

Company Registration No. 00958404 (England and Wales)

ELECTORAL REFORM SOCIETY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

ELECTORAL REFORM SOCIETY LIMITED

COMPANY INFORMATION

Directors	J Cruickshank J Walsh L French V Chamberlain R Kelly A Marcelli A Copson C Crawley K De Keyser C Graham D Green E Roberton
Secretary	K West
Company number	00958404
Registered office	15 Bluelion Place London England SE1 4PU
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 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

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

Investment activities

The investment portfolio is managed on a Total Return basis, which means an amount comprising either income or capital growth, most likely a blend of both, is withdrawn from the portfolio on a regular basis. This means that the withdrawal amount can be more (or less) than the natural level of income generation.

In the case of ERS the agreed annual withdrawal is £1,300,000 per annum consisting of both income and capital. Income over the year amounted to £820,075 making up the bulk of the drawdown with the balance of £479,925 from cash as a result of disposals from within the investment portfolio. Note that disposals of £10,239,167 were higher than the additions of £9,578,150 – the difference remaining as cash to cover past and future drawdowns.

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
J Walsh
L French
V Chamberlain
R Kelly
A Marcelli
A Copson
C Crawley
K De Keyser
C Graham
D Green
E Roberton

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.

Small companies exemption

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

ELECTORAL REFORM SOCIETY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

By order of the board

.....
K West
Secretary

Date:

ELECTORAL REFORM SOCIETY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

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.

ELECTORAL REFORM SOCIETY LIMITED

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 2020 which comprise the income and expenditure account, the balance sheet, the statement of changes in equity and notes to the financial statements, including 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 2020 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

ELECTORAL REFORM SOCIETY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ELECTORAL REFORM SOCIETY LIMITED

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 3, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with management and directors, and from our knowledge and experience of this company;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, data protection and employment law;

ELECTORAL REFORM SOCIETY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ELECTORAL REFORM SOCIETY LIMITED

- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and directors;
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by;

- making enquiries of management and directors as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risks of fraud through management override controls, we:

- performed analytical procedures to identify any unusual or unexpected variances;
- tested journal entries to identify unusual transactions;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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

.....

Chartered Accountants

Statutory Auditor

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

ELECTORAL REFORM SOCIETY LIMITED

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
	Notes	£	as restated £
Income		147,964	140,434
Cost of sales		(770)	(1,962)
Gross surplus		<u>147,194</u>	<u>138,472</u>
Administrative expenses		(1,531,874)	(1,485,173)
Other operating income		167,647	-
Operating deficit		<u>(1,217,033)</u>	<u>(1,346,701)</u>
Interest receivable and similar income	4	820,976	764,396
Interest payable and similar expenses		(486)	725
Deficit before gains on investments		<u>(396,543)</u>	<u>(581,580)</u>
Gains on investments	5	1,340,134	2,785,348
Surplus before taxation		<u>943,591</u>	<u>2,203,768</u>
Tax on surplus	12	(259,895)	(464,307)
Surplus for the financial year		<u><u>683,696</u></u>	<u><u>1,739,461</u></u>

ELECTORAL REFORM SOCIETY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

		2020		2019 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	6		4,070,773		3,538,123
Investments	7		44,821,688		44,085,887
			<u>48,892,461</u>		<u>47,624,010</u>
Current assets					
Debtors	8	46,531		184,065	
Cash at bank and in hand		935,505		1,043,764	
		<u>982,036</u>		<u>1,227,829</u>	
Creditors: amounts falling due within one year	9	(186,607)		(121,547)	
Net current assets			<u>795,429</u>		<u>1,106,282</u>
Total assets less current liabilities			<u>49,687,890</u>		<u>48,730,292</u>
Creditors: amounts falling due after more than one year	10		(30,135)		(16,128)
Provisions for liabilities	11		(714,895)		(455,000)
Net assets			<u>48,942,860</u>		<u>48,259,164</u>
Reserves					
Revaluation reserve			4,742,273		2,246,864
Income and expenditure account			44,200,587		46,012,300
Members' funds			<u>48,942,860</u>		<u>48,259,164</u>

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

.....

A Copson
Director

Company Registration No. 00958404

ELECTORAL REFORM SOCIETY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Revaluation Income and reserve expenditure		Total
	£	£	£
As restated for the period ended 31 December 2019:			
Balance at 1 January 2019	-	46,519,703	46,519,703
Year ended 31 December 2019:			
Profit and total comprehensive income for the year	-	1,739,461	1,739,461
Transfers	2,246,864	(2,246,864)	-
Balance at 31 December 2019 - as restated	<u>2,246,864</u>	<u>46,012,300</u>	<u>48,259,164</u>
Year ended 31 December 2020:			
Profit and total comprehensive income for the year	-	683,696	683,696
Transfers	2,495,409	(2,495,409)	-
Balance at 31 December 2020	<u><u>4,742,273</u></u>	<u><u>44,200,587</u></u>	<u><u>48,942,860</u></u>

ELECTORAL REFORM SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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 15 Bluelion Place, London, England, SE1 4PU.

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 Prior period presentational restatement

In preparing the financial statements for the year ended 31 December 2020, it was identified that unrealised gains of £2,701,864 in relation to listed investments should have been presented within the income and expenditure account, rather than as other income in the statement of changes in equity. The presentation of these gains has been amended within the comparatives of the 2020 financial statements. There is no impact on the balance sheet or total funds as a result of this.

