

**ELECTORAL REFORM INTERNATIONAL SERVICES  
LIMITED BY GUARANTEE  
FINANCIAL STATEMENTS  
FOR  
31ST DECEMBER 2002**



**Company Registration Number 4194448**

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

**ELECTORAL REFORM INTERNATIONAL SERVICES LIMITED  
BY GUARANTEE  
COMPANY LIMITED BY GUARANTEE  
FINANCIAL STATEMENTS  
YEAR ENDED 31ST DECEMBER 2002**

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**ELECTORAL REFORM INTERNATIONAL SERVICES LIMITED  
BY GUARANTEE  
COMPANY LIMITED BY GUARANTEE**

**THE DIRECTORS' REPORT**

**YEAR ENDED 31ST DECEMBER 2002**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st December 2002.

**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The company was incorporated on the 4th April, 2001 and commenced trading on the 1st June, 2001.

The principal activity of the company during the year was election monitoring and the provision of training relating to election matters and the democratic process in countries outside the United Kingdom.

The company's balance sheet shows a satisfactory position, members' funds amounting to £89,292.

**RESULTS**

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.

**DIRECTORS**

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

Mrs J.F. Bradshaw  
Rev D.M. Mason  
Mr S.T. Osborn  
Mr O. Thomas  
Mr D. Harris  
Mr D. Mathieson  
Mr J. Turner

**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 9, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

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 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.

**ELECTORAL REFORM INTERNATIONAL SERVICES LIMITED  
BY GUARANTEE  
COMPANY LIMITED BY GUARANTEE**

**THE DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 31ST DECEMBER 2002**

**AUDITORS**

A resolution to re-appoint A. I. Cohen & Associates Limited 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:  
6 Chancel Street  
London  
SE1 0UU

Signed by order of the directors



ERIC SYDDIQUE  
Company Secretary

Approved by the directors on ..... *4<sup>th</sup> April 2003* .....

**ELECTORAL REFORM INTERNATIONAL SERVICES LIMITED  
BY GUARANTEE  
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**

**YEAR ENDED 31ST DECEMBER 2002**

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 THE DIRECTORS AND THE AUDITORS**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 1.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

**BASIS OF AUDIT OPINION**

We conducted our audit in accordance with United Kingdom 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.

**ELECTORAL REFORM INTERNATIONAL SERVICES LIMITED  
BY GUARANTEE  
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS *(continued)***

**YEAR ENDED 31ST DECEMBER 2002**

**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 2002 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, Assoc. M.A.*

**A. I. COHEN & ASSOCIATES LIMITED**

Chartered Accountants

& Registered Auditors

61 Crowstone Road

Westcliff on Sea

Essex

SS0 8BG

30<sup>th</sup> April 2003.

**ELECTORAL REFORM INTERNATIONAL SERVICES LIMITED  
BY GUARANTEE  
COMPANY LIMITED BY GUARANTEE**

**PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 31ST DECEMBER 2002**

	Note	2002 £	2001 £
<b>TURNOVER</b>	<b>2</b>	<b>799,217</b>	374,706
Cost of sales		<u>549,472</u>	<u>251,735</u>
<b>GROSS PROFIT</b>		<b>249,745</b>	122,971
Administrative expenses		<u>174,007</u>	<u>88,445</u>
<b>OPERATING PROFIT</b>	<b>3</b>	<b>75,738</b>	34,526
Interest receivable		<u>5,592</u>	1,116
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u><b>81,330</b></u>	<u>35,642</u>
Tax on profit on ordinary activities	<b>6</b>	<u>20,376</u>	7,304
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		<u><b>60,954</b></u>	28,338
Balance brought forward		<u>28,338</u>	—
Balance carried forward		<u><u><b>89,292</b></u></u>	<u><u>28,338</u></u>

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

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

**ELECTORAL REFORM INTERNATIONAL SERVICES LIMITED  
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COMPANY LIMITED BY GUARANTEE**

