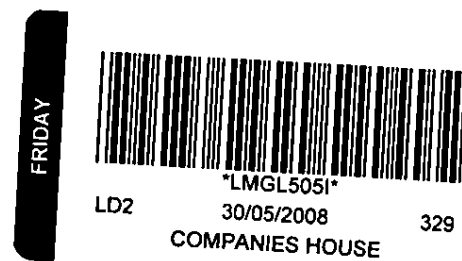


Company Registration No. 949665

Automatic Data Processing Limited

Report and Financial Statements

30 June 2007



Automatic Data Processing Limited

Report and financial statements 2007

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Automatic Data Processing Limited

Report and financial statements 2007

Officers and professional advisers

Directors

A J Brennan (resigned 31 August 2007)
D McGuire (appointed 29 August 2007)
J Benson (USA)
P Lesueur (resigned 23 May 2007)

Secretary

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

Registered Office

Syward Place
Pycroft Road
Chertsey
Surrey KT16 9JT

Bankers

Barclays Bank plc
Multinational Corporate Team
Level 28
No 1 Churchill Place
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
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 2007

Results and dividends

The results for the year ended 30 June 2007 are as follows

	2007	2006
	£'000	Restated £'000
Profit before taxation	1,197	2,597
Profit after taxation	1,053	2,487

The directors do not propose any dividend for the year (2006 – £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 £35,665,648 (2006 – £33,941,459) Turnover increased 4.8 % on the previous year (2006 – 2.3 %)

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

Automatic Data Processing Limited's ultimate parent company is Automatic Data Processing Inc ("ADP Inc"), which is incorporated in the United States of America. ADP Inc is the largest payroll services provider in the world with over 560,000 clients and processes payroll and related services for over 50 million wage earners

The ultimate parent company, Automatic Data Processing Inc, manages its operations on a divisional basis. Employer Services is one such division. For this reason the company's directors believe that key performance indicators are not necessary for the understanding of the business

Research and development

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

Risk management

Competitive pressure is a continued risk for the company. The company manages this risk by providing value added services to its customers, whilst continually reviewing and updating its products

The company's principal financial assets are bank balances and cash. The company has no significant concentration of credit risk, with exposure spread over a large number of customers. With a significant bank balance the company has minimal liquidity risk. The price risk is managed with an annual review in line with inflation and market trends

Automatic Data Processing Limited, in line with the strategy of the ADP group of companies, employs a range of business management tools and processes for the effective management of the business

Automatic Data Processing Limited

Directors' report (continued)

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 (2006 - £nil), but charitable donations of £2,066 (2006 - £2,522) were made.

Subsequent events

On 6 July 2007, ADP Inc, the ultimate parent company, completed the sale of its travel clearing business, an airline ticket clearing business, its headquarters based in Spain. Included in the sale was the clearing division of Automatic Data Processing Limited.

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

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

The company has passed an elective resolution to dispense with the obligation to re-appoint auditors annually in accordance with section 386 of the Companies Act 1985.

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


J. McGuire
Director

27th May 2008

Automatic Data Processing Limited

Statement of directors' responsibilities

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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss 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 estimates that are reasonable and prudent,
- state whether applicable UK 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 that 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 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 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 25. 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London, United Kingdom

30 May 2008

Automatic Data Processing Limited

Profit and loss account Year ended 30 June 2007

	Notes	2007 £'000	2006 Restated £'000
Turnover	2		
Continuing operations		31,606	28,264
Discontinued operations		4,059	5,677
		35,665	33,941
Cost of sales		(18,330)	(16,349)
Gross profit		17,335	17,592
Distribution costs		(1,442)	(1,290)
Administrative expenses		(16,299)	(15,046)
Operating profit / (loss)	6		
Continuing operations		(325)	(702)
Discontinued operations		(81)	1,958
Interest payable and similar charges	7	(53)	(29)
Interest receivable and similar income	8	1,656	1,370
Profit on ordinary activities before taxation		1,197	2,597
Tax charge on profit on ordinary activities	9	(144)	(110)
Profit for the financial year	20	<u>1,053</u>	<u>2,487</u>

