June 2010 £
Amortisation	-	6,393
Depreciation	1,730	1,000

2 DIRECTORS AND EMPLOYEES

	4 months ended 31 October 2010 £	Year ended 30 June 2010 £
Staff costs during the year were as follows		
Wages and salaries	143,267	469,380
Social security costs	15,744	43,637
Pension costs	6,573	7,956
	<u>165,584</u>	<u>520,973</u>

The average number of employees of the company during the period was 9 (year ended 30 June 2010:7).

	4 months ended 31 October 2010 Number	Year ended 30 June 2010 Number
Software sales	2	2
Office and administration	1	1
Operations	6	4
	<u>9</u>	<u>7</u>

Strand Electoral Management Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the four months ended 31 October 2010

DIRECTORS AND EMPLOYEES (CONTINUED)

Remuneration in respect of directors was as follows:

	4 months ended 31 October 2010 £	Year ended 30 June 2010 £
Aggregate emoluments	-	-
Pension contributions	-	-
	<u>-</u>	<u>-</u>

Remuneration of certain directors, for their services to the Idox group for the full year ended 31 October 2010, was paid by IDOX Software Limited, a subsidiary of IDOX plc, as follows

	Year ended 31 October 2010 £
Aggregate emoluments	480,087
Pension contributions	16,250
	<u>496,337</u>

3 INTEREST RECEIVABLE

	4 months ended 31 October 2010 £	Year ended 30 June 2010 £
Interest receivable	<u>6</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the four months ended 31 October 2010

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

	4 months ended 31 October 2010 £	Year ended 30 June 2010 £
The tax charge is made up as follows:		
UK corporation tax	64,199	187,000
Adjustments in respect of prior year	-	7,000
	<u>64,199</u>	<u>194,000</u>
Deferred tax - origination and reversal of timing differences	(1,773)	-
Tax charge on profit on ordinary activities	<u>62,426</u>	<u>194,000</u>

Unrelieved tax losses of £nil (30 June 2010: £nil), remain available to offset against future taxable trading profits

	4 months ended 31 October 2010 £	Year ended 30 June 2010 £
Factors affecting the tax charge for the period:		
Profit on ordinary activities before taxation	<u>222,886</u>	<u>663,712</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (30 June 2010: 28%)	62,408	186,000
Effects of:		
Expenses not deductible for tax purposes	-	1,000
Difference between depreciation and capital allowances	412	-
Other timing differences	1,361	-
Difference in tax rates	18	-
Adjustments in respect of prior years	-	7,000
Current period tax charge	<u>64,199</u>	<u>194,000</u>

Strand Electoral Management Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the four months ended 31 October 2010

TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

Provision for deferred tax

	4 months ended 31 October 2010 £	Year ended 30 June 2010 £
Deferred tax		
Accelerated capital allowances	428	1,285
Other timing differences	(916)	-
Provision for deferred tax	<u>(488)</u>	<u>1,285</u>
	4 months ended 31 October 2010 £	Year ended 30 June 2010 £
At 1 July 2010	1,285	1,285
Adjustment for the period	(1,773)	-
At 31 October 2010 (see note 7)	<u>(488)</u>	<u>1,285</u>

Strand Electoral Management Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the four months ended 31 October 2010

5 TANGIBLE FIXED ASSETS

	Computer equipment £	Computer Software £	Total £
Cost			
As at 1 July 2010	34,000	4,653	38,653
Additions	1,197	-	1,197
Disposals	(34,000)	-	(34,000)
At 31 October 2010	<u>1,197</u>	<u>4,653</u>	<u>5,850</u>
Depreciation			
At 1 July 2010	34,000	2,973	36,973
Charge for the year	50	1,680	1,730
Disposals	(34,000)	-	(34,000)
At 31 October 2010	<u>50</u>	<u>4,653</u>	<u>4,703</u>
Net book amount at 31 October 2010	<u>1,147</u>	<u>-</u>	<u>1,147</u>
Net book amount at 30 June 2010	<u>-</u>	<u>1,680</u>	<u>1,680</u>

6 DEBTORS

	31 October 2010 £	30 June 2010 £
Trade debtors	19,270	19,387
Amounts owed by other group companies	1,092,907	1,128,231
Deferred tax asset	488	46
Prepayments and accrued income	63,875	111,375
	<u>1,176,540</u>	<u>1,259,039</u>

The deferred tax asset is due after more than one year.