**BALANCE SHEET**

**31ST DECEMBER 2002**

	Note	2002 £	£	2001 £	£
<b>FIXED ASSETS</b>					
Tangible assets	7		9,260		3,481
<b>CURRENT ASSETS</b>					
Debtors	8	50,193		95,027	
Cash at bank and in hand	9	<u>743,120</u>		<u>133,289</u>	
		793,313		228,316	
<b>CREDITORS: Amounts falling due within one year</b>					
	10	<u>713,281</u>		<u>203,459</u>	
<b>NET CURRENT ASSETS</b>			<u>80,032</u>		<u>24,857</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>89,292</u>		<u>28,338</u>
<b>RESERVES</b>					
Profit and Loss Account	12		<u>89,292</u>		<u>28,338</u>
<b>MEMBERS' FUNDS</b>			<u>89,292</u>		<u>28,338</u>

These financial statements were approved by the directors on the 14/04/03 and are signed on their behalf by:

  
MRS J.F. BRADSHAW



**ELECTORAL REFORM INTERNATIONAL SERVICES LIMITED  
BY GUARANTEE  
COMPANY LIMITED BY GUARANTEE**

**CASH FLOW STATEMENT**

**YEAR ENDED 31ST DECEMBER 2002**

	2002		2001
	£	£	£
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>604,029</b>		<b>121,859</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received	<u>5,592</u>		<u>1,116</u>
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>5,592</b>		<b>1,116</b>
<b>TAXATION</b>	<b>(7,289)</b>		<b>—</b>
<b>CAPITAL EXPENDITURE</b>			
Payments to acquire tangible fixed assets	<u>(13,805)</u>		<u>(5,316)</u>
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>	<b>(13,805)</b>		<b>(5,316)</b>
<b>INCREASE IN CASH</b>	<b><u>588,527</u></b>		<b><u>117,659</u></b>

**RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2002	2001
	£	£
Operating profit	75,738	34,526
Depreciation	8,026	1,835
Decrease/(increase) in debtors	44,834	(95,027)
Increase in creditors	475,431	180,525
<b>Net cash inflow from operating activities</b>	<b><u>604,029</u></b>	<b><u>121,859</u></b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	2002	2001
	£	£
Increase in cash in the period	<u>588,527</u>	<u>117,659</u>
Movement in net funds in the period	<u>588,527</u>	<u>117,659</u>
<b>Net funds at 1 January 2002</b>	<b><u>117,659</u></b>	<b><u>—</u></b>
<b>Net funds at 31 December 2002</b>	<b><u>706,186</u></b>	<b><u>117,659</u></b>

**ELECTORAL REFORM INTERNATIONAL SERVICES LIMITED  
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**CASH FLOW STATEMENT *(continued)***

**YEAR ENDED 31ST DECEMBER 2002**

**ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 Jan 2002 £	Cash flows £	At 31 Dec 2002 £
Net cash:			
Cash in hand and at bank	133,289	609,831	743,120
Overdrafts	<u>(15,630)</u>	<u>(21,304)</u>	<u>(36,934)</u>
	<u>117,659</u>	<u>588,527</u>	<u>706,186</u>
 <b>Net funds</b>	 <u>117,659</u>	 <u>588,527</u>	 <u>706,186</u>

The notes on pages 9 to 12 form part of these financial statements.

**ELECTORAL REFORM INTERNATIONAL SERVICES LIMITED  
BY GUARANTEE  
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NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31ST DECEMBER 2002**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention.

**Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year.

**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:

Office Equipment                      -    50% IT equipment and 25% remainder

**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.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**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:

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Outside the United Kingdom	<u><b>799,217</b></u>	<u><b>374,706</b></u>

**3. OPERATING PROFIT**

Operating profit is stated after charging/(crediting):

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Depreciation	<b>8,026</b>	<b>1,835</b>
Auditors' remuneration		
- as auditors	<b>2,000</b>	<b>1,786</b>
- for other services	<b>2,950</b>	<b>2,336</b>
Net (profit)/loss on foreign currency translation	<u><b>(13,374)</b></u>	<u><b>2,087</b></u>

**ELECTORAL REFORM INTERNATIONAL SERVICES LIMITED**  
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**4. PARTICULARS OF EMPLOYEES**

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

	<b>2002</b>	<b>2001</b>
	No	No
Number of management staff	<u>4</u>	<u>3</u>

The aggregate payroll costs of the above were:

	<b>2002</b>	<b>2001</b>
	£	£
Wages and salaries	128,636	61,334
Social security costs	11,028	4,988
Other pension costs	<u>6,434</u>	<u>2,696</u>
	<u>146,098</u>	<u>69,018</u>

**5. DIRECTORS' EMOLUMENTS**

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

	<b>2002</b>	<b>2001</b>
	£	£
Emoluments receivable	40,000	22,417
Value of company pension contributions to money purchase schemes	<u>2,590</u>	<u>1,454</u>
	<u>42,590</u>	<u>23,871</u>

The number of directors who are accruing benefits under company pension schemes was as follows:

	<b>2002</b>	<b>2001</b>
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

**(a) Analysis of charge in the year**

	<b>2002</b>	<b>2001</b>
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 24.59% (2001 - 20%)	20,391	7,304
Over/under provision in prior year	<u>(15)</u>	<u>-</u>
Total current tax	<u>20,376</u>	<u>7,304</u>

**ELECTORAL REFORM INTERNATIONAL SERVICES LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31ST DECEMBER 2002**

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES** *(continued)*

**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 24.59% (2001 - 20%).

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation	<u><b>81,330</b></u>	<u><b>35,642</b></u>
Profit on ordinary activities multiplied by rate of tax	<b>19,999</b>	7,128
Depreciation for period in excess of capital allowances	<b>392</b>	17
Expenses not deductible for tax purposes	—	159
Adjustments to tax charge in respect of previous periods	<u><b>(15)</b></u>	<u>—</u>
Total current tax (note 6(a))	<u><b>20,376</b></u>	<u><b>7,304</b></u>

**7. TANGIBLE FIXED ASSETS**

	<b>Office Equipment</b>
	<b>£</b>
<b>COST</b>	
At 1st January 2002	<b>5,316</b>
Additions	<u><b>13,805</b></u>
<b>At 31st December 2002</b>	<u><b>19,121</b></u>
<b>DEPRECIATION</b>	
At 1st January 2002	<b>1,835</b>
Charge for the year	<u><b>8,026</b></u>
<b>At 31st December 2002</b>	<u><b>9,861</b></u>
<b>NET BOOK VALUE</b>	
<b>At 31st December 2002</b>	<u><b>9,260</b></u>
At 31st December 2001	<u><b>3,481</b></u>

**8. DEBTORS**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>44,593</b>	94,441
Other debtors	<b>5,600</b>	—
Prepayments	—	586
	<u><b>50,193</b></u>	<u><b>95,027</b></u>

**ELECTORAL REFORM INTERNATIONAL SERVICES LIMITED  
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**9. CASH AT BANK AND IN HAND**

	2002	2001
	£	£
Bank deposit account	175,750	41,000
Euro bank account	550,320	50,219
Dollar bank account	16,303	41,805
Petty cash	747	265
	<u>743,120</u>	<u>133,289</u>

The Euro bank account holds deposits (see note 10 below) received to cover expenses for an ongoing project which will last until July 2004.

**10. CREDITORS: Amounts falling due within one year**

	2002	2001
	£	£
Bank loans and overdrafts	36,934	15,630
Amounts owed to group undertakings	159,584	154,489
Other creditors including taxation:		
Corporation tax	20,391	7,304
Project deposits held	<u>469,043</u>	—
	489,434	7,304
Sundry creditors and accruals	<u>27,329</u>	26,036
	<u>713,281</u>	<u>203,459</u>

**11. RELATED PARTY TRANSACTIONS**

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

**12. COMPANY LIMITED BY GUARANTEE**

The Electoral Reform Society (Limited by Guarantee), a company registered in England, is deemed to be Guarantor of this Company.