

COMPANY REGISTRATION NUMBER 4194448

**ELECTORAL REFORM INTERNATIONAL SERVICES
LIMITED**

COMPANY LIMITED BY GUARANTEE

FINANCIAL STATEMENTS

FOR

31ST DECEMBER 2005

A. I. COHEN & ASSOCIATES LIMITED

Chartered Accountants & Registered Auditors

61 Crowstone Road

Westcliff on Sea

Essex

SS9 8BG



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

FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2005

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ELECTORAL REFORM INTERNATIONAL SERVICES LIMITED COMPANY LIMITED BY GUARANTEE

THE DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 2005

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st December 2005.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of support to elections and the democratic process internationally.

The company's balance sheet shows a satisfactory position, members' funds amounting to £373,734.

RESULTS

The profit for the year, after taxation, amounted to £40,428.

DIRECTORS

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

Mr S.T. Osborn

Mr D. Harris

Mr D. Mathieson

Mr J. Turner

Mr T. Humphreys

Mr K. Best

Mr M. Stevens

Mr A. Cameron

Mrs J.F. Bradshaw (Retired 24th January 2005)

Rev D.M. Mason (Retired 24th January 2005)

Mr O. Thomas (Retired 24th January 2005)

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 9 to 10, 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.

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

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST DECEMBER 2005

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.

AUDITOR

A resolution to re-appoint A. I. Cohen & Associates Limited as auditor 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 9th May 2006

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ELECTORAL REFORM INTERNATIONAL SERVICES LIMITED**

YEAR ENDED 31ST DECEMBER 2005

We have audited the financial statements of Electoral Reform International Services Limited for the year ended 31st December 2005 on pages 5 to 14 which have been prepared on the basis of the accounting policies set out on pages 9 to 10.

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 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions 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.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ELECTORAL REFORM INTERNATIONAL SERVICES LIMITED *(continued)***

YEAR ENDED 31ST DECEMBER 2005

OPINION

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st December 2005 and of its profit for the year then ended; and the financial statements have been properly prepared in accordance with the Companies Act 1985.



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

9th June 2006.

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

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST DECEMBER 2005

	Note	2005 £	2004 £
TURNOVER	2	2,593,294	1,119,221
Cost of sales		<u>2,221,184</u>	<u>786,941</u>
GROSS PROFIT		372,110	332,280
Administrative expenses		<u>325,540</u>	<u>283,653</u>
OPERATING PROFIT	3	46,570	48,627
Interest receivable		3,441	2,416
Interest payable and similar charges	6	(80)	(211)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>49,931</u>	<u>50,832</u>
Tax on profit on ordinary activities	7	9,503	10,095
PROFIT FOR THE FINANCIAL YEAR		<u>40,428</u>	<u>40,737</u>
Balance brought forward		<u>333,306</u>	<u>292,569</u>
Balance carried forward		<u>373,734</u>	<u>333,306</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.

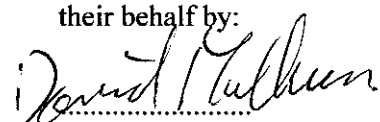
**ELECTORAL REFORM INTERNATIONAL SERVICES LIMITED
COMPANY LIMITED BY GUARANTEE**


BALANCE SHEET

31ST DECEMBER 2005

	Note	2005 £	£	2004 £	£
FIXED ASSETS					
Tangible assets	8		3,875		3,606
CURRENT ASSETS					
Debtors	9	278,956		360,762	
Cash at bank and in hand	10	503,574		337,065	
		<u>782,530</u>		<u>697,827</u>	
CREDITORS: Amounts falling due within one year	11	<u>412,671</u>		<u>368,127</u>	
NET CURRENT ASSETS			<u>369,859</u>		<u>329,700</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>373,734</u>		<u>333,306</u>
RESERVES	13				
Profit and loss account			<u>373,734</u>		<u>333,306</u>
MEMBERS' FUNDS			<u>373,734</u>		<u>333,306</u>

These financial statements were approved by the directors on the 9th May 2006 and are signed on their behalf by:


MR D. MATHIESON


MR T. HUMPHREYS

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

CASH FLOW STATEMENT

YEAR ENDED 31ST DECEMBER 2005

	2005		2004
	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	179,142		225,359
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received	3,441		2,416
Interest paid	<u>(80)</u>		<u>(211)</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	3,361		2,205
TAXATION	(10,070)		(9,621)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets	<u>(4,545)</u>		<u>(4,708)</u>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(4,545)		(4,708)
INCREASE IN CASH	<u>167,888</u>		<u>213,235</u>

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

	2005	2004
	£	£
Operating profit	46,570	48,627
Depreciation	4,276	6,364
Decrease/(increase) in debtors	81,806	(30,623)
Increase in creditors	<u>46,490</u>	<u>200,991</u>
Net cash inflow from operating activities	<u>179,142</u>	<u>225,359</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2005	2004
	£	£
Increase in cash in the period	<u>167,888</u>	<u>213,235</u>
Movement in net funds in the period	<u>167,888</u>	<u>213,235</u>
Net funds at 1 January 2005	<u>317,536</u>	<u>104,301</u>
Net funds at 31 December 2005	<u>485,424</u>	<u>317,536</u>

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

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31ST DECEMBER 2005

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2005 £	Cash flows £	At 31 Dec 2005 £
Net cash:			
Cash in hand and at bank	337,065	166,509	503,574
Overdrafts	<u>(19,529)</u>	<u>1,379</u>	<u>(18,150)</u>
Net funds	<u><u>317,536</u></u>	<u><u>167,888</u></u>	<u><u>485,424</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2005

1. ACCOUNTING POLICIES

Basis of accounting

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

Changes in accounting policies

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standards:

- FRS 21 'Events after the Balance Sheet date (IAS 10)';
- the presentation requirements of 'FRS 25 'Financial Instruments: Disclosure and Presentation (IAS 32)'; and
- UITF 40 'Revenue recognition and service contracts'.

Although these accounting policies have been adopted, due to the nature of the Company this has not resulted in any changes in disclosure to the accounts within this period.

Turnover

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

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Fixed assets

All fixed assets are initially recorded at cost.

ELECTORAL REFORM INTERNATIONAL SERVICES LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2005

1. ACCOUNTING POLICIES *(continued)*

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:

	2005 £	2004 £
Outside the United Kingdom	<u>2,593,294</u>	<u>1,119,221</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2005 £	2004 £
Depreciation of owned fixed assets	4,276	6,364
Auditor's remuneration		
- as auditor	1,700	2,200
- for other services	2,941	3,877
Net loss/(profit) on foreign currency translation	<u>3,747</u>	<u>(5,469)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2005

4. PARTICULARS OF EMPLOYEES

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

	2005	2004
	No	No
Number of management staff	<u>5</u>	<u>5</u>

The aggregate payroll costs of the above were:

	2005	2004
	£	£
Wages and salaries	191,688	202,064
Social security costs	16,213	17,267
Other pension costs	12,547	12,814
	<u>220,448</u>	<u>232,145</u>

5. DIRECTORS' EMOLUMENTS

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

	2005	2004
	£	£
Emoluments receivable	125,917	130,208
Value of company pension contributions to money purchase schemes	8,557	7,325
	<u>134,474</u>	<u>137,533</u>

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

	2005	2004
	No	No
Money purchase schemes	<u>3</u>	<u>3</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	£	£
Interest payable on bank borrowing	<u>80</u>	<u>211</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2005

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2005 £	2004 £
Current tax:		
UK Corporation tax based on the results for the year at 19% (2004 - 19%)	9,530	10,095
Over/under provision in prior year	(27)	-
Total current tax	<u>9,503</u>	<u>10,095</u>

(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 19% (2004 - 19%).

	2005 £	2004 £
Profit on ordinary activities before taxation	<u>49,931</u>	<u>50,832</u>
Profit on ordinary activities multiplied by rate of tax	9,487	9,658
Depreciation for period in excess of capital allowances	22	437
Expenses not deductible for tax purposes	21	-
Adjustments to tax charge in respect of previous periods	(27)	-
Total current tax (note 7(a))	<u>9,503</u>	<u>10,095</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2005

8. TANGIBLE FIXED ASSETS

	Office Equipment
	£
COST	
At 1st January 2005	24,672
Additions	<u>4,545</u>
At 31st December 2005	<u>29,217</u>
DEPRECIATION	
At 1st January 2005	21,066
Charge for the year	<u>4,276</u>
At 31st December 2005	<u>25,342</u>
NET BOOK VALUE	
At 31st December 2005	<u>3,875</u>
At 31st December 2004	<u><u>3,606</u></u>

9. DEBTORS

	2005	2004
	£	£
Trade debtors	131,688	360,339
Project debtors	130,190	—
Sundry debtors and prepayments	<u>17,078</u>	<u>423</u>
	<u>278,956</u>	<u>360,762</u>

10. CASH AT BANK AND IN HAND

	2005	2004
	£	£
Bank deposit account	51,228	234,505
Euro bank account	226,480	74,137
Dollar bank account	102,200	7,620
Ugandan bank account	154	3,568
Euro bank account re Liberia	122,504	—
Petty cash	<u>1,008</u>	<u>17,235</u>
	<u>503,574</u>	<u>337,065</u>

These bank accounts hold funds received to cover expenses for ongoing projects (see project deposits held note 11).

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2005

11. CREDITORS: Amounts falling due within one year

	2005		2004	
	£	£	£	£
Bank loans and overdrafts		18,150		19,529
Other creditors including taxation:				
Corporation tax	9,529		10,096	
Project deposits held	275,279		237,918	
		<u>284,808</u>		<u>248,014</u>
Sundry creditors and accruals		<u>109,713</u>		<u>100,584</u>
		<u>412,671</u>		<u>368,127</u>

12. RELATED PARTY TRANSACTIONS

Consultants fees amounting to £45,825 were paid to Opalview Computers Limited during the year. Mr D. Mathieson is a director and controlling shareholder of Opalview Computers Limited. At 31st December 2005 the company owed £10,105 to Opalview Computers Limited.

13. COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee without any share capital. The elected members of the Council of the parent company Electoral Reform Society (Limited by Guarantee) act as guarantors. In the event of the company being wound up, each member is liable to contribute for payment of debts and liabilities of the company such amount not exceeding £1.