Strand Electoral Management Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the four months ended 31 October 2010

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 October 2010 £	30 June 2010 £
Trade creditors	3,747	-
Social security and other taxes	13,232	-
Corporation tax	64,199	-
Other creditors	231,492	-
Accruals and deferred income	599,974	1,129,477
Amounts owed to other group companies	-	1,198,000
	<u>912,644</u>	<u>2,327,477</u>

8 SHARE CAPITAL

	31 October 2010 £	30 June 2010 £
Authorised, allotted, called up and fully paid 75 ordinary shares of £1 each	<u>75</u>	<u>75</u>

NOTES TO THE FINANCIAL STATEMENTS

For the four months ended 31 October 2010

9 SHARE OPTIONS

Idox plc, the ultimate parent of the Company, has made awards of share options over its 1p ordinary shares to employees of the group. Under 'FRS 20 Share Based Payments' those share options which had not vested before 1 November 2006, have been fair valued according to the measurement criteria of FRS 20. An allocation of the share option charge has been made to the Company based on the provision of services from employees for whom share options have been granted.

All share options are exercisable at a price equal to the average market price of the Company's shares on the date of grant. The vesting period is usually one to three years and the options are settled in equity on exercise.

The following disclosures present aggregate information on those share options granted by Idox plc and under which the measurement and recognition criteria of 'FRS 20 Share Based Payments' apply.

	31 October 2010		30 June 2010	
	No	WAEP Pence	No	WAEP Pence
Outstanding at the beginning of the year	15,717,027	8.13	-	-
Granted during the year	8,105,366	10.25	-	-
Exercised during the year	(300,000)	7.5	-	-
Outstanding at the end of the year	23,522,393	9.55	-	-
Exercisable at the end of the year	15,922,578		-	

Expected volatility was determined by calculating the historical volatility of the company's share price over the previous 3 years. The expected life used in the model has been adjusted, based on the management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

10 RESERVES

	Profit and Loss Account £
At 1 July 2010 (restated)	402,167
Dividends paid	(260,000)
Profit for the period	160,460
At 31 October 2010	<u>302,627</u>

NOTES TO THE FINANCIAL STATEMENTS

For the four months ended 31 October 2010

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 October 2010 £	30 June 2010 £ (restated)
Profit for the period	160,460	469,712
Dividend paid	(260,000)	-
Prior year adjustment	-	(148,028)
Opening shareholders' funds (restated)	402,242	80,558
Closing shareholders' funds	<u>302,702</u>	<u>402,242</u>

12 CONTINGENT LIABILITIES

The company is party to an intercompany guarantee held over the IDOX plc group of companies. At the year end, the amount of external borrowings held by the group, which were subject to this guarantee, amounted to £2.9m (30 June 2010: £3.8m).

13 CAPITAL COMMITMENTS

The company had no capital commitments at 31 October 2010 or 30 June 2010

14 PENSIONS

Contributions paid to the group personal pension plan, to which all qualifying employees are entitled to join, are charged to the profit and loss account in the period in which they become payable.

15 TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES

As a wholly owned subsidiary of IDOX plc the company is exempt from the requirements of FRS 8 Related Party Disclosures to disclose transactions with other members of the group headed by IDOX plc on the grounds that accounts are publicly available from Companies House

16 CONTROLLING RELATED PARTY

The directors consider that the ultimate parent undertaking of this company is IDOX plc

IDOX plc is the company's controlling related party by virtue of its 100% shareholding in the company.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by IDOX plc. Copies of the group accounts can be obtained at 2nd Floor, Chancery Exchange, 10 Fumival Street, London, EC4A 1AB.

Strand Electoral Management Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the four months ended 31 October 2010

17 POST BALANCE SHEET EVENTS

There are no material post balance sheet events.

Strand Electoral Management Services Limited

DETAILED PROFIT AND LOSS ACCOUNT

For the four months ended 31 October 2010

	4 months ended 31 October 2010 £	Year ended 30 June 2010 £
Revenue	459,136	1,613,770
Direct costs		
Cost of sales recharged	(84,091)	(277,674)
Administrative costs	(152,159)	(672,384)
Profit before tax for the year	<u>222,886</u>	<u>663,712</u>

THIS PAGE DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS

Strand Electoral Management Services Limited

DETAILED PROFIT AND LOSS ACCOUNT

For the four months ended 31 October 2010

	4 months ended 31 October 2010 £	Year ended 30 June 2010 £
Administrative costs		
Salaries	143,267	346,473
NIC	15,744	43,637
Bonuses	-	122,907
Pension	6,573	7,956
Travel and subsistence	2,342	6,704
Other staff costs	-	15,446
Rent and rates	4,034	17,001
Electricity and gas	689	2,769
Telephone	1,304	3,588
Repairs and renewals	(2,174)	13,740
Stationery	133	2,183
Postage	41	1,075
Computer and internet costs	2,414	9,233
Sundries	32	3,551
Shared services charge	(24,004)	32,917
Legal and professional	-	396
Global Bonus allocation	-	21,996
Marketing	-	12,868
Bank charges	41	-
Bank interest receivable	(6)	-
Depreciation	1,729	1,551
Amortisation	-	6,393
	<u>152,159</u>	<u>672,384</u>

THIS PAGE DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS