

Company Registration No. 00909293 (England and Wales)

ADP NETWORK SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023



ADP NETWORK SERVICES LIMITED

COMPANY INFORMATION

Directors	L Wake Mr S Haldar V Magliulo	(Appointed 1 September 2022) (Appointed 1 September 2022)
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Company number	00909293
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Registered office	2 The Causeway Staines-Upon-Thames Surrey TW18 3BF
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Auditor	Deloitte LLP Statutory Auditor Abbots House, Abbey St Reading RG1 3BD
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Bankers	Barclays Bank Plc Multinational Corporate Team Level 28 No 1 Churchill Place Canary Wharf London E14 5HP
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ADP NETWORK SERVICES LIMITED

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ADP NETWORK SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The directors present the strategic report for the year ended 30 June 2023. ADP Network Services Limited (the "Company") is an investment holding company for the UK subsidiaries of Automatic Data Processing, Inc. ("ADP Inc."), the Ultimate Parent Company.

Results

During the year, the Company made a profit of £1,434,000 (2022 - profit - £390,000). The foreign exchange gain on the intercompany loans amounted to £5,951 (2022 - £172,000 loss) which has been offset against the intercompany interest paid during the year.

The Company performed an analysis of its investment in Automatic Data Processing Limited (ADP Ltd). Based on the current net book value of the investment holding, as well as profitable forecast trading, the Company is satisfied that the recoverable amount is greater than the carrying value and therefore there is no indication of impairment.

Review of the financial position of the Company

The net equity as at 30 June 2023 was £2,017,000 (2022 - £583,000). Total comprehensive income for the year ended 30 June 2023 was £1,434,000 (2022 - £390,000). The Company remains a going concern as a result of the financial position for the year ended 30 June 2023.

Principal risks and uncertainties

The Company's principal risks and uncertainties relate to its subsidiary investment valuations, as ADP Network Services Limited is a holding Company in the UK. These subsidiaries provide employer services to corporate customers and develop internal human capital management software. 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.

Key performance indicators

ADP Network Services Limited is a holding company, therefore the key performance indicator relates to the carrying value of the investments in subsidiaries. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss. See further disclosure in Note 9.

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.

ADP NETWORK SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

Section 172 statement

During the financial period, the senior management acted in a way, they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole based on information available at the time. The following disclosure describes how the Directors have had regard to the matters set out in section 172(1) (a) to (f):

Employees

The Company had no employees during the year.

Suppliers

The Company does not have any suppliers.

Customers

The Company does not have any customers.

Community and the environment

The Company does not have a physical presence, and therefore has no direct or indirect impacts on the community or the environment.

Principal decisions

Principal decisions are those that are material to the Company and significant to any of the key stakeholder groups. In making the principal decisions set out in the section 172 statement, the Directors considered the outcome from its stakeholder engagement as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between the members of the Company. There were no principal decisions which had a significant impact to any of the key stakeholder groups during the year.

Authorised for issue on behalf of the board of directors,

DocuSigned by:

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L Wake

Director

19 December 2023 | 7:50 AM PST

ADP NETWORK SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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 2023.

Principal activities

The principal activity of the Company continued to be that of an investment holding company for UK subsidiaries of 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	(Resigned 1 September 2022)
J Phipps	(Resigned 1 September 2022)
L Wake	
Mr S Haldar	(Appointed 1 September 2022)
V Magliulo	(Appointed 1 September 2022)

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend (2022 - nil).

During the year the Company made no political or charity donations (2022 : nil)

Qualifying third party indemnity provisions

The Company has made no qualifying third party indemnity provisions for the benefit of its directors during the year.

Financial instruments

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.

ADP, Inc. has confirmed its commitment 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 signing of these financial statements.

Interest rate risk

The Company has exposure to interest rate risk as the majority of its assets and liabilities are intercompany loans with rates which are at arm's length rates. However these interest rates are determined at the inception of the loan and are not susceptible to fluctuations.

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 statement of financial position 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 12 and 13 in the notes to the accounts section.

Credit risk

The Company does not engage with third party customers and as such has no external credit risk. The Directors do not consider there to be a material credit risk on intercompany balances within the ADP Inc. Group, due to the strong financial position of its intercompany partners and the commitment of ADP Inc. to provide financial support for a period of 12 months from the date of signing these financial statements.

ADP NETWORK SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

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), ensuring supporting systems across the business, and ensuring consistent application of financial risk management across the group.

Post reporting date events

On 5 September ADP Development Limited a dormant 100% owned subsidiary post year end has been struck off due to a rationalisation of dormant companies.

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

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 auditor is 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Going concern

ADP Inc. has confirmed its commitment 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 signing of these financial statements. Automatic Data Processing, Inc. is the ultimate parent company of ADP Network Services Limited.

Accordingly, the directors, having considered the letter of financial support received from ADP Inc. and the ability of ADP Inc. to provide the financial support, consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

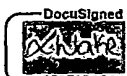
The Company is a holding company. During the year, the Company's main source of income was interest income and it will continue in existence as a holding company.

Emissions and energy consumption

The Company does not have a physical presence, and therefore its carbon emissions are considered to be nil. Its subsidiary company Automatic Data Processing Limited has disclosed within its financial statements its emissions and energy consumption for the period.

The directors have regarded the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard on the principal decisions taken by the Company during the financial year. Refer to the section 172 Statement in the Strategic report.

Authorised for issue on behalf of the board of directors

DocuSigned by:

650F8B2DA1054D9...
L Wake

Director

Date: 19 December 2023 | 7:50 AM PST

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ADP NETWORK SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2023

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;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ADP NETWORK SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ADP NETWORK SERVICES LIMITED

Report on the audit of the financial statements

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 2023 and of its profit 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; 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

ADP NETWORK SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ADP NETWORK SERVICES LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

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.

ADP NETWORK SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ADP NETWORK SERVICES LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, and HMRC tax legislations; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included health & safety legislation and employment law.

We discussed among the audit engagement team including relevant internal specialists such as tax and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

ADP NETWORK SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ADP NETWORK SERVICES LIMITED

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have 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 strategic report or the directors' report.

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.

We have nothing to report in respect of these matters.

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.



Amy Lyons FCA (Senior Statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Reading, United Kingdom

19 December 2023

ADP NETWORK SERVICES LIMITED**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 30 JUNE 2023**

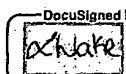
	Notes	2023 £000	2022 £000
Turnover		-	-
Administrative expenses		(26)	(33)
Operating loss	3	(26)	(33)
Interest receivable and similar income	6	2,086	623
Interest payable and similar expenses	7	(626)	(200)
Profit before taxation		1,434	390
Taxation	8	-	-
Profit for the financial year		1,434	390
Total comprehensive income for the year		1,434	390

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

ADP NETWORK SERVICES LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2023**

	Notes	2023 £000	£000	2022 £000	£000
Fixed assets					
Debtors falling due after more than one year	10		28,993		28,757
Investments	9		20,500		20,500
			<u>49,493</u>		<u>49,257</u>
Current assets					
Cash at bank and in hand		1,094		-	
		<u>1,094</u>		<u>-</u>	
Creditors: amounts falling due within one year	11	(35)		(29,675)	
Net current assets/(liabilities)			<u>1,059</u>		<u>(29,675)</u>
Total assets less current liabilities			<u>50,552</u>		<u>19,582</u>
Creditors: amounts falling due after more than one year					
Loans and overdrafts		48,535		18,999	
		<u>48,535</u>		<u>18,999</u>	
Net assets			<u>2,017</u>		<u>583</u>
Capital and reserves					
Called up share capital	13		17,769		17,769
Profit and loss reserves			<u>(15,752)</u>		<u>(17,186)</u>
Total equity			<u>2,017</u>		<u>583</u>

The financial statements were approved by the board of directors and authorised for issue on 19 December 2023 and are signed on its behalf by:

DocuSigned by:

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 L Wake
 Director

Company Registration No. 00909293

ADP NETWORK SERVICES LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 30 JUNE 2023**

