

COMPANY REGISTRATION NUMBER 4194448

**ELECTORAL REFORM INTERNATIONAL SERVICES
LIMITED**

COMPANY LIMITED BY GUARANTEE

FINANCIAL STATEMENTS

FOR

31ST DECEMBER 2006

MONDAY



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COMPANIES HOUSE

A. I. COHEN & ASSOCIATES LIMITED

Chartered Accountants & Registered Auditors

61 Crowstone Road

Westcliff on Sea

Essex

SS0 8BG

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

FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2006

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ELECTORAL REFORM INTERNATIONAL SERVICES LIMITED COMPANY LIMITED BY GUARANTEE

THE DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 2006

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st December 2006

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 £320,133

Subsequent to the balance sheet date a contingent liability as described in the accounts (note 12) has been made aware to the board of directors, the estimated liability is not expected to effect the company's ability to trade in the future

RESULTS

The loss for the year amounted to £53,601 The directors have not recommended a dividend

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
Dame A Glover
Miss K Oliver
Mr O Thomas

(Appointed 25th July 2006)
(Appointed 25th July 2006)
(Appointed 25th July 2006)

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 law) 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 judgements and 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.

ELECTORAL REFORM INTERNATIONAL SERVICES LIMITED COMPANY LIMITED BY GUARANTEE

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST DECEMBER 2006

The directors are responsible for keeping proper 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 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.

In so far as the directors are aware

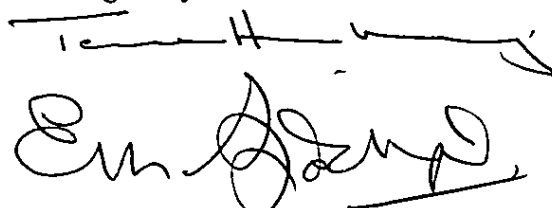
- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

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 23rd May 2007

**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 2006

We have audited the financial statements of Electoral Reform International Services Limited for the year ended 31st December 2006 on pages 5 to 13, which have been prepared on the basis of 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 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 2006

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 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



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

15 June 2007

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

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST DECEMBER 2006

	Note	2006 £	2005 £
TURNOVER	2	1,085,712	2,593,294
Cost of sales		<u>806,772</u>	<u>2,221,184</u>
GROSS PROFIT		278,940	372,110
Administrative expenses		<u>335,648</u>	<u>325,540</u>
OPERATING (LOSS)/PROFIT	3	(56,708)	46,570
Interest receivable		<u>2,449</u>	<u>3,441</u>
Interest payable and similar charges	6	<u>(18)</u>	<u>(80)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(54,277)	49,931
Tax on (loss)/profit on ordinary activities	7	<u>(676)</u>	<u>9,503</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(53,601)	40,428
Balance brought forward		<u>373,734</u>	<u>333,306</u>
Balance carried forward		<u>320,133</u>	<u>373,734</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**

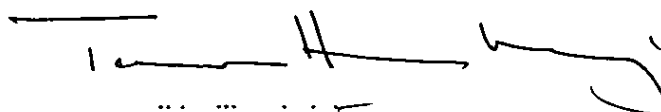
BALANCE SHEET

31ST DECEMBER 2006

	Note	2006 £	£	2005 £	£
FIXED ASSETS					
Tangible assets	8		5,520		3,875
CURRENT ASSETS					
Debtors	9	208,961		278,956	
Cash at bank and in hand	10	<u>564,894</u>		<u>503,574</u>	
		773,855		782,530	
CREDITORS: Amounts falling due within one year	11	<u>459,242</u>		<u>412,671</u>	
NET CURRENT ASSETS			<u>314,613</u>		<u>369,859</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>320,133</u>		<u>373,734</u>
RESERVES	14				
Profit and loss account			<u>320,133</u>		<u>373,734</u>
MEMBERS' FUNDS			<u>320,133</u>		<u>373,734</u>

These financial statements were approved by the directors on the .. 23rd May 2007 ..
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 2006

	2006		2005
	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		90,414	179,142
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received	2,449		3,441
Interest paid	<u>(18)</u>		<u>(80)</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		2,431	3,361
TAXATION		(8,853)	(10,070)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets	<u>(5,322)</u>		<u>(4,545)</u>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(5,322)	(4,545)
INCREASE IN CASH		<u>78,670</u>	<u>167,888</u>

**RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW
FROM OPERATING ACTIVITIES**

	2006	2005
	£	£
Operating (loss)/profit	(56,708)	46,570
Depreciation	3,677	4,276
Decrease in debtors	69,995	81,806
Increase in creditors	<u>73,450</u>	<u>46,490</u>
Net cash inflow from operating activities	<u>90,414</u>	<u>179,142</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2006	2005
	£	£
Increase in cash in the period	<u>78,670</u>	<u>167,888</u>
Movement in net funds in the period	<u>78,670</u>	<u>167,888</u>
Net funds at 1 January 2006	<u>485,424</u>	<u>317,536</u>
Net funds at 31 December 2006	<u>564,094</u>	<u>485,424</u>

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

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31ST DECEMBER 2006

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2006 £	Cash flows £	At 31 Dec 2006 £
Net cash.			
Cash in hand and at bank	503,574	61,320	564,894
Overdrafts	(18,150)	17,350	(800)
Net funds	<u>485,424</u>	<u>78,670</u>	<u>564,094</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2006

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

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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2006

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company
An analysis of turnover is given below

	2006	2005
	£	£
Outside the United Kingdom	<u>1,085,712</u>	<u>2,593,294</u>

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging:

	2006	2005
	£	£
Depreciation of owned fixed assets	3,677	4,276
Auditor's remuneration		
- as auditor	1,700	1,700
- for other services	2,941	2,941
Net loss on foreign currency translation	<u>600</u>	<u>3,747</u>

4. PARTICULARS OF EMPLOYEES

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

	2006	2005
	No	No
Number of management staff	<u>5</u>	<u>5</u>

The aggregate payroll costs of the above were

	2006	2005
	£	£
Wages and salaries	203,699	191,688
Social security costs	17,273	16,213
Other pension costs	12,220	12,547
	<u>233,192</u>	<u>220,448</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2006

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were

	2006	2005
	£	£
Emoluments receivable	135,750	125,917
Value of company pension contributions to money purchase schemes	8,557	8,557
	<u>144,307</u>	<u>134,474</u>

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

	2006	2005
	No	No
Money purchase schemes	<u>3</u>	<u>3</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2006	2005
	£	£
Interest payable on bank borrowing	<u>18</u>	<u>80</u>

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2006	2005
	£	£
Current tax:		
UK Corporation tax based on the results for the year at -% (2005 - 19%)	-	9,530
Over provision in prior year	(676)	(27)
Total current tax	<u>(676)</u>	<u>9,503</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2006

7. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

	2006 £	2005 £
(Loss)/profit on ordinary activities before taxation	<u>(54,277)</u>	<u>49,931</u>
Profit on ordinary activities multiplied by rate of tax	-	9,487
Depreciation for period in excess of capital allowances	-	22
Expenses not deductible for tax purposes	-	21
Adjustments to tax charge in respect of previous periods	<u>(676)</u>	<u>(27)</u>
Total current tax (note 7(a))	<u>(676)</u>	<u>9,503</u>

8. TANGIBLE FIXED ASSETS

	Office Equipment £
COST	
At 1st January 2006	29,217
Additions	<u>5,322</u>
At 31st December 2006	<u>34,539</u>
DEPRECIATION	
At 1st January 2006	25,342
Charge for the year	<u>3,677</u>
At 31st December 2006	<u>29,019</u>
NET BOOK VALUE	
At 31st December 2006	<u>5,520</u>
At 31st December 2005	<u>3,875</u>

9. DEBTORS

	2006 £	2005 £
Trade debtors	160,535	131,688
Project debtors	39,119	130,190
Sundry debtors and prepayments	<u>9,307</u>	<u>17,078</u>
	<u>208,961</u>	<u>278,956</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2006

10. CASH AT BANK AND IN HAND

	2006	2005
	£	£
Bank deposit account	66	51,228
Cash at bank	3,172	—
Euro bank account	557,520	226,480
Dollar bank account	2,235	102,200
Ugandan bank account	1,886	154
Euro bank account re Liberia	15	122,504
Petty cash	—	1,008
	<u>564,894</u>	<u>503,574</u>

The Euro and Deposit bank accounts hold monies received to cover expenses for an ongoing project which will last until September 2007

11. CREDITORS: Amounts falling due within one year

	2006		2005	
	£	£	£	£
Bank loans and overdrafts		800		18,150
Other creditors including taxation				
Corporation tax	—		9,529	
Project deposits held	<u>262,317</u>		<u>275,279</u>	
		262,317		284,808
Sundry creditors and accruals		<u>196,125</u>		<u>109,713</u>
		<u>459,242</u>		<u>412,671</u>

12. CONTINGENT LIABILITIES

On further investigation into the NEEDS 1 project carried out between August 2002 and April 2005 a refund is likely to be due to the contractor for approximately €50,000.

13. RELATED PARTY TRANSACTIONS

Consultants fees amounting to £38,070 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 2006 the company owed £15,510 to Opalview Computers Limited

14. 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.