

**AUTOMATIC DATA PROCESSING
LIMITED**

Report and Financial Statements

30 June 2001



**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**

REPORT AND FINANCIAL STATEMENTS 2001

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REPORT AND FINANCIAL STATEMENTS 2001

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A J Brennan
J A Iturrioz
J Benson (USA)
R Haviland (USA)

SECRETARY

Clifford Chance Secretaries
200 Aldersgate Street
London EC1A 4JJ

REGISTERED OFFICE

ADP House
2 Pine Trees
Chertsey Lane
Staines
Middlesex TW18 3DS

BANKERS

Barclays Bank PLC
Corporate Banking Centre
PO Box 385
Onslow Hall
The Little Green
Richmond-upon-Thames
Surrey TW9 1WB

The Royal Bank of Scotland plc
Drummond's Branch
49 Charing Cross
Admiralty Arch
London SW1A 2DX

SOLICITORS

Clifford Chance
200 Aldersgate Street
London EC1A 4JJ

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2001.

RESULTS AND DIVIDENDS

The results for the year ended 30 June 2001 are as follows:

	2001 £'000	2000 £'000
Profit before taxation	5,464	3,514
Profit after taxation	3,909	3,203

The directors propose a final dividend for the year of £ nil (2000 - £ nil).

REVIEW OF THE BUSINESS

The company's principal activity is the provision of computing services.

Turnover for the year was £30,243,000 (2000 - £26,491,000). Turnover increased by 14% on the previous year (2000 - 8%).

The directors believe that the revenue from their payroll services and clearing businesses will continue to increase during the coming year and that the business is soundly based for future profitable growth.

Automatic Data Processing Limited's ultimate parent company, Automatic Data Processing Inc. ("ADP Inc."), which is incorporated in the United States of America, is one of the largest computer services companies in the world. ADP Inc. is the largest payroll services provider in the world with over 455,000 clients and processes payroll and related services for over 30 million wage earners.

RESEARCH AND DEVELOPMENT

The company continues to invest in developing products and services for the evolving needs of the payroll market.

FUTURE PROSPECTS

The directors consider that 2001/02 will be a year of promising trading conditions and of making substantial investments in new services.

DIRECTORS

The existing membership of the Board is set out on page 1. All directors served throughout the year.

The directors have no beneficial interests in the share capital of the company or any other company within the UK group.

POLITICAL AND CHARITABLE DONATIONS

During the period the company made no political donations, but charitable donations of £321 (2000 - £nil) were made.

EURO

The directors have reviewed the impact of the Euro on the business and have discussed the issue with vendors and clients. The introduction of the Euro is not expected to have a major impact on the company's activities in the immediate future and the costs associated with the consideration of the Euro are not expected to be material.

EMPLOYEE INVOLVEMENT

Information on business developments and operational matters is disseminated to staff through monthly briefing sessions, occasional staff events, presentations and additional written briefing as matters arise.

DISABLED EMPLOYEES

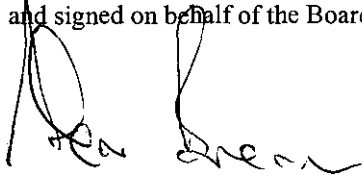
It is the company's policy to encourage the employment, training and career development of disabled persons. If employees become disabled, every effort is made for them to continue in employment or receive appropriate training. In order to safeguard its employees, the company pursues a policy designed to provide secure working environments and training standards.

DIRECTORS' REPORT continued

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'A J Brennan', written over a horizontal line.

A J Brennan
Director

17 June

2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year and of the profit or loss of the company for that period. In preparing those 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;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUTOMATIC DATA PROCESSING LIMITED

We have audited the financial statements of Automatic Data Processing Ltd for the year ended 30 June 2001 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and Registered Auditors

17 June 2002

PROFIT AND LOSS ACCOUNT

Year ended 30 June 2001

	Note	2001 £'000	2000 £'000
TURNOVER	2	30,243	26,491
Cost of sales		(19,263)	(17,109)
Gross profit		10,980	9,382
Distribution costs		(1,322)	(1,155)
Administrative expenses		(4,835)	(5,272)
OPERATING PROFIT	4	4,823	2,955
Interest receivable		663	559
Interest payable		(22)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,464	3,514
Tax charge on profit on ordinary activities	5	(1,555)	(311)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT FOR THE FINANCIAL YEAR		3,909	3,203
Profit and loss account brought forward		11,816	8,613
Profit and loss account carried forward		15,725	11,816

All activities derive from continuing operations. There are no movements in shareholders' funds or recognised gains and losses for the current financial year and preceding financial year other than as stated in the profit and loss account.

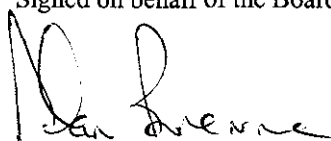
BALANCE SHEET

30 June 2001

	Note	2001 £'000	2000 £'000
FIXED ASSETS			
Intangible assets	6	498	569
Tangible assets	7	1,928	2,111
Investments	8	50	50
		<u>2,476</u>	<u>2,730</u>
CURRENT ASSETS			
Stocks	9	177	95
Debtors	10	9,407	6,371
Cash		13,297	10,721
		<u>22,881</u>	<u>17,187</u>
CREDITORS: amounts falling due within one year	11	<u>(9,132)</u>	<u>(7,601)</u>
NET CURRENT ASSETS		<u>13,749</u>	<u>9,586</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>16,225</u>	<u>12,316</u>
CAPITAL AND RESERVES			
Called up share capital	13	500	500
Profit and loss account		15,725	11,816
EQUITY SHAREHOLDERS' FUNDS		<u>16,225</u>	<u>12,316</u>

These financial statements were approved by the Board of Directors on 17 June
Signed on behalf of the Board of Directors

2002



A J Brennan
Director

NOTES TO THE ACCOUNTS**Year ended 30 June 2001****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Intangible fixed assets

Goodwill arising on the acquisition of a business is capitalised and amortised over a period of ten years.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The periods generally applicable are:

Land and buildings	80 years
Computer installation	2 – 3 years
Fixtures and fittings	1 – 7 years

Investments

Investments held as fixed assets are stated at cost less provision for impairment.

Stocks

Stocks of paper and computer consumables are valued at the lower of cost and net realisable value. Cost represents the invoiced cost of purchase.

Research and development

Internal research and development is charged to the profit and loss account as incurred.

Repairs and renewals

Expenditure on repairs and renewals is charged to the profit and loss account as incurred.

Deferred taxation

Deferred taxation is provided on timing differences arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise.

Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions.

All differences are taken to the profit and loss account.

Leases

Rental charges under operating leases are charged to profit and loss as incurred over the periods of the leases.

Pensions

The company operates a money purchase scheme for qualifying employees. Pension costs for this scheme are charged to the profit and loss account in the period in which they arise.

The company has previously operated a defined benefit scheme but, as explained in note 15, at the end of December 1991 the company decided to wind down this scheme.

NOTES TO THE ACCOUNTS

Year ended 30 June 2001

2. TURNOVER

Turnover comprises amounts invoiced, excluding VAT, to third parties in the United Kingdom in respect of computing and payroll services. In the opinion of the directors, turnover derives from two classes of business, payroll services and clearing businesses, as follows.

	2001 £'000	2000 £'000
Payroll services	20,592	17,033
Clearing	9,651	9,458
	<u>30,243</u>	<u>26,491</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2001 £'000	2000 £'000
Directors' emoluments		
Salaries	239	182
Pension contributions	23	87
	<u>262</u>	<u>269</u>

The directors' emoluments disclosed above include those of the highest paid director of £124,000 (2000 - £134,000) of which £23,000 relates to pension contributions (1999 - £76,000.)

One director is a member of a defined contribution pension scheme (2000 - one).

	No.	No.
Average number of persons employed (including UK directors)		
Systems program	25	26
Production	294	257
Customer support	142	107
Administration	36	33
Sales/marketing	45	75
	<u>542</u>	<u>498</u>
	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	11,221	11,054
Social security costs	1,202	1,059
Other pension costs	678	612
	<u>13,101</u>	<u>12,725</u>

NOTES TO THE ACCOUNTS
Year ended 30 June 2001

4. OPERATING PROFIT

	2001 £'000	2000 £'000
Operating profit is after charging/(crediting):		
Rentals under operating leases		
Vehicle contract hire	465	513
Other operating leases	647	623
Depreciation (note 7)	688	911
Amortisation (note 6)	71	71
Profit on disposal of fixed assets	(34)	(17)
Auditors' remuneration – audit fee	24	40
	<u> </u>	<u> </u>

5. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2001 £'000	2000 £'000
UK Corporation tax at 30% (2000 – 30%)	1,555	311
	<u> </u>	<u> </u>

6. INTANGIBLE FIXED ASSETS

	Goodwill £'000
Cost	
At 1 July 2000 and at 30 June 2001	711
Amortisation	
At 1 July 2000	142
Charge for the year	71
	<u> </u>
At 30 June 2001	213
Net book value	
At 30 June 2001	498
	<u> </u>
At 30 June 2000	569
	<u> </u>

NOTES TO THE ACCOUNTS

Year ended 30 June 2001

6. INTANGIBLE FIXED ASSETS (continued)

Goodwill derives from the purchase of the business of GSI Travel & Transportation (UK) Limited on 30 June 1998.

7. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Computer installation £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 July 2000	2,100	3,768	1,562	7,430
Additions	-	480	55	535
Disposals	-	(1,527)	(45)	(1,572)
At 30 June 2001	2,100	2,721	1,572	6,393
Depreciation				
At 1 July 2000	969	3,030	1,320	5,319
Charge for the year	27	518	143	688
Disposals	-	(1,497)	(45)	(1,542)
At 30 June 2001	996	2,051	1,418	4,465
Net book value				
At 30 June 2001	1,104	670	154	1,928
At 30 June 2000	1,131	738	242	2,111

Computer equipment and furniture costing £2,705,000 was fully depreciated at 30 June 2001 (2000 - £2,705,000).

8. FIXED ASSET INVESTMENTS

	Shares in subsidiary undertaking £'000
Cost and net book value at 30 June 2000 and at 30 June 2001	50

Name of Subsidiary	Country of incorporation	Holding	Proportion held	Nature of business
ADP Limited	Great Britain	Ordinary Shares	100%	Holding Company
Sub-subsidiaries				

ADP Limited owns the entire share capital of The Chessington Partnership Limited, a company incorporated in Great Britain (holding company). The Chessington Partnership Limited owns the entire share capital of Chessington Computer Services Limited, a company incorporated in Great Britain (payroll services supplier to the public sector.)

NOTES TO THE ACCOUNTS
Year ended 30 June 2001

9. STOCKS

	2001 £'000	2000 £'000
Paper and computer consumables	177	95

10. DEBTORS

	2001 £'000	2000 £'000
Trade debtors	4,573	4,192
Amounts owed by parent and fellow subsidiary undertakings	3,248	712
Amounts due from subsidiary undertakings	570	344
Other debtors	47	70
Prepayments	969	1,053
	9,407	6,371

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £'000	2000 £'000
Trade creditors	680	992
Amounts owed to parent and fellow subsidiary undertakings	3,568	3,701
Amounts due to subsidiary undertakings	37	101
Corporation tax	1,693	705
Other taxes and social security	771	768
Other creditors	13	1,318
Accruals and deferred income	2,370	16
	9,132	7,601

12. DEFERRED TAXATION

The amount of deferred tax provided in the financial statements and the potential amounts not provided are:

	Provided		Unprovided	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Capital allowance in excess of depreciation	-	-	(506)	(599)
Other	-	-	(140)	(34)
	-	-	(646)	(633)

13. CALLED UP SHARE CAPITAL

	2001 £'000	2000 £'000
Authorised, called up, allotted and fully paid: 500,000 ordinary shares of £1 each	500	500

NOTES TO THE ACCOUNTS

Year ended 30 June 2001

14. OPERATING LEASE COMMITMENTS

At 30 June 2001 the company was committed to making the following payments during the next year in respect of operating leases:

	2001		2000	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Leases which expire:				
Within one year	79	106	118	53
Within two to five years	382	93	308	407
After five years	635	-	295	-
	<u>1,096</u>	<u>199</u>	<u>721</u>	<u>460</u>

15. PENSION SCHEME

At the end of December 1991 the company decided to wind down its defined benefit scheme and all employees have now been transferred to a defined contribution scheme. The assets of the scheme are held in separate trustee administered funds. The company currently operates a money purchase defined contribution scheme.

The pension cost for the current year totalled £678,000 (2000 - £612,000.) As at the balance sheet date there were outstanding pension contributions totalling £220,000 (2000 - £75,000.)

16. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption granted under paragraph 3(c) of FRS8, 'Related Party Disclosures', not to disclose transactions with other group entities.

17. ULTIMATE PARENT COMPANY AND PARENT COMPANY

The ultimate parent company and controlling party is Automatic Data Processing Inc. which is incorporated in the United States of America. The immediate parent company is ADP Network Services Limited, a company incorporated in Great Britain. Copies of the group financial statements of Automatic Data Processing Inc. may be obtained from One ADP Boulevard, Roseland, New Jersey, USA. The company is exempt from the obligation to prepare and deliver group accounts. Copies of the group financial statements of ADP Network Services Limited may be obtained from the Registrar of Companies, Crown Way, Maindy, Cardiff, CF14 3UZ.