

Company Registration No. 949665

Automatic Data Processing Limited

Report and Financial Statements

30 June 2003



Automatic Data Processing Limited

Report and financial statements 2003

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Automatic Data Processing Limited

Report and financial statements 2003

Officers and professional advisers

Directors

A J Brennan
J A Iturrioz (USA) (Resigned 10 March 2003)
J Benson (USA) (Resigned 30 June 2001)
R Haviland (USA) (Appointed 10 March 2003)
P Lesueur

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
London Corporate Banking Centre
PO Box 544
First floor
54 Lombard Street
London
EC3V 9EX

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 LLP
Chartered Accountants
London

Automatic Data Processing Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2003.

Results and dividends

The results for the year ended 30 June 2003 are as follows:

	2003	2002
	£'000	£'000
Profit before taxation	3,828	4,527
Profit after taxation	3,828	3,533

The directors propose a final dividend for the year of £nil (2002 - £nil).

Principal activities

The company's principal activities are the provision of computerised transaction processing, data communications and information services.

Review of the business

Turnover for the year was £ 31,852,319 (2002 - £32,448,953). Turnover decreased by 2% on the previous year (2002 - 7% increase).

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 460,000 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

With substantial investment continuing to be made in new services, the directors consider that Automatic Data Processing Limited is in a position to secure stronger future sales growth.

Directors

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

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 £2,216 (2002 - £1,600) were made.

Automatic Data Processing Limited

Directors' report (continued)

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.

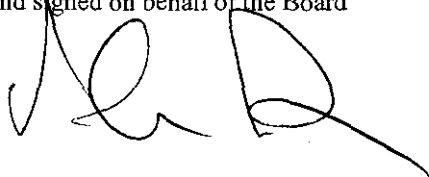
Disabled employees

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.

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will 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 be 'A J Brennan', written over a horizontal line.

A J Brennan
Director

25th January 2005

Automatic Data Processing Limited

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, 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 Limited for the year ended 30 June 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

25.1. 2005

Automatic Data Processing Limited

Profit and loss account Year ended 30 June 2003

	Note	2003 £'000	2002 £'000
Turnover	2	31,852	32,449
Cost of sales		(14,320)	(14,194)
Gross profit		17,532	18,255
Distribution costs		(1,468)	(1,407)
Administrative expenses		(13,065)	(13,051)
Operating profit	4	2,999	3,747
Interest receivable and similar income		829	730
Profit on ordinary activities before taxation		3,828	4,527
Tax charge on profit on ordinary activities	5	-	(994)
Profit on ordinary activities after taxation		3,828	3,533
Profit and loss account brought forward		19,258	15,725
Profit and loss account carried forward		23,086	19,258

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. Accordingly no statement of total recognised gains and losses has been prepared.

Automatic Data Processing Limited

Balance sheet 30 June 2003

	Note	2003 £'000	2002 £'000
Fixed assets			
Intangible assets	6	355	427
Tangible assets	7	2,065	1,879
Investments	8	50	50
		<u>2,470</u>	<u>2,356</u>
Current assets			
Stocks	9	80	47
Debtors	10	6,803	7,629
Cash at bank and in hand		27,540	20,638
		<u>34,423</u>	<u>28,314</u>
Creditors: amounts falling due Within one year	11	<u>(13,307)</u>	<u>(10,912)</u>
Net current assets		<u>21,116</u>	<u>17,402</u>
Total assets less current liabilities		<u>23,586</u>	<u>19,758</u>
Capital and reserves			
Called up share capital	13	500	500
Profit and loss account		23,086	19,258
Equity shareholders' funds		<u>23,586</u>	<u>19,758</u>

These financial statements were approved by the Board of Directors on 25th January 2005.

Signed on behalf of the Board of Directors



A J Brennan
Director

Automatic Data Processing Limited

Notes to the accounts Year ended 30 June 2003

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and law.

Intangible fixed assets

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is ten years. Provision is made for any impairment.

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 tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

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.

Automatic Data Processing Limited

Notes to the accounts

Year ended 30 June 2003

1. Accounting policies (continued)

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 16, at the end of December 1991 the company decided to wind down this scheme.

Consolidation

Consolidated accounts have not been prepared as the company is a wholly owned subsidiary of ADP Network Services Limited, which prepares group accounts (see note 18).

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard No. 1 to prepare a cash flow statement as it is a wholly owned subsidiary of Automatic Data Processing Inc. and its cash flows are included within the financial statements of that company which are publicly available.

2. Segmental information

In the opinion of the directors, turnover derives from two classes of business, payroll services and clearing businesses. Analysis of class of business by turnover, profit before tax and net assets are as stated below:

	Turnover		Profit before tax		Net assets	
	2003	2002	2003	2002	2003	2002
	£'000	£'000	£'000	£'000	£'000	£'000
Payroll services	22,264	21,904	1,523	1,942	14,108	12,741
Clearing	9,588	10,545	2,305	2,585	9,478	7,017
	<u>31,852</u>	<u>32,449</u>	<u>3,828</u>	<u>4,527</u>	<u>23,586</u>	<u>19,758</u>

Geographical Market

The payroll and clearing businesses derive their entire turnover from the United Kingdom.

3. Information regarding directors and employees

	2003	2002
	£'000	£'000
Directors' emoluments		
Salaries	164	152
Pension contributions	23	22
	<u>187</u>	<u>174</u>

The directors' emoluments disclosed above include those of the highest paid director of £164,199 (2002 - £152,458) of which £22,677 relates to pension contributions (2002 - £22,147).

