

ADP NETWORK SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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ADP NETWORK SERVICES LIMITED

COMPANY INFORMATION

Directors	M Bonarti J Phipps L Wake
Company number	00909293
Registered office	Syward Place Pycroft Road Chertsey Surrey KT16 9JT
Auditor	Deloitte LLP Statutory Auditor 1 New Street Square London EC4A 3HQ
Bankers	Barclays Bank Plc Multinational Corporate Team Level 28 No 1 Churchill Place Canary Wharf London E14 5HP

ADP NETWORK SERVICES LIMITED

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ADP NETWORK SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present the strategic report for the year ended 30 June 2019. ADP Network Services Limited is an investment holding company for the UK subsidiaries of Automatic Data Processing, Inc. ("ADP Inc."), the Ultimate Parent Company.

Performance review

During the year, the Company made a loss of £179,000 (2018 - loss £66,000). The foreign exchange loss suffered on the intercompany loans amounted to £485,000 (2018 - loss £249,000) which has been offset against the intercompany interest received during the year.

Principal risks and uncertainties

The Company's principal risks and uncertainties relate to its subsidiaries which provide employer services to corporate customers. Business risks relating to its ultimate holding company ADP Inc. and its subsidiaries are disclosed in the Annual Report of ADP Inc. which does not form part of these financial statements.

Risks and uncertainties facing the Company's subsidiaries, if not adequately managed, could reduce or eliminate the availability of profits for distribution to the Company, and its investments may be impaired.

Review of financial position

Net current asset position as at 30 June 2019 was £1,238,000 (2018 - £2,876,000). The balance sheet principal movements in the year were the transfer of funds of £1,000,000 to the Company's immediate subsidiary OneClickHR Limited, and a transfer of funds of £5,000,000 to the Company's immediate subsidiary Automatic Data Processing Limited. This was facilitated by an increase in intercompany loans from ADP Nederland B.V. of £5,416,000 on 21 December 2018. The net outflow from these transfer of funds resulted in the cash balance at 30 June 2019 decreasing to £11,093,000 (2018 - £11,479,000).

Other key performance indicators

ADP Inc. includes within its Annual Report a detailed review of the results of operations and financial performance of the ADP Group (ADP Inc. and its direct and indirect subsidiaries), of which the Company is a part. This may be accessed via the Investor Relations section of the ADP website at www.adp.com. As the Company is a holding company for certain trading entities of the ADP Group, the Company's directors believe that further key performance indicators are not necessary or appropriate for an understanding of the development or position of the business.

Brexit

The UK is set to depart from the EU ('Brexit') when an agreement has been made. It is still unclear at this stage what the agreed deal will be and what impact this may have on the UK economy. In light of this uncertain environment, the Company has assessed its risks, based on any known and potential unknown impacts. The biggest known risk the Company's subsidiaries face with the Brexit, is the passporting rights they currently hold with the FCA, enabling them to provide payment services in the Netherlands. As a result the Company is no longer providing payment services to its Netherlands clients which became effective from 1 November 2019,

The Company has also assessed any potential impacts on our supply chain, people, technology, capital and future revenue generation. No substantial financial risks have been identified and the Company is taking steps to ensure that minimal disruption and impact is felt by its EU Nationals working in the UK. As the Company is predominantly UK centric, there is a potential impact on a decline or growth of the UK economy, particularly from any changes in the volume of its workforce. However, the opportunity will remain for the Company to continue to grow its market share.

Authorised for issue on behalf of the board of directors

.....

L Wake

Director

Date: 19 December 2019

ADP NETWORK SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 30 June 2019.

Principal activities

The principal activity of the Company continued to be that of an investment holding company for UK subsidiaries of Automatic Data Processing, Inc. ("ADP Inc."), the Ultimate Parent Company (see note 14).

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M Bonarti
J Phipps
L Wake

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend. (2018 - nil).

Financial instruments

Financial Risk Management

The Company is a holding company for certain trading entities of the ADP Group. ADP Inc. is responsible for the ongoing development of an appropriate risk framework (including processes, policies, and procedures), and supporting systems across the business, ensuring consistent application of financial risk management across the group.

Liquidity risk

The Group's approach to manage liquidity is to ensure that as far as possible it will have sufficient liquidity to meet its liabilities when they are due.

Foreign currency risk

The Company does not hedge its debt facilities as they are intercompany loans. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing as the balance sheet date. The gains and losses arising on translation are included in the income statement for the period. For details on the loan borrowing terms and conditions, please refer to Notes 11 and 12 in the notes to the accounts section.

Future developments

The directors do not anticipate any significant changes in the Company's activities in the forthcoming year.

Auditor

The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

ADP NETWORK SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Going concern

ADP Netherlands B.V. has confirmed its intention to provide such financial support as necessary to the Company to enable it to meet its liabilities as they fall due for a minimum period of twelve months from the date of approval of these financial statements, ADP Netherlands B.V. is the immediate parent company of ADP Network Services Limited, Accordingly, the directors, having considered the letter of financial support received from ADP Netherlands B.V. and the ability of ADP Netherlands B.V. to provide the financial support, consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

Authorised for issue on behalf of the board of directors



L Wake
Director

Date: 19 December 2019

ADP NETWORK SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the 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 judgments and accounting estimates that are reasonable and prudent; 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ADP NETWORK SERVICES LIMITED

Opinion

In our opinion the financial statements of ADP Network Services Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ADP NETWORK SERVICES LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ADP NETWORK SERVICES LIMITED

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Kate J Houldsworth FCA
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
Date: 19 December 2019

ADP NETWORK SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 £000	2018 £000
Turnover		-	-
Administrative expenses		(131)	(68)
Operating loss	3	(131)	(68)
Interest receivable and similar income	6	476	289
Interest payable and similar expenses	7	(524)	(287)
Loss before taxation		(179)	(66)
Taxation	8	-	-
Loss for the financial year		(179)	(66)

The income statement has been prepared on the basis that all operations are continuing operations.

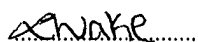
ADP NETWORK SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Notes	2019 £000	2018 £000
Non-current assets			
Fixed asset investments	9	-	-
Amounts falling due after more than one year	10	-	10,001
			<u>10,001</u>
Current assets			
Amounts falling due within one year	10	16,182	26
Cash at bank and in hand		11,093	11,479
		<u>27,275</u>	<u>11,505</u>
Creditors: amounts falling due within one year	11	<u>(26,037)</u>	<u>(18,630)</u>
Net current assets		1,238	2,876
Creditors: amounts falling due after one year	12	<u>(24,235)</u>	<u>(25,694)</u>
		(24,235)	(25,694)
Net liabilities		<u>(22,997)</u>	<u>(22,818)</u>
Capital and reserves			
Called up share capital	13	17,769	17,769
Profit and loss account		<u>(40,766)</u>	<u>(40,587)</u>
Total equity		<u>(22,997)</u>	<u>(22,818)</u>

The financial statements were approved by the board of directors and authorised for issue on 19 December 2019 and are signed on its behalf by:

.....

L. Wake

Director

Company Registration No. 00909293

ADP NETWORK SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Called up share capital £000	Profit and loss reserves £000	Total £000
Balance at 1 July 2017	17,769	(40,521)	(22,752)
Year ended 30 June 2018:			
Loss and total comprehensive expense for the year	-	(66)	(66)
Balance at 30 June 2018	17,769	(40,587)	(22,818)
Year ended 30 June 2019:			
Loss and total comprehensive expense for the year	-	(179)	(179)
Balance at 30 June 2019	17,769	(40,766)	(22,997)

ADP NETWORK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

Company information

ADP Network Services Limited is a private company limited by shares incorporated in England and Wales. The registered office is Syward Place, Pyrcroft Road, Chertsey, Surrey, KT16 9JT.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

Financial Reporting Standard 102 - reduced disclosure exemptions

This Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the Company are consolidated in the financial statements of Automatic Data Processing Inc. These consolidated financial statements are available from its registered office at One ADP boulevard, Roseland, New Jersey, 07068-1728, USA.

The Company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the Company as an individual entity and not about its group.

ADP Network Services Limited is a wholly owned subsidiary of ADP Netherlands B.V. and the ultimate parent is ADP Inc and the results of ADP Network Services Limited are included in the consolidated financial statements of ADP Inc which are available from its registered office at One ADP Boulevard, Roseland, New Jersey 07068-1728, USA.

ADP NETWORK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

1.2 Going concern

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

The Company is a Holding Company. During the year, the Company's main source of income was interest income and it will continue in existence as a holding company.

ADP Netherlands B.V. has confirmed its intention to provide such financial support as necessary to the Company to enable it to meet its liabilities as they fall due for a minimum period of twelve months from the date of these financial statements. ADP Netherlands B.V. is the immediate parent company of ADP Network Services Limited. Accordingly, the directors, having considered the letter of financial support received from ADP Netherlands B.V. and the ability to provide financial support, consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

1.3 Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

1.4 Fixed asset investments

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

1.5 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets are initially recorded at transaction price, including transaction costs, unless the arrangement constitutes a financing transaction. The Company's financial assets are receivable within one year and are subsequently measured at the undiscounted amount of the cash or other consideration expected to be received, net of any impairment.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

ADP NETWORK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities are initially recorded at transaction price, including transaction costs, unless the arrangement constitutes a financing transaction. The Company's financial liabilities are payable within one year and are subsequently measured at the undiscounted amount of the cash or other consideration expected to be paid, net of any impairment.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

1.7 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Taxation payable is based on taxable profit for the year if any. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

ADP NETWORK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

Deferred tax

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

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

1.9 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

It is the Company's policy to disclose foreign exchange losses/gains under interest payable/interest receivable as they are a result of financing transactions from intercompany loans.

2 Judgements and key sources of estimation uncertainty

In the Directors' opinion, there are no critical accounting judgements or key sources of estimation uncertainty in the financial statements.

3 Operating loss

	2019	2018
	£000	£000
Operating loss for the year is stated after charging:		
Fees payable to the Company's auditor for the audit of the Company's financial statements	30	10

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £485,000 (2018 - £249,000).

4 Employees

There were no staff costs for the year ended 30 June 2019 (2018 - £nil). The Company has had no employees in either the current or preceding year, apart from directors.

ADP NETWORK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

5 Directors' remuneration

2019	2018
£000	£000

Directors remuneration

-	-
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6 Interest receivable and similar income

2019	2018
£000	£000

Interest income

Interest on bank deposits

8	13
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Interest receivable from group companies

468	276
-----	-----

Total income

476	289
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The Company has entered into a Composite Accounting System Facility Agreement with a third party financial institution along with specified UK subsidiaries of Automatic Data Processing, Inc. This agreement provides the participating companies with a £5 million overdraft facility that is subject to a guarantee equal to the available overdraft provided by Automatic Data Processing, Inc.

Under the terms of the Composite Accounting System Facility Agreement, on a monthly basis the cash position of the specified participating ADP UK subsidiary companies is consolidated. The company earns interest at the rate of 0.35% on net positive cash positions or incurs interest charges at the rate of 100 basis points above the base rate (currently 1.75%) on the net overdraft positions. The net interest amount is recorded as interest on bank deposits.

The interest receivable from group companies includes interest charges on amounts owed by group undertakings disclosed in Note 10 and notional interest charged or credited to the specified participating ADP UK subsidiary companies in the Composite Accounting System Facility Agreement. Interest is earned by the company to the extent participating companies are in a cash overdraft position and pays interest where participating companies have positive cash balances.

7 Interest payable and similar expenses

2019	2018
£000	£000

Interest payable to group undertakings

39	38
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Exchange differences on financing transactions

485	249
-----	-----

524	287
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8 Taxation

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

ADP NETWORK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

8 Taxation

	2019 £000	2018 £000
Loss before taxation	(179)	(66)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%)	(34)	(13)
Group relief surrendered for nil consideration	34	13
Taxation charge for the year	-	-

Following the enactment of the Finance Act in September 2016, the UK corporation tax rate will be reduced to 17% effective from 1 April 2020.

At June 2019, the Company had £982,000 (2018 - £810,000) of unrecognised deferred tax assets. There is no expiry date on timing differences for unused tax losses.

No liability to UK corporation tax arose for the year ended 30 June 2019 nor for the year ended 30 June 2018.

9 Fixed asset investments

Movements in fixed asset investments

	Shares in group undertakings
Cost or valuation	
At 30 June 2018 and 30 June 2019	38,708
Impairment	
At 1 July 2018 & 30 June 2019	(38,708)
Net book value	
At 30 June 2019	-
At 30 June 2018	-

ADP NETWORK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

9 Fixed asset investments

The Company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Automatic Data Processing Limited +

Registered office: Syward Place, Pyrcroft Road, Chertsey, Surrey KT16 9JT

Nature of business: Payroll Services

%

Class of shares: holding

Ordinary 100.00

OneClickHR Limited +

Registered office: Syward Place, Pyrcroft Road, Chertsey, Surrey KT16 9JT

Nature of business: Research and Development

%

Class of shares: holding

Ordinary 100.00

ADP Development Limited +

Registered office: Syward Place, Pyrcroft Road, Chertsey, Surrey KT16 9JT

Nature of business: Dormant

%

Class of shares: holding

Ordinary 100.00

ADP Employer Services CIS +

Registered office: 17 Skakovaya St., Bldg 2, 7th Floor, Moscow 125040 Russia

Nature of business: Payroll Services

%

Class of shares: holding

Ordinary 1.00

ADP India Private Limited +

Registered office: Tamarai Tech Park, 1st Floor, SP Plot No.16-20 & 20A, Inner Ring Rd, Thiru Vi Ka Industrial Estate, Guindy,

Chennai, Tamil Nadu 600032, India

Nature of business: Payroll Services

%

Class of shares: holding

Ordinary 0.00012

Vizual Business Tools Limited

Registered office: Syward Place, Pyrcroft Road, Chertsey, Surrey KT16 9JT

Nature of business: HR Services

%

Class of shares: holding

Ordinary 100.00

Vizual HR Limited

Registered office: Syward Place, Pyrcroft Road, Chertsey, Surrey KT16 9JT

Nature of business: HR Services

%

Class of shares: holding

Ordinary 100.00

+ Held directly by ADP Network Services Limited.

ADP NETWORK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

9 Fixed asset investments

On 4 August 2017 ADP Solutions Private Limited merged into ADP India Private Limited, with the surviving entity being ADP India Private Limited. The investment held in ADP India Private Limited is considered immaterial and has been fully provided for, therefore there is not impact on the net book value of fixed asset investment.

10 Debtors

	2019 £000	2018 £000
Amounts falling due within one year:		
Amounts owed by group undertakings	16,182	26
Amounts falling due after more than one year:		
Amounts owed by group undertakings	-	10,001
Total debtors	16,182	10,027

During the year ADP Network Services Limited initiated a funds transfer to Automatic Data Processing Limited in two tranches of £3,000,000 and £2,000,000 respectively, and £1,000,000 to OneClickHR Limited. This was to fund cash flow shortages and does not accrue interest. However, cash pooling interest is earned on intercompany balances and is recharged to the relative entities.

On 26 June 2018, ADP Network Services Limited entered into a new intercompany loan agreement with its immediate subsidiary company OneClickHR Limited. ADP Network Services Limited made a loan payment to OneClickHR Limited for £10,000,000 which is repayable together with any interest accruing at a rate of 1.34% by 26 June 2020.

In the opinion of the Directors, the loan amount is stated at fair value and in line with the commercial margins. Any foreign denominated loans are translated into the operating currency as at the year-end foreign exchange rate with any differences being recognised in the income statement.

ADP NETWORK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

11 Creditors: amounts falling due within one year

	2019	2018
	£000	£000
Amounts owed to group undertakings	26,009	18,609
Accruals	28	21
	<u>26,037</u>	<u>18,630</u>

ADP Network Services Limited operates a cash pooling facility for all UK entities. Included in amounts owed to group undertakings above are three separate Euro denominated intercompany loans due to the Company's immediate parent company ADP Nederland B.V. which are used to finance the operations of the other UK group entities.

The cash pool is part of a facility guaranteed by Automatic Data Processing Inc. Under the agreement, the Company has provided a guarantee to the bank under which the bank is authorised to set-off for interest purposes and in certain circumstances to seize cash balances and apply them to reduce liabilities including bank overdrafts. The net overdraft position for the cash pooling group is limited to £5,000,000.

In the opinion of the Directors, the loan amounts are stated at fair value and in line with the commercial margins. The first loan due of £15,249,000 (€17,000,000) (2018 - £15,064,000, presented as falling due after more than one year) is due for repayment together with any interest accruing at a rate of 0.05% on 23 September 2019.

The second loan due of £10,760,000 (€12,000,000) (2018 - £10,630,000, presented as falling due after more than one year) is due for repayment together with any interest accruing at a rate of 0.04% on 04 October 2019.

Subsequent to 30 June 2019, two loans disclosed above (€17,000,000 loan due for repayment on 23 September 2019 and €12,000,000 due for repayment on 04 October 2019) were extended for additional two-year terms commencing on the respective original repayment date. The intent with all intercompany loans is that they be renewed at each maturity with the aim to keep the loans outstanding for the foreseeable future and classified as long-term, with the short-term element being reclassified accordingly year-on-year.

12 Creditors: amounts falling due after more than one year

	2019	2018
	£000	£000
Amounts owed to group undertakings	<u>24,235</u>	<u>25,694</u>

Included in amounts owed to group undertakings are four Euro denominated intercompany loans due to the Company's immediate parent company ADP Nederland B.V.

In the opinion of the Directors, the loan amounts are stated at fair value and in line with the commercial margins.

The first loan due of £5,843,000 (€6,500,000) (2018 - £5,765,000), presented as falling due within one year) is due for repayment together with any interest accruing at a rate of 0.15% on 10 October 2020.

The second loan due of £8,526,000 (€9,500,000) (2018 - £8,415,000), presented as falling due within one year) is due for repayment together with any interest accruing at a rate of 0.16% on 18 November 2020.

The third loan due of £4,484,000 (€5,000,000) (2018 - £4,429,000), presented as falling due within one year) is due for repayment together with any interest accruing at a rate of 0.04% on 29 June 2021.

The fourth loan due of £5,382,000 (€6,000,000) (2018 - £nil was entered into on 21 December 2018, presented as falling due after more than one year) is due for repayment together with any interest accruing at a rate of 0.04% on 29 June 2021.

ADP NETWORK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

13 Called up share capital

	2019	2018
	£000	£000
Ordinary share capital		
Issued and fully paid		
17,768,859 Ordinary of £1 each	17,769	17,769

14 Ultimate controlling party

The Ultimate Parent Company and the controlling party is Automatic Data Processing, Inc., which is incorporated in the United States of America. The immediate parent company is ADP Nederland B.V., which is incorporated in the Netherlands.

The parent company of the smallest and largest group which prepares consolidated financial statements that include the results of ADP Network Services Limited is Automatic Data Processing Inc. Copies of the group financial statements of Automatic Data Processing Inc. may be obtained from its registered office at One ADP Boulevard, Roseland, New Jersey 07068-1728, USA.