Statement of total recognised gains and losses Year ended 30 June 2007

	2007 £'000	2006 £'000
Profit for the financial year	1,053	2,487
Actuarial gain/(loss) relating to the pension scheme	186	(425)
Deferred tax (credit)/charge on actuarial gain/(loss)	(59)	115
Total recognised gains and losses relating to the year	1,180	2,177
Prior year adjustment on adoption of FRS 17	-	(1,011)
Total gains and losses recognised since last annual report and financial statements	<u>1,180</u>	<u>1,166</u>

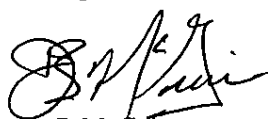
Automatic Data Processing Limited

Balance sheet 30 June 2007

	Notes	2007 £'000	2006 Restated £'000
Fixed assets			
Intangible assets	10	71	142
Tangible assets	11	3,084	2,967
Investments	12	50	50
		<u>3,205</u>	<u>3,159</u>
Current assets			
Stocks	13	141	122
Debtors amounts falling due within one year	14	9,823	8,680
Deferred Tax Asset	17	722	584
Cash at bank and in hand		36,409	35,812
		<u>47,095</u>	<u>45,198</u>
Creditors: amounts falling due within one year	15	<u>(10,877)</u>	<u>(10,195)</u>
Net current assets		36,218	35,003
Creditors, amounts falling due after more than one year	15	(2,548)	(2,603)
Provisions for liabilities	16	<u>(325)</u>	<u>(216)</u>
Net assets excluding pension liability		36,550	35,343
Pension liability	22	<u>(1,068)</u>	<u>(1,278)</u>
Total net assets		<u>35,482</u>	<u>34,065</u>
Capital and reserves			
Called up share capital	18	500	500
Profit and loss account	19	34,239	33,059
Other reserves	19	743	506
Total shareholders' funds		<u>35,482</u>	<u>34,065</u>

The Board of Directors approved and authorised for issue these financial statements on 27th May 2008

Signed on behalf of the Board of Directors


D McGuire
Director

Automatic Data Processing Limited

Notes to the financial statements Year ended 30 June 2007

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year, with the exception of the adoption of FRS 20 "Share-based payments"

Accounting convention

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

Share-based payments

The group has applied the requirements of FRS 20 Share-based payment. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 July 2006. The financial effects of the adoption of FRS 20 are disclosed in notes 4 and 5 to the accounts

Stock options

Stock options are granted to employees at exercise prices equal to the fair market value of the Company's common stock on the dates of grant. Stock options are issued under a grade vesting schedule, generally vest ratably over five years and have a term of ten years. Compensation expense for stock options is recognized over the requisite service period for each separately vesting portion of the stock option award. The ultimate parent company, ADP Inc., has granted rights to its equity instruments to certain employees of the company. This share based compensation is accounted for as equity-settled in the consolidated financial statements of the parent. UITF 44 requires the company to record an expense for such compensation (see note 4) in accordance with FRS 20 with a corresponding increase in equity as a contribution from the parent. In fiscal year 2007, the Company reduced the number of stock options issued to employees and replaced these awards with the issuance of performance-based restricted stock.

Employee stock purchase plan

Prior to November 2005, the Company offered an employee stock purchase plan that allowed eligible employees to purchase shares of common stock at 85% of the lower of market value as of the date the purchase price for an offering was determined or market value as of the end of such offering. In November 2005, the Company revised the employee stock purchase plan offering beginning on January 1, 2006, whereby eligible employees can purchase shares of common stock at 85% of the market value at the date the purchase price for the offering is determined. Compensation expense for the employee stock purchase plan is recognized over the vesting period of 24 months on a straight-line basis.

The ultimate parent company, ADP Inc., has granted rights to its equity instruments to certain employees of the company. This Share-based compensation is accounted for as equity-settled in the consolidated financial statements of the parent. UITF 44 requires the company to record an expense for such compensation (see note 4) in accordance with FRS 20 with a corresponding increase in equity as a contribution from the parent.

Investments

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

Stock

Stock of paper and computer consumables is valued at the lower of cost and net realisable value. Cost represents the invoiced cost of purchases.

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.

Automatic Data Processing Limited

Notes to the financial statements Year ended 30 June 2007

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. 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	30 years
Computer installation	2 – 3 years
Fixtures and fittings (including leasehold improvements)	1 – 7 years

Performance-based restricted stock

In fiscal 2007, the Company restructured its stock-based compensation programs for non-executives on a prospective basis, and began awarding two-year performance-based restricted stock in place of stock options at a ratio of approximately one share of performance-based restricted stock for every four stock options. The performance-based restricted stock programme contains a two-year performance period and a subsequent six-month service period. Under this programme, the Company communicates “target awards” to employees at the beginning of a performance period and, as such, dividends are not paid in respect of the “target awards” during the performance period. After the two-year performance period, if the performance targets are achieved, associates are eligible to receive dividends on any shares awarded under the programme. The performance target is based on EPS growth over the performance period with possible payouts ranging from 0% to 125% of the “target award”. Compensation expense is recognized on a straight-line basis over the vesting term of approximately 30 months based upon the probable performance target that will be met.

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.

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 financial statements Year ended 30 June 2007

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 also operates a defined benefit pension scheme. For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee-administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet. Further information on pension arrangements is set out in note 22.

Turnover

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

Consolidation

In accordance with the exemptions available under s228A of the Companies Act 1985 and FRS 2 "Accounting for Subsidiary Undertakings", consolidated accounts have not been prepared as the company is a wholly owned subsidiary of Automatic Data Processing Inc, which prepares group accounts (see note 25).

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 businesses. Analysis of class of business by turnover, profit before tax and net assets are as stated below.

	Turnover		Profit before tax		Net assets	
	2007	2006	2007	2006	2007	2006
	£'000	£'000	£'000	Restated £'000	£'000	Restated £'000
Payroll services	31,606	28,264	438	(125)	16,320	16,090
Clearing (discontinuing)	4,059	5,677	759	2,722	19,162	17,975
	<u>35,665</u>	<u>33,941</u>	<u>1,197</u>	<u>2,597</u>	<u>35,482</u>	<u>34,065</u>

The above segmental information identifies the clearing division as discontinuing operations, further details of this are covered in the subsequent events paragraph of the Directors' report and in the post-balance sheet events note 24.

Geographical Market

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

Automatic Data Processing Limited

Notes to the financial statements Year ended 30 June 2007

3. Information regarding directors and employees

Directors' emoluments	2007	2006
	£'000	£'000
Salaries	177	195
Pension contributions	24	22
	<u>201</u>	<u>217</u>

The above amounts do not include any gains made on the exercise of share options or the value of any shares or share options received under long-term incentive schemes. The directors' emoluments disclosed above include those of the highest paid director of £201,365 (2006 - £217,087) of which £24,161 relates to pension contributions (2006 - £22,062). One director is a member of a defined contribution pension scheme (2006 - one). No directors are members of the defined benefit scheme (2006 - none). The highest paid director did not exercise any share options in the year (2006 - 4,585).

Performance-based restricted stock

The ADP Group issues to certain employees, performance-based units that require the Group to pay benefits to the employee at the date of exercise. The Company has recorded liabilities of £657,872 and £458,225 in 2007 and 2006. Fair value of the PBUs is determined by the EPS growth over the performance period. The Company recorded total expenses of £199,647 and £238,186 in 2007 and 2006, respectively. The amounts in the table above do not include the accrual for PBU at the end of the year of £16,288 (2006 - £9,573) for the highest paid director.

	2007	2006
	No.	No.
Average number of persons employed (including UK directors)		
Systems programmers	22	26
Production/operations	94	96
Customer support	292	260
Administration	40	35
Sales/marketing	112	103
	<u>560</u>	<u>520</u>
	2007	2006
	£'000	Restated £'000
Staff costs during the year (including directors)		
Wages and salaries	18,585	18,040
Social security costs	2,124	2,117
Other pension costs	922	810
Share-based payments (including National Insurance Contributions)	281	292
	<u>21,912</u>	<u>21,259</u>

Automatic Data Processing Limited

Notes to the financial statements Year ended 30 June 2007

4. Share-based payments

The Company charged the following amounts to the profit and loss account in 2007 and 2006 in relation to equity-settled share-based payments

	2007 £'000	Restated (see note 5) 2006 £'000
Approved SAYE	31	26
Unapproved SAYE	6	4
Share options	200	238
	<u>237</u>	<u>268</u>

These amounts have been credited to Equity as a Parent Company Capital contribution in accordance with UITF 44 "Group and Treasury Share Transaction" (see note 1 Accounting policies)

Movement on stock options granted and weighted average exercise price during the year are as follows

	At 1 July 2006 Number	Granted Number	Exercised Number	Lapsed/ transferred Number	Outstanding At 30 June 2007 Number	Exercisable At 30 June 2007 Number
Share options	68,673	31,609	(2,265)	-	98,017	66,408
Weighted-average exercise price (\$)	37.38	41.63	33.73	37.55	38.66	36.98

Outstanding options at 30 June 2007 had a range of exercise prices from \$24.88 to \$46.36

The weighted average share price of Automatic Data Processing Inc for the year ended 30 June 2007 was \$46.91 (2006 \$43.66)

Stock options

The fair value of each stock option issued prior to 1 January 2005 was estimated on the date of grant using a Black-Scholes option pricing model. For stock options issued on or after 1 January 2005, the fair value of each stock option was estimated on the date of grant using a binomial option pricing model. The binomial model considers a range of assumptions related to volatility, risk-free interest rate and employee exercise behaviour. Expected volatilities utilized in the binomial model are based on a combination of implied market volatilities, historical volatility of the Company's stock price and other factors. Similarly, the dividend yield is based on historical experience and expected future changes. The risk-free rate is derived from the U.S. Treasury yield curve in effect at the time of grant. The binomial model also incorporates exercise and forfeiture assumptions based on an analysis of historical data. The expected life of the stock option grants is derived from the output of the binomial model and represents the period of time that options granted are expected to be outstanding.

Automatic Data Processing Limited

Notes to the financial statements Year ended 30 June 2007

4. Share based payments (continued)

Stock purchase plan

The employee stock purchase plans are open to all employees and provide for a purchase price equal to the daily average market price on the date of grant, less 15 per cent. The shares can be purchased during a two-week period each year. Pursuant to these plans, the discount of £743,000 will be expensed over the vesting period of three years. The ordinary shares had a weighted average share price of \$38.12.

5. Prior year adjustment

During the year the company has adopted FRS 20 "Share-based Payment". The effects of the change in policy are summarised below:

	Published 2006 £'000	Restatement 2006 £'000	Restated 2006 £'000
Profit and loss account			
Administrative expenses	(14,754)	(292)	(15,046)
Profit for the financial year	2,779	(292)	2,487
Balance Sheet			
Other Reserves	-	506	506
Provisions for liabilities	156	60	216
Profit and Loss Account	33,625	(566)	33,059
Shareholders' funds	34,065	-	34,065

6. Operating profit

	2007 £'000	2006 £'000
Operating profit is after charging:		
Rentals under operating leases		
Plant and machinery	165	178
Other operating leases	1,241	1,579
Depreciation (note 11)	720	739
Amortisation (note 10)	71	71
Restructuring cost - employer services division	119	384
Employee severance costs - clearing division	(6)	50
Provisions for dilapidation (note 16)	66	(325)
Fees payable to the company's auditors for the audit of the company's annual accounts	88	38
Fees payable to the company's auditor and its associates for other services Tax	68	29

Automatic Data Processing Limited

Notes to the financial statements Year ended 30 June 2007

7. Interest payable and similar charges

	2007 £'000	2006 £'000
Other interest payable	30	-
Other finance charge (see pension note 22)	23	29
	<u>53</u>	<u>29</u>

8. Interest receivable and similar income

	2007 £'000	2006 £'000
Interest receivable on cash at bank	<u>1,656</u>	<u>1,370</u>

9. Tax charge on profit on ordinary activities

	2007 £'000	2006 £'000
Current tax		
UK corporation tax at 30% (2006 30%)	-	(90)
Adjustments in respect of previous years	(208)	49
	<u>(208)</u>	<u>(41)</u>
Deferred tax		
Origination and reversal of timing differences	107	(60)
Adjustments in respect of previous years	(43)	(9)
	<u>64</u>	<u>(69)</u>
	<u>(144)</u>	<u>(110)</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	<u>1,197</u>	<u>2,598</u>
Tax at standard rate	(359)	(779)
Non-tax deductible expenses	(21)	(149)
Capital allowances in excess of depreciation	85	82
Movement in short-term timing differences	(92)	21
Group relief received for nil consideration	387	734
Adjustments in respect of previous years	(208)	50
Current tax charge for the year	<u>(208)</u>	<u>(41)</u>

Automatic Data Processing Limited

Notes to the financial statements Year ended 30 June 2007

10. Intangible fixed assets

	Goodwill £'000
Cost	
At 1 July 2006 and at 30 June 2007	711
Amortisation	
At 1 July 2006	569
Charge for the year	71
At 30 June 2007	640
Net book value	
At 30 June 2007	71
At 30 June 2006	142

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

11. Tangible fixed assets

	Freehold land and buildings £'000	Computer installation £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 July 2006	2,335	3,859	2,734	8,928
Additions	52	609	176	837
Disposals	-	(1,250)	(1,156)	(2,406)
At 30 June 2007	2,387	3,218	1,754	7,359
Depreciation				
At 1 July 2006	1,194	3,031	1,736	5,961
Charge for the year	61	514	145	720
Disposals	-	(1,250)	(1,156)	(2,406)
At 30 June 2007	1,255	2,295	725	4,275
Net book value				
At 30 June 2007	1,132	923	1,029	3,084
At 30 June 2006	1,141	828	998	2,967

Automatic Data Processing Limited

Notes to the financial statements Year ended 30 June 2007

12. Fixed asset investments

Shares in
subsidiary
undertaking
£'000

Cost and net book value at 30 June 2006 and at 30 June 2007

50

Name of Subsidiary	Country of incorporation	Holding	Proportion held	Nature of business
ADP Limited	Great Britain	Ordinary Shares	100%	Holding Company
AGC Application Group Limited	Great Britain	Ordinary Shares	100%	Non Trading
Bondgreene Limited	Great Britain	Ordinary Shares	100%	Non Trading

Bondgreene Limited was incorporated on 22 May 2007 to facilitate the sale of the Clearing division (note 24)

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 Chessington Computer Services Limited ceased trading on 30 June 2005

13. Stocks

	2007 £'000	2006 £'000
Paper and computer consumables	141	122

There is no material difference between the balance sheet value of stock and their replacement cost

14. Debtors: amounts falling due within one year

	2007 £'000	2006 £'000
Trade debtors	6,208	5,345
Amounts due from fellow subsidiary undertakings	790	1,075
Corporation tax debtor	1,439	1,061
Other debtors	188	142
Prepayments	1,198	1,057
	<u>9,823</u>	<u>8,680</u>

Automatic Data Processing Limited

Notes to the financial statements Year ended 30 June 2007

15. Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Trade creditors	1,162	1,151
Amounts owed to fellow subsidiary undertakings for a loan	2,123	2,123
Amounts due to fellow subsidiary undertakings	1,819	2,476
Other taxes and social security	1,238	400
Other creditors	300	378
Accruals and deferred income	4,235	3,667
	<u>10,877</u>	<u>10,195</u>

Creditors: amounts falling due after more than one year

	2007 £'000	2006 £'000
Accruals and deferred income	<u>2,548</u>	<u>2,603</u>

16. Provision for liabilities

	Dilapidations £'000	NIC on share options £'000	Total £'000
At 1 July 2006 (Restated)	156	60	216
Utilised during the year	-	(9)	(9)
Charged to the profit and loss account	<u>66</u>	<u>52</u>	<u>118</u>
At 30 June 2007	<u>222</u>	<u>103</u>	<u>325</u>

Included in the dilapidations provision is an amount of £148,717 which relates to the dilapidations provision on a lease expiring 23 March 2015, it is expected that the provision will be utilised after this time. Also included in the dilapidations provision is an amount of £72,998 which relates to a lease on a building which has been vacated, however the dilapidations have not yet been agreed with the landlord, these provisions are expected to be utilised within the next three years.

Automatic Data Processing Limited

Notes to the financial statements Year ended 30 June 2007

17. Deferred taxation

	2007 £'000	2006 £'000
Deferred tax assets		
Short-term timing differences	458	215
Capital allowances in excess of depreciation	264	369
	<u>722</u>	<u>584</u>
Total	<u>722</u>	<u>584</u>
Opening balance	584	653
Credit / (charge) to profit and loss account	138	(69)
Closing balance	<u>722</u>	<u>584</u>

18. Called up share capital

	2007 £'000	2006 £'000
Authorised, called up, allotted and fully paid:		
500,000 ordinary shares of £1 each	<u>500</u>	<u>500</u>

19. Reserves

	Other reserves £'000	Profit and loss account £'000
At 1 July 2006 (as previously reported)	-	33,625
Prior year adjustment – FRS20 (note 5)	<u>506</u>	<u>(566)</u>
At 1 July 2006 as restated	506	33,059
Retained profit for the year		1,053
Actuarial loss	-	186
Deferred tax on actuarial loss		(59)
Expense-share-based payments (note 4)	<u>237</u>	<u>-</u>
At 30 June 2007	<u>743</u>	<u>34,239</u>

Automatic Data Processing Limited

Notes to the financial statements Year ended 30 June 2007

20. Reconciliation of movements in shareholders' funds

	2007 £'000	2006 Restated £'000
Profit for the year	1,053	2,487
Capital contribution from ultimate parent company following adoption of FRS20 (note 4)	237	268
Actuarial loss relating to pension scheme	186	(425)
Deferred tax on actuarial loss	(59)	115
Net Increase in shareholders' funds	1,417	2,445
Opening shareholders' funds as previously reported and restated	34,065	31,620
Closing shareholders' funds	35,482	34,065

21 Operating lease commitments

At 30 June 2007 the company was committed to making the following payments during the next year in respect of operating leases

	2007		2006	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Leases which expire				
Within one year	-	3	-	18
Within two to five years	-	8	97	12
After five years	1,177	-	1,177	-
	1,177	11	1,274	30

Automatic Data Processing Limited

Notes to the financial statements Year ended 30 June 2007

22. Pension scheme

The company currently operates a money purchase defined contribution scheme

The pension cost for the current year totalled £955,004 (2006 – £810,487) As at the balance sheet date, there were outstanding pension contributions totalling £92,338 (2006 – £83,299)

In accordance with the requirements of FRS 17 “Retirement Benefits”, this note discloses the main financial assumptions made in valuing the liabilities of the schemes and the fair value of assets held

Some of the employees of Automatic Data Processing Limited were eligible for membership of the ADP Pension & Life Assurance Plan, a funded defined benefit scheme operating in the UK This scheme is no longer open to new employees

A full actuarial valuation of the ADP Pension & Life Assurance Plan was carried out at 1 April 2005 and updated to 30 June 2007

	At 30 June 2007	At 30 June 2006	At 30 June 2005
Rate of increase of salaries	3.25%	3.00%	3.25%
Rate of increase in pensions in payment	3.25%	3.00%	2.75%
Discount rate	5.50%	5.25%	5.25%
Inflation assumption	3.25%	3.00%	3.25%

Contributions made in respect of the year ended 30 June 2007 totalled £180,000 (2006 – £72,000) The assets in the scheme and expected rate of return were as follows

	Long-term rate of return expected %	Value at 30 June 2007 £'000	Long-term rate of return expected %	Value at 30 June 2006 £'000	Long-term rate of return expected %	Value at 30 June 2005 £'000
Equities	7.00	3,138	7.00	3,974	7.00	2,133
Bonds	5.50	1,665	5.25	280	5.25	702
Property	6.00	204	6.00	192	6.00	84
Cash	4.00	279	4.00	284	4.00	337
Total fair value of assets		5,286		4,730		3,256
Present value of scheme liabilities		(6,769)		(6,556)		(4,700)
Gross pension liability		(1,483)		(1,826)		(1,444)
Deferred tax		415		548		433
Net liability		(1,068)		(1,278)		(1,011)

Automatic Data Processing Limited

Notes to the financial statements Year ended 30 June 2007

22. Pension scheme (continued)

An analysis of the amount that has been charged to operating profit is shown below

	2007 £'000	2006 £'000	2005 £'000
Current service cost	-	-	-
Past service cost	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

Analysis of the amount that has been credited to other finance income is shown below

	2007 £'000	2006 £'000	2005 £'000
Expected return on pension scheme assets	318	247	176
Interest on pension scheme liabilities	(341)	(276)	(226)
	<u>(23)</u>	<u>(29)</u>	<u>(50)</u>

An analysis of the amount that has been recognised in the statement of total recognised gains and losses is shown in the following table, together with components shown as a percentage of scheme assets or liabilities

	2007 £'000	2006 £'000	2005 £'000
Actual return less expected return on pension scheme assets	167	35	466
<i>Percentage of scheme assets</i>	3.2%	0.7%	14.3%
Experience gains and losses arising on the scheme liabilities	3	(257)	(17)
<i>Percentage of the present value of scheme liabilities</i>	0.0%	(3.9%)	(0.4%)
Changes in assumptions underlying the present value of the scheme	16	(203)	(553)
	<u>186</u>	<u>(425)</u>	<u>(104)</u>
Actuarial gain recognised in statement of total recognised gains and	186	(425)	(104)
<i>Percentage of the present value of scheme liabilities</i>	2.7%	(6.5%)	(2.2%)

The movement in scheme deficit during the year is shown in the following table

	£'000 2007/6	£'000 2006/5	£'000 2005/4
At 1 July	(1,826)	(1,444)	(1,362)
Current service cost	-	-	-
Contributions	180	72	72
Net finance income	(23)	(29)	(50)
Actuarial gain / (loss)	186	(425)	(104)
	<u>(1,483)</u>	<u>(1,826)</u>	<u>(1,444)</u>

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Notes to the financial statements **Year ended 30 June 2007**

23. Related party disclosures

The company has taken advantage of the exemption granted under paragraph 3(c) of FRS 8, 'Related Party Disclosures', not to disclose transactions with other group entities

24. Post balance sheet events

On 6 July 2007, ADP Inc, the ultimate parent company, completed the sale of its travel clearing business, an airline ticket clearing business, with its headquarters based in Spain. Included in the sale was the clearing division of Automatic Data Processing Limited.

On 26 March 2008, a guarantee was given by the company in favour of the Chessington Pension Scheme (members of this scheme are former employees of Chessington Computer Services Limited, a group company), a funded defined benefit scheme operating in the UK. The guarantee is limited to the present and future obligations and liabilities of Chessington Computer Services Limited to make payments to the scheme up to a maximum amount equal to the entire liability, on the date on which any liability under the guarantee arises, of Chessington Computer Services Limited in relation to the scheme, were a debt under section 75(2) of the Pension Act 1995 to have become due on that date. A full actuarial valuation of the liability was carried out at 1 April 2005 and updated to 30 June 2007, and net pension liability as at 30 June 2007 was £3,529,000 (2006 £4,511,000).

25. 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 and largest group which prepares consolidated financial statements that include the results of Automatic Data Processing Limited 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.