One director is a member of a defined contribution pension scheme (2002 - one).

Automatic Data Processing Limited

Notes to the accounts

Year ended 30 June 2003

3. Information regarding directors and employees (continued)

	2003 £'000 No.	2002 £'000 No.
Average number of persons employed (including UK directors)		
Systems program	30	31
Production / Operations	303	287
Customer support	165	161
Administration	41	45
Sales/marketing	63	58
	<u>602</u>	<u>582</u>
	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	13,671	12,967
Social security costs	1,516	1,349
Other pension costs	773	600
	<u>15,960</u>	<u>14,916</u>

4. Operating profit

	2003 £'000	2002 £'000
Operating profit is after charging:		
Rentals under operating leases		
Plant and machinery	185	316
Other operating leases	974	598
Depreciation (note 7)	443	443
Amortisation (note 6)	72	71
Loss on disposal of fixed assets	2	82
Auditors' remuneration – audit fee	27	26

5. Tax charge on profit on ordinary activities

	2003 £'000	2002 £'000
Current tax	-	(1,271)
Adjustments in respect of prior years	-	278
	-	(994)
Deferred tax	-	-
	-	(994)

Automatic Data Processing Limited

Notes to the accounts Year ended 30 June 2003

5. Tax charge on profit on ordinary activities (continued)

The standard rate of current tax for the year based on the main UK rate of corporation tax is 30% (2002: 30%). A reconciliation of the notional current tax charge based on the standard rate to the actual current tax charge is as follows:

	2003 £'000	2002 £'000
Profit on ordinary activities before tax	3,828	4,527
Tax at 30% thereon	(1,148)	(1,358)
Expenses not deductible for tax purposes	(204)	(330)
Capital allowances in excess of depreciation	(205)	30
Movement in short-term timing differences	-	(158)
Group relief received for nil consideration	1,557	545
Prior period adjustments	-	278
Current tax charge for the year	-	(994)

6. Intangible fixed assets

	Goodwill £'000
Cost	
At 1 July 2002 and at 30 June 2003	711
Amortisation	
At 1 July 2002	284
Charge for the year	72
At 30 June 2003	356
Net book value	
At 30 June 2003	355
At 30 June 2002	427

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

Automatic Data Processing Limited

Notes to the accounts Year ended 30 June 2003

7. Tangible fixed assets

	Land and buildings £'000	Computer installation £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 July 2002	2,100	3,315	2,281	7,696
Additions	112	422	96	630
Disposals	-	(215)	(406)	(621)
At 30 June 2003	2,212	3,522	1,971	7,705
Depreciation				
At 1 July 2002	1,023	2,797	1,997	5,817
Charge for the year	26	340	77	443
Disposals	-	(213)	(407)	(620)
At 30 June 2003	1,049	2,924	1,667	5,640
Net book value				
At 30 June 2003	1,163	598	304	2,065
At 30 June 2002	1,077	518	284	1,879

8. Fixed asset investments

	Shares in subsidiary undertaking £'000
Cost and net book value at 30 June 2002 and at 30 June 2003	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).

Automatic Data Processing Limited

Notes to the accounts Year ended 30 June 2003

9. Stocks

	2003 £'000	2002 £'000
Paper and computer consumables	80	47

10. Debtors

	2003 £'000	2002 £'000
Trade debtors	4,455	4,107
Amounts owed by parent and fellow subsidiary undertakings	-	59
Amounts due from subsidiary undertakings	540	2,248
Corporation tax debtor	624	159
Deferred tax	-	-
Other debtors	247	20
Prepayments	937	1,036
	<u>6,803</u>	<u>7,629</u>

11. Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Trade creditors	1,146	893
Amounts owed to parent and fellow subsidiary undertakings	2,123	3,541
Amounts due to subsidiary undertakings	1,487	308
Corporation tax	389	1,020
Other taxes and social security	1,059	964
Other creditors	-	549
Accruals and deferred income	7,103	3,637
	<u>13,307</u>	<u>10,912</u>

12. Deferred taxation

A deferred tax asset has not been recognised in respect of depreciation in excess of capital allowances (£681,153) and other short term timing differences (£243,074) as there is insufficient evidence that the asset will be recovered in the short term.

Automatic Data Processing Limited

Notes to the accounts Year ended 30 June 2003

13. Called up share capital

	2003 £'000	2002 £'000
Authorised, called up, allotted and fully paid: 500,000 ordinary shares of £1 each	500	500

14. Reconciliation of movements in shareholders' funds

	2003 £'000	2002 £'000
Profit for the year	3,828	3,533
Net addition in shareholders' funds	3,828	3,533
Opening equity shareholders' funds	19,758	16,225
Closing equity shareholders' funds	23,586	19,758

15. Operating lease commitments

At 30 June 2003 the company was committed to making the following payments during the next year in respect of operating leases:

	2003		2002	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Leases which expire:				
Within one year	85	25	85	65
Within two to five years	62	-	60	25
After five years	425	-	436	-
	572	25	581	90

16. 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 £773,226 (2002 - £600,226.) As at the balance sheet date there were outstanding pension contributions totalling £17,183 (2002 - £52,260).

17. 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.

Automatic Data Processing Limited

Notes to the accounts

Year ended 30 June 2003

18. Ultimate parent company and immediate 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.

The parent company of the smallest group which prepares consolidated financial statements which include the results of Automatic Data Processing Limited is ADP Network Services Limited. 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.

The parent company of the largest such group is Automatic Data Processing Inc. 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.