

COMPANY NO 02231204

STRAND ELECTORAL MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 OCTOBER 2012

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Strand Electoral Management Services Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 October 2012

Company Registration Number 02231204

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

Directors: R G Q Kellett-Clarke
W S Edmondson

Secretary: J Mackie

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 year ended 31 October 2012

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Strand Electoral Management Services Limited

REPORT OF THE DIRECTORS

For the year ended 31 October 2012

The directors present their report together with financial statements for the year ended 31 October 2012

Principal activity

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

Business review and future developments

On 1 November 2011, the company's trade and assets were hived across to Idox Software Limited a fellow subsidiary of Idox plc. The company ceased trading at this date. The profit for the prior year after taxation amounted to £617,552.

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:

W S Edmondson
R G Q Kellet-Clarke

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

Directors' Responsibilities Statement

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 the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) Under company law Section 393, Companies Act 2006 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 and 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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

Strand Electoral Management Services Limited

REPORT OF THE DIRECTORS

For the year ended 31 October 2012

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.

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

4 July 2013

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 year ended 31 October 2012 which comprise the profit and loss account, 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 AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 1 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 and express an opinion on 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 2012 and of its profit for the year 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.



Steve Maslin
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
London

4 July 2013

Strand Electoral Management Services Limited

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 October 2012

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 in accordance with the stage of completion. Revenue from information solutions based 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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Strand Electoral Management Services Limited

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 October 2012

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

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 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

PROFIT AND LOSS ACCOUNT

For the year ended 31 October 2012

	Note	Year ended 31 October 2012 £	Year ended 31 October 2011 £
Turnover		-	1,612,840
Cost of sales		-	(219,518)
Gross profit		-	1,393,322
Staff costs	2	-	(483,255)
Redundancy costs	2	-	(615)
Other operating charges		-	(65,424)
Operating profit		-	844,028
Interest receivable	3	-	556
Profit on ordinary activities before taxation		-	844,584
Tax on profit on ordinary activities	4	-	(227,032)
Profit for the year transferred to reserves	10	-	617,552

All operations are attributable to discontinued operations.

There are no recognised gains or losses other than those set out above

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

Strand Electoral Management Limited

Company Number 02231204

BALANCE SHEET
At 31 October 2012

	Note	31 October 2012 £	31 October 2012 £	31 October 2011 £	31 October 2011 £
Fixed assets					
Tangible assets	5	-			6,312
Current assets					
Debtors	6	923,487		1,821,989	
Cash at bank and in hand		-		-	
		<u>923,487</u>		<u>1,821,989</u>	
Creditors: amounts falling due within one year	7	-		(904,814)	
Net current assets			923,487		917,175
Net assets			<u>923,487</u>		<u>923,487</u>
Capital and reserves					
Called up share capital	8		75		75
Share option reserve	10		3,233		3,233
Profit and loss account	10		920,179		920,179
Shareholders' funds	11		<u>923,487</u>		<u>923,487</u>

The financial statements were approved by the Board of Directors on

4 July 2013



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 year ended 31 October 2012

1 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities is stated after charging

	Year ended 31 October 2012 £	Year ended 31 October 2011 £
Auditor's remuneration		
- Audit services	-	5,000
- Non-audit services - taxation	-	1,000
Depreciation	-	1,422

2 DIRECTORS AND EMPLOYEES

	Year ended 31 October 2012 £	Year ended 31 October 2011 £
Staff costs during the year were as follows		
Wages and salaries	-	413,483
Social security costs	-	50,173
Pension costs	-	19,599
	-	483,255

During the year the company incurred redundancy payments to former staff of £nil (2011 £615).

The average number of employees of the company during the year was nil (period ended 31 October 2011.8)

	Year ended 31 October 2012 Number	Year ended 31 October 2011 Number
Software sales	-	2
Office and administration	-	1
Operations	-	5
	-	8

Strand Electoral Management Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2012

DIRECTORS AND EMPLOYEES (CONTINUED)

The Company paid no directors remuneration (2011: £nil).

Remuneration of certain directors, for their services to the Idox group for the year ended 31 October 2012, was paid by IDOX Software Limited, a subsidiary of IDOX plc, as follows.

	Year ended 31 October 2012 £	Year ended 31 October 2011 £
Aggregate emoluments	609,203	495,348
Pension contributions	12,583	29,106
	<u>621,786</u>	<u>524,454</u>

During the year one director exercised share options (2011:two). The highest paid director exercised share options in 2012 and 2011.

