Company Registration No. 00958404 (England and Wales)

ELECTORAL REFORM SOCIETY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

ELECTORAL REFORM SOCIETY LIMITED

COMPANY INFORMATION

Directors	J Cruickshank C Finlayson K Ritchie K Sharp J Walsh O Winter L French K Prince V Chamberlian R Kelly A Emery A Marcelli P Cole J Sousek A Copson
Secretary	K West
Company number	00958404
Registered office	3rd Floor Regus News Building London Bridge Street London SE1 9SG
Auditor	BHP LLP Rievaulx House 1 St Mary's Court Blossom Street York North Yorkshire YO24 1AH

ELECTORAL REFORM SOCIETY LIMITED

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ELECTORAL REFORM SOCIETY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Principal activities
The principal activity of the company during the year was the provision of advice on electoral systems and other related matters.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Cruickshank
C Finlayson
K Ritchie
K Sharp
J Walsh
O Winter
L French
K Prince
V Chamberlian
R Kelly
A Emery
A Marcelli
P Cole
J Sousek
A Copson

Auditor
BHP LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company’s auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company’s auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the board

K West
Secretary

7 September 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

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). Under company law 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 of the company and of the surplus or deficit 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 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ELECTORAL REFORM SOCIETY LIMITED

Opinion

We have audited the financial statements of Electoral Reform Society Limited (the 'company') for the year ended 31 December 2018 which comprise the income and expenditure account, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its surplus 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors
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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Jane Marshall (Senior Statutory Auditor)
for and on behalf of BHP LLP

26 September 2019

Chartered Accountants
Statutory Auditor

Rievaulx House
1 St Mary's Court
Blossom Street
York
North Yorkshire
YO24 1AH

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018	2017
		£	£
Income		130,374	113,218
Cost of sales		(944)	-
Gross surplus		129,430	113,218
Administrative expenses		(1,408,641)	(1,137,049)
Operating deficit		(1,279,211)	(1,023,831)
Interest receivable and similar income	3	2,292,977	1,195,865
Interest payable and similar expenses		(95)	(464)
Profit on sale of investments		43,268,825	-
Surplus before taxation		44,282,496	171,570
Tax on surplus		(2,545)	(132)
Surplus for the financial year		44,279,951	171,438

ELECTORAL REFORM SOCIETY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	**4**		1,848,563		1,469,080
Investments	**5**		-		33
			1,848,563		1,469,113
Current assets					
Stocks		548		-	
Debtors	**6**	97,294		63,185	
Cash at bank and in hand		44,782,571		767,059	
		44,880,413		830,244	
Creditors: amounts falling due within one year	**7**	(188,269)		(35,496)	
Net current assets			44,692,144		794,748
Total assets less current liabilities			46,540,707		2,263,861
Creditors: amounts falling due after more than one year	**8**		(21,004)		(24,109)
Net assets			46,519,703		2,239,752
Reserves					
Income and expenditure account			46,519,703		2,239,752

The financial statements were approved by the board of directors and authorised for issue on 7 September 2019 and are signed on its behalf by:

A Marcelli
Director

Company Registration No. 00958404

ELECTORAL REFORM SOCIETY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Income and expenditure account £
Balance at 1 January 2016	2,068,314
Year ended 31 December 2017:	
Profit and total comprehensive income for the year	171,438
Balance at 31 December 2017	2,239,752
Year ended 31 December 2018:	
Profit and total comprehensive income for the year	44,279,951
Balance at 31 December 2018	46,519,703

1 Accounting policies

Company information

Electoral Reform Society Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is 3rd Floor, Regus, News Building, London Bridge Street, London, SE1 9SG.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Income and expenditure

Turnover represents membership subscriptions which are accounted for on a receipts and payments basis and the dividends from the Electoral Reform Services Limited which is received on a quarterly basis.

Expenses include irrecoverable VAT.

1.3 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings freehold	Nil
Plant and machinery	33.33% to 50% straight line

No depreciation is provided on buildings as they are maintained in a state of good repair and accordingly the Directors consider that the lives of these assets are so long and the residual values, based on prices prevailing at the time of valuation, are so high that any depreciation charge would be insignificant.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to surplus or deficit.

1.4 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in surplus or deficit.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

1 Accounting policies **(Continued)**

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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 company after deducting all of its liabilities.

1 Accounting policies **(Continued)**

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Retirement benefits

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.

The company participates in a defined benefit pension scheme. The scheme operates as a pooled arrangement, with deficit contributions paid at a centrally agreed rate. As a consequence, no share of the underlying assets and liabilities can be directly attributed to the company. Under the terms of FRS102, in these circumstances contributions are accounted for as if this scheme was a defined contribution scheme based on actual contributions paid throughout the year. The present value of the company's deficit contribution is recognised as a liability. Deficit contribution payments are off set against the liability.

1.11 Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 17 (2017 - 16).

3 Interest receivable and similar income

	2018	2017
	£	£
Interest receivable and similar income includes the following:		
Income from shares in group undertakings	2,271,751	1,195,178
Interest on bank deposits	21,226	687
	2,292,977	1,195,865

4 Tangible fixed assets

	Land and buildings freehold	Plant and machinery	Total
	£	£	£
Cost			
At 1 January 2018	1,463,123	17,451	1,480,574
Additions	379,118	6,406	385,524
Disposals	-	(2,892)	(2,892)
At 31 December 2018	1,842,241	20,965	1,863,206
Depreciation and impairment			
At 1 January 2018	-	11,494	11,494
Depreciation charged in the year	-	6,041	6,041
Eliminated in respect of disposals	-	(2,892)	(2,892)
At 31 December 2018	-	14,643	14,643
Carrying amount			
At 31 December 2018	1,842,241	6,322	1,848,563
At 31 December 2017	1,463,123	5,957	1,469,080

5 Fixed asset investments

	2018	2017
	£	£
Investments	-	33

5 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings and participating interests
	£
Cost or valuation	
At 1 January 2018	33
Additions	37
Disposals	(70)
At 31 December 2018	-
Carrying amount	
At 31 December 2018	-
At 31 December 2017	33

The company's entire holding in Electoral Reform Services Limited was disposed of during the year

6 Debtors

	2018	2017
Amounts falling due within one year:	£	£
Other debtors	97,294	63,185

7 Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	33,316	10,715
Taxation and social security	3,819	866
Pension scheme deficit creditor	3,484	3,406
Accruals and deferred income	147,650	20,509
	188,269	35,496

8 Creditors: amounts falling due after more than one year

	2018	2017
	£	£
Pension scheme deficit creditor	21,004	24,109

9 Pensions

The company participates in the TPT Retirement Solutions - The Growth Plan scheme, a multi employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme.

Unless a concession has been agreed with the Trustee deficit contributions will be made until September 2025.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for the obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit, The net present value of the company's share of the deficit at 31 December 2018 is £24,488 (2017 £27,515).

The company also participates in a further TPT Retirement Solutions Pension Scheme, which is a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

10 Members' liability

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

11 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2018	2017
	£	£
Land and buildings	71,045	89,199
Other	17,983	24,523
	89,028	113,722

12 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2018	2017
	£	£
Acquisition of tangible fixed assets	1,844,209	-