In addition the deferred tax liability arising of £455,000, on the revaluation of the investments, should have been netted off against the revaluation reserve rather than the income and expenditure account. The comparatives in the 2020 balance sheet have been amended to reflect this. The adjustment has no impact on total funds.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 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.

ELECTORAL REFORM SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

1.5 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 & 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.

1.6 Fixed asset investments

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

1.7 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.

1.8 Cash and cash equivalents

Cash and cash equivalents 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.

1.9 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.

ELECTORAL REFORM SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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.

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.

1.10 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.

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 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.

ELECTORAL REFORM SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.12 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.

1.13 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Grants received in relation to the government Coronavirus Job Retention Scheme (Furlough) have been recognised within other operating income. The grant is accounted for on the accruals basis once the related payroll return has been submitted.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

ELECTORAL REFORM SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Deferred tax

The provision for deferred tax represents the directors' best estimate of the future cost to the company due in relation to future gains on sale of investments. The estimate takes into account the current level of unrealised gains on investments at the substantially enacted corporation tax rate at the reporting date. In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. At the Balance Sheet date, the proposal to increase the rate to 25% had not been substantively enacted, substantive enactment occurred on 24 May 2021, therefore its effects are not included in these financial statements.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Total	18	17

4 Interest receivable and similar income

	2020 £	2019 £
Interest receivable and similar income includes the following:		
Income from other fixed asset investments	820,075	702,380
Interest on bank deposits	901	62,016
	<u>820,976</u>	<u>764,396</u>

5 Gains on investments

	2020 £	2019 £
Fair value gains/(losses)		
Change in value of financial assets held at fair value through profit or loss	3,084,471	2,701,864
Other gains/(losses)		
(Loss)/gain on disposal of financial assets held at cost	(1,744,337)	83,484
	<u>1,340,134</u>	<u>2,785,348</u>

ELECTORAL REFORM SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

6 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 January 2020	3,529,802	29,529	3,559,331
Additions	522,912	22,249	545,161
At 31 December 2020	4,052,714	51,778	4,104,492
Depreciation and impairment			
At 1 January 2020	-	21,208	21,208
Depreciation charged in the year	-	12,511	12,511
At 31 December 2020	-	33,719	33,719
Carrying amount			
At 31 December 2020	4,052,714	18,059	4,070,773
At 31 December 2019	3,529,802	8,321	3,538,123

7 Fixed asset investments

	2020	2019
	£	£
Investments	43,628,667	42,949,550
Cash held in investment portfolio	1,193,021	1,136,337
	44,821,688	44,085,887

Fixed asset investments revalued

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in the profit and loss for the period.

The historic cost of listed investments is £38,171,499 (2019: £40,247,686).

ELECTORAL REFORM SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

7 Fixed asset investments (Continued)

Movements in fixed asset investments

	Investments other than loans £	Cash held in investment portfolio £	Total £
Cost or valuation			
At 1 January 2020	42,949,550	1,136,337	44,085,887
Additions	9,578,150	56,684	9,634,834
Valuation changes	1,340,134	-	1,340,134
Disposals	(10,239,167)	-	(10,239,167)
	<u>43,628,667</u>	<u>1,193,021</u>	<u>44,821,688</u>
Carrying amount			
At 31 December 2020	<u>43,628,667</u>	<u>1,193,021</u>	<u>44,821,688</u>
At 31 December 2019	<u>42,949,550</u>	<u>1,136,337</u>	<u>44,085,887</u>

8 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Corporation tax recoverable	6,463	-
Other debtors	23,800	164,697
Prepayments and accrued income	16,268	19,368
	<u>46,531</u>	<u>184,065</u>

9 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	7,873	56,278
Taxation and social security	-	9,310
Other creditors	61,478	52,233
Holiday pay accruals	53,419	-
Accrual for final retention payment for Blue Lion Place	60,000	-
Pension scheme deficit creditor	3,837	3,726
	<u>186,607</u>	<u>121,547</u>

ELECTORAL REFORM SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

10 Creditors: amounts falling due after more than one year

	2020 £	2019 £
Other creditors	17,413	-
Pension scheme deficit creditor	12,722	16,128
	<u>30,135</u>	<u>16,128</u>

11 Provisions for liabilities

	2020 £	2019 £
Deferred tax liabilities	714,895	455,000
	<u>714,895</u>	<u>455,000</u>

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ELECTORAL REFORM SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Tax losses	(298,771)	-
Potential future liability on revalued investments	1,013,666	455,000
	<u>714,895</u>	<u>455,000</u>
		2020 £
Movements in the year:		
Liability at 1 January 2020		455,000
Charge to profit or loss		206,433
Effect of change in tax rate - profit or loss		53,462
		<u>714,895</u>
Liability at 31 December 2020		<u>714,895</u>

The deferred tax liability set out above relates to deferred tax on unrealised gains on investments which may crystallise on a future sale.

ELECTORAL REFORM SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

13 Pensions

The company participates in the TPT Retirement Solutions - The Growth Plan scheme, a multi employer scheme which provides benefits to some 950 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 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. 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 31 January 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 2020 is £16,559 (2019: £19,854).

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.

14 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.

15 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:

2020	2019
£	£
8,325	14,504
<u>8,325</u>	<u>14,504</u>

ELECTORAL REFORM SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

16 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2020	2019
	£	£
Acquisition of tangible fixed assets	-	1,220,872
	<u> </u>	<u> </u>

17 Related party transactions

During the previous year the company paid £2,000 to a director for the reimbursement of significant annual leave taken from paid employment relating to the 2018 sale process of the Society's shares in Electoral Reform Services Limited.