3 INTEREST RECEIVABLE

	Year ended 31 October 2012 £	Year ended 31 October 2011 £
Interest receivable	<u>-</u>	<u>556</u>

Strand Electoral Management Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2012

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 October 2012 £	Year ended 31 October 2011 £
The tax charge is made up as follows		
UK corporation tax	-	227,749
Adjustments in respect of prior years	-	(820)
	-	226,929
Deferred tax - origination and reversal of timing differences	-	522
Adjustments in respect of prior years	-	(419)
	-	103
Tax charge on profit on ordinary activities	-	227,032

	Year ended 31 October 2012 £	Year ended 31 October 2011 £
Factors affecting the tax charge for the period		
Profit on ordinary activities before taxation	-	844,584
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2011: 27%)	-	228,037
Effects of		
Expenses not deductible for tax purposes	-	203
Difference between depreciation and capital allowances	-	(32)
Other timing differences	-	(459)
Difference in tax rates	-	-
Adjustments in respect of prior years	-	(820)
Current period tax charge	-	226,929

Strand Electoral Management Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2012

TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

Provision for deferred tax

	Year ended 31 October 2012 £	Year ended 31 October 2011 £
Deferred tax		
Accelerated capital allowances	-	37
Other timing differences	-	(422)
Provision for deferred tax	-	(385)
	Year ended 31 October 2012 £	Year ended 31 October 2011 £
At 1 November 2011	-	(488)
Adjustment for the year	-	522
Adjustments in respect of prior years	-	(419)
At 31 October 2012 (see note 6)	-	(385)

Strand Electoral Management Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2012

5 TANGIBLE FIXED ASSETS

	Computer equipment £
Cost	
As at 1 November 2011	7,784
Disposals on hire across	(7,784)
At 31 October 2012	<u>-</u>
Depreciation	
At 1 November 2011	1,472
Disposals on hire across	(1,472)
At 31 October 2012	<u>-</u>
Net book amount at 31 October 2012	<u>-</u>
Net book amount at 31 October 2011	<u>6,312</u>

6 DEBTORS

	2012 £	2011 £
Amounts owed by other group companies	923,487	1,748,116
Deferred tax asset	-	385
Prepayments and accrued income	-	73,488
	<u>923,487</u>	<u>1,821,989</u>

Strand Electoral Management Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2012

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Social security and other taxes	-	18,029
Corporation tax	-	234,550
Other creditors	-	1,852
Accruals and deferred income	-	600,227
Amounts owed to other group companies	-	50,156
	<u>-</u>	<u>904,814</u>

8 SHARE CAPITAL

	2012	2011
	£	£
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 year ended 31 October 2012

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.

The following table sets out the number of share options and associated weighted average exercise price (WAEP) outstanding during the year:

	2012		2011	
	No	WAEP Pence	No	WAEP Pence
Outstanding at the beginning of the year	29,002,008	14.86	23,522,393	9.55
Granted during the year	1,600,000	39.22	13,725,000	19.81
Exercised during the year	(3,078,002)	9.36	(8,245,385)	7.95
Lapsed during the year	(300,000)	18.67	-	-
Outstanding at the end of the year	27,224,006	16.87	29,002,008	14.86
Exercisable at the end of the year	19,640,226	12.12	13,945,648	12.31

The share options outstanding at the end of the year have a weighted average remaining contractual life of 8 years. The fair values were calculated using the Black-Scholes Pricing Model and the following information:

Date of issue	Number granted	Weighted average share price	Weighted average exercise price	Expected volatility	Expected life	Risk free rate	Expected dividend yield	Weighted average fair value at grant date
	No.	pence	pence	%	Years	%	%	£
Apr 12	850,000	35	35	37.5	10	4.65	0.6	0.19
Sep 12	750,000	37	44	37.5	10	4.65	0.6	0.18

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.

Based on the above share option details and model inputs the Company recognised total expenses of £nil (2011: £3,233) in relation to its proportionate share of equity settled share based payment transactions during the year.

Strand Electoral Management Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2012

10 RESERVES

	Share option reserve £	Profit and loss account £
At 1 November 2011 and 31 October 2012	<u>3,233</u>	<u>920,179</u>

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Profit for the year/(period)	-	617,552
Share options charge	-	3,233
Opening shareholders' funds	<u>923,487</u>	<u>302,702</u>
Closing shareholders' funds	<u>923,487</u>	<u>923,487</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 £25.2m (2011 £2.4m)

13 CAPITAL COMMITMENTS

The company had no capital commitments at 31 October 2012 or 31 October 2011.

Strand Electoral Management Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2012

14 OPERATING LEASE COMMITMENTS

At the Balance Sheet date the company had annual commitments under non-cancellable operating leases are as follows:

	Land & buildings	
	2012	2011
	£	£
Leases expiring:		
Within one year	-	7,283
Between two and five years	-	-
Over five years	-	-
	<u>-</u>	<u>7,283</u>

15 PENSIONS

Contributions paid to the IDOX plc 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.

16 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

17 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 Funnival Street, London, EC4A 1AB

18 POST BALANCE SHEET EVENTS

There are no significant post balance sheet events

Strand Electoral Management Services Limited

DETAILED PROFIT AND LOSS ACCOUNT

For the year ended 31 October 2012

	Year ended 31 October 2012 £	Year ended 31 October 2011 £
Revenue	-	1,612,840
Direct costs		
Cost of sales recharged	-	(219,518)
Administrative costs	-	(548,738)
	<hr/>	<hr/>
Profit before tax for the year	-	844,584

THIS PAGE DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS