

Company Registration No. 949665

Automatic Data Processing Limited

Report and Financial Statements

30 June 2004



Automatic Data Processing Limited

Report and financial statements 2004

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Automatic Data Processing Limited

Report and financial statements 2004

Officers and professional advisers

Directors

A J Brennan
J Benson (USA)
P Lesueur (French)

Secretary

Clifford Chance Secretaries Limited
10 Upper Bank Street
London E14 5JJ

Registered Office

Syward Place
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Chertsey
Surrey KT16 9JT

Bankers

Barclays Bank plc
Multinational Corporate Team
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Canary Wharf
London
E14 5HP

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

Solicitors

Clifford Chance
10 Upper Bank Street
London E14 5JJ

Auditors

Deloitte & Touche LLP
London

Automatic Data Processing Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2004.

Results and dividends

The results for the year ended 30 June 2004 are as follows:

	2004 £'000	2003 £'000
Profit before taxation	3,687	3,828
Profit after taxation	3,453	3,828

The directors propose a final dividend for the year of £nil (2003 – £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 £31,785,689 (2003 – £31,852,319). Turnover decreased slightly on the previous year (2003 – 2% decrease). The directors believe that the revenue from the Payroll Services will grow 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 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.

Directors

The membership of the Board throughout the year and since the year-end is set out on page 1. 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 £1,340 (2003 – £2,216) were made.

Employee involvement

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

Automatic Data Processing Limited

Directors' report

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 read 'A J Brennan', with a long horizontal flourish extending to the right.

A J Brennan
Director

15 February 2006

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 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 20. 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 2004 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

22 January 2006

Automatic Data Processing Limited

Profit and loss account Year ended 30 June 2004

	Note	2004 £'000	2003 £'000
Turnover	2	31,786	31,852
Cost of sales		(14,696)	(14,320)
Gross profit		<u>17,090</u>	<u>17,532</u>
Distribution costs		(1,449)	(1,468)
Administrative expenses		(12,904)	(13,065)
Operating profit	4	<u>2,737</u>	<u>2,999</u>
Interest receivable and similar income		950	829
Profit on ordinary activities before taxation		<u>3,687</u>	<u>3,828</u>
Tax charge on profit on ordinary activities	5	(234)	-
Profit on ordinary activities after taxation		<u>3,453</u>	<u>3,828</u>
Retained profit for financial year	15	<u>3,453</u>	<u>3,828</u>

All results 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. Hence no statement of total recognised gains and losses has been prepared.

Automatic Data Processing Limited

Balance sheet 30 June 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Intangible assets	6	284	355
Tangible assets	7	2,115	2,065
Investments	8	50	50
		<u>2,449</u>	<u>2,470</u>
Current assets			
Stocks	9	100	80
Debtors	10	7,890	6,803
Cash at bank and in hand		29,433	27,540
		<u>37,423</u>	<u>34,423</u>
Creditors: amounts falling due within one year	11	(12,146)	(13,307)
Provision for liabilities and charges	12	(687)	-
Net current assets		<u>24,590</u>	<u>21,116</u>
Net assets		<u>27,039</u>	<u>23,586</u>
Capital and reserves			
Called up share capital	14	500	500
Profit and loss account	15	26,539	23,086
Total equity shareholders' funds	16	<u>27,039</u>	<u>23,586</u>

The Board of Directors approved these financial statements on 15 February 2006.

Signed on behalf of the Board of Directors



A J Brennan
Director

Automatic Data Processing Limited

Notes to the accounts Year ended 30 June 2004

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 law and accounting standards.

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:

Freehold buildings	30 years
Computer installation	two – three years
Fixtures and fittings	one – seven years

Freehold land is not depreciated.

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.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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.

Automatic Data Processing Limited

Notes to the accounts Year ended 30 June 2004

1. Accounting policies (continued)

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

Turnover

Turnover is recognised once the obligations to the Client have been fulfilled.

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 20).

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 consolidated 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 services (provision of data processing services for the travel and transportation industry). Analysis of class of business by turnover, profit before tax and net assets are as stated below:

	Turnover		Profit before tax		Net assets	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Payroll services	23,109	22,264	1,012	1,523	15,767	14,108
Clearing	8,677	9,588	2,675	2,305	11,272	9,478
	<u>31,786</u>	<u>31,852</u>	<u>3,687</u>	<u>3,828</u>	<u>27,039</u>	<u>23,586</u>

Geographical Market

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

Automatic Data Processing Limited

Notes to the accounts Year ended 30 June 2004

3. Information regarding directors and employees

Directors' emoluments	2004	2003
	£'000	£'000
Salaries	153	164
Pension contributions	23	23
	<u>176</u>	<u>187</u>

The directors' emoluments disclosed above include those of the highest paid director of £153,431 (2003 - £164,199) of which £22,850 relates to pension contributions (2003 - £22,677). One director is a member of a defined contribution pension scheme (2003 - one).

	2004	2003
	No.	No.
Average number of persons employed (including UK directors)		
Systems programmers	40	30
Production / Operations	227	303
Customer support	188	165
Administration	39	41
Sales/marketing	61	63
	<u>555</u>	<u>602</u>
	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	13,874	13,671
Social security costs	1,681	1,516
Other pension costs	733	773
	<u>16,288</u>	<u>15,960</u>

4. Operating profit

	2004	2003
	£'000	£'000
Operating profit is after charging:		
Rentals under operating leases		
Plant and machinery	261	185
Other operating leases	826	974
Depreciation (note 7)	526	443
Amortisation (note 6)	71	72
Loss on disposal of fixed assets	-	2
Employee severance costs	678	-
Provision for dilapidations	450	-
Provision for restructuring	236	-
Auditors' remuneration – audit services	29	27
Auditors' remuneration – non audit services	14	27
	<u></u>	<u></u>

Automatic Data Processing Limited

Notes to the accounts Year ended 30 June 2004

5. Tax charge on profit on ordinary activities

	2004 £'000	2003 £'000
Current tax		
UK corporation tax at 30% (2003:30%)	(1,215)	-
	(1,215)	-
Deferred tax		
Timing differences	(4)	-
Adjustments to the estimated recoverable amounts of deferred tax assets arising in previous periods	924	-
Adjustment in respect of prior years	61	-
	981	-
Total	(234)	-

The standard rate of current tax for the year based on the main UK rate of corporation tax is 30% (2003: 30%). A reconciliation of the notional current tax charge based on the standard rate to the actual current tax charge is as follows:

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	3,687	3,828
Tax at standard rate	(1,106)	(1,148)
Non tax deductible expenses	(114)	(204)
Capital allowances in excess of depreciation	119	(205)
Movement in short-term timing differences	(114)	-
Group relief received for nil consideration	-	1,557
Current tax charge for the year	(1,215)	-

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Notes to the accounts Year ended 30 June 2004

6. Intangible fixed assets

	Goodwill £'000
Cost	
At 1 July 2003 and at 30 June 2004	711
Amortisation	
At 1 July 2003	356
Charge for the year	71
At 30 June 2004	427
Net book value	
At 30 June 2004	284
At 30 June 2003	355

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 2004

7. Tangible fixed assets

	Freehold land and buildings £'000	Computer installation £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 July 2003	2,212	3,522	1,971	7,705
Additions	21	549	6	576
Disposals	-	(170)	-	(170)
At 30 June 2004	2,233	3,901	1,977	8,111
Depreciation				
At 1 July 2003	1,049	2,924	1,667	5,640
Charge for the year	43	382	101	526
Disposals	-	(170)	-	(170)
At 30 June 2004	1,092	3,136	1,768	5,996
Net book value				
At 30 June 2004	1,141	765	209	2,115
At 30 June 2003	1,163	598	304	2,065

8. Fixed asset investments

	Shares in subsidiary undertaking £'000
Cost and net book value at 30 June 2003 and at 30 June 2004	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 2004

9. Stocks

	2004 £'000	2003 £'000
Paper and computer consumables	100	80

10. Debtors

	2004 £'000	2003 £'000
Trade debtors	4,094	4,455
Amounts owed by parent and fellow subsidiary undertakings	486	-
Amounts due from subsidiary undertakings	807	540
Corporation tax debtor	478	624
Deferred tax asset (note 13)	981	-
Other debtors	8	247
Prepayments	1,036	937
	<u>7,890</u>	<u>6,803</u>

11. Creditors: amounts falling due within one year

	2004 £'000	2003 £'000
Trade creditors	1,204	1,146
Amounts owed to parent and fellow subsidiary undertakings	3,421	2,123
Amounts due to subsidiary undertakings	195	1,487
Corporation tax	825	389
Other taxes and social security	845	1,059
Other creditors	76	-
Accruals and deferred income	5,580	7,103
	<u>12,146</u>	<u>13,307</u>

Automatic Data Processing Limited

Notes to the accounts Year ended 30 June 2004

12. Provision for liabilities and charges

	Dilapidations £'000	Restructuring £'000	Total £'000
At 1 July 2003	-	-	-
Provided during the year	450	237	687
At 30 June 2004	450	237	687

The dilapidation provision relates to future costs to be incurred to make good dilapidations or other damage occurring to leased properties during the rental period. It is expected that the expenditure will be incurred over the next one - two financial years.

The restructuring provision relates to employee severance costs to be incurred. It is expected that the provision will be spent in the subsequent financial year.

13. Deferred Taxation

	2004 £'000	2003 £'000
Deferred tax assets		
Short term timing differences	397	-
Capital allowances in excess of depreciation	584	-
	981	-
Total	981	-
Opening balance	-	-
Credit to profit and loss account	981	-
Closing balance	981	-

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Notes to the accounts Year ended 30 June 2004

14. Called up share capital

	2004 £'000	2003 £'000
Authorised, called up, allotted and fully paid: 500,000 ordinary shares of £1 each	500	500

15. Reserves

	Profit and loss account £'000
At 1 July 2003	23,086
Retained profit for the year	3,453
At 30 June 2004	26,539

16. Reconciliation of movements in shareholders' funds

	2004 £'000	2003 £'000
Profit for the year	3,453	3,828
Net addition in shareholders' funds	3,453	3,828
Opening equity shareholders' funds	23,586	19,758
Closing equity shareholders' funds	27,039	23,586

Automatic Data Processing Limited

Notes to the accounts Year ended 30 June 2004

17. Operating lease commitments

At 30 June 2004 the company was committed to making the following payments during the next year in respect of operating leases:

	2004		2003	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Leases which expire:				
Within one year	337	81	85	25
Within two to five years	62	-	62	-
After five years	425	-	425	-
	<u>824</u>	<u>81</u>	<u>572</u>	<u>25</u>

18. Pension scheme

The company currently operates a money purchase defined contribution scheme.

The pension cost for the current year totalled £732,777 (2003 – £773,226) As at the balance sheet date there were outstanding pension contributions totalling £43,925 (2003 –£17,183).

19. 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.

20. 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.