	Called up share capital £000	Profit and loss reserves £000	Total £000
Balance at 1 July 2021	17,769	(17,576)	193
Year ended 30 June 2022:			
Profit and total comprehensive income for the year	-	390	390
Balance at 30 June 2022	17,769	(17,186)	583
Year ended 30 June 2023:			
Profit and total comprehensive income for the year	-	1,434	1,434
Balance at 30 June 2023	<u>17,769</u>	<u>(15,752)</u>	<u>2,017</u>

ADP NETWORK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

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

Company information

ADP Network Services Limited (the "Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England. The registered office is 2 The Causeway, Staines-Upon-Thames, England, TW18 3BF.

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; and
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

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.

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. ADP Inc. is the ultimate parent company of ADP Network Services Limited. Accordingly, the directors, having considered the letter of financial support received from ADP Inc. and the ability to provide financial support, consider that it is appropriate to adopt the going concern basis 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 NETWORK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

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

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

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.

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.

ADP NETWORK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

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.

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

The tax currently payable is based on taxable profit for the year. 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.

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.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity at the transaction or other event that resulted in the tax expense or income.

ADP NETWORK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

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 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. There are no specific estimates for the entity. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

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

3 Operating loss

	2023	2022
	£000	£000
Operating loss for the year is stated after charging/(crediting):		
Exchange gains	(6)	-
Fees payable to the Company's auditor for the audit of the Company's financial statements	29	21

4 Employees

There were no staff costs for the year ended 30 June 2023 (2022 - £nil). The Company has had no employees in either the current or preceding year, apart from directors.

5 Directors' remuneration

	2023	2022
	£000	£000
Directors' remuneration	-	-

The Directors' did not receive any remuneration for services provided to this entity during the year (2022 - £nil). The Directors are Directors or employees of Automatic Data Processing Limited, and are remunerated by Automatic Data Processing Limited for their services to the Company.

ADP NETWORK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

6 Interest receivable and similar income

	2023	2022
	£000	£000
Interest receivable from group companies	2,086	623
	<u>2,086</u>	<u>623</u>

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.

7 Interest payable and similar expenses

	2023	2022
	£000	£000
Interest payable to group undertakings	626	28
Exchange losses on financing transactions	-	172
	<u>626</u>	<u>200</u>

8 Taxation

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

	2023	2022
	£000	£000
Profit before taxation	1,434	390
Expected tax charge based on the standard rate of corporation tax in the UK of 20.5% (2022 - 19%)	294	74
Effects of group relief	(277)	-
Expenses not deductible	-	-
Offset by brought forward losses	(17)	(74)
Taxation	<u>0</u>	<u>0</u>

The standard rate of corporation tax in the UK at the balance sheet date is 25%. This gives a corporation tax rate for the Company for the full period of 20.5% (2022: 19%). The Finance Act 2021 included legislation to increase the main rate of UK corporation tax from 19% to 25% from 1 April 2023. As the change to the main UK corporation tax rate was substantively enacted by the balance sheet date the impact is included in these financial statements with temporary differences remeasured using the enacted tax rates that are expected to apply when the liability is settled or the asset realised.

At June 2023, the Company had £Nil (2022 - £21,000) of unrecognised deferred tax assets. There is no expiry date in timing differences for unused tax losses. No liability to UK corporation tax arose for the year ended 30 June 2023 nor for the year ended 30 June 2022.

ADP NETWORK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

9 Investments in subsidiary undertakings

Movements in Investments in subsidiary undertakings

	Shares in group undertakings £000
Cost or valuation	
At 1 July 2022 and 30 June 2023	38,711
Impairment	
At 1 July 2022 and 30 June 2023	(18,211)
Net book value	
At 1 July 2022 and 30 June 2023	<u>20,500</u>

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

ADP NETWORK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

9 Investments in subsidiary undertakings

(Continued)

Automatic Data Processing Limited +

Registered office :2 The Causeway, Staines-upon-Thames, England, TW18 3BF

Nature of business: Payroll Services

Class of shares: Ordinary

% holding: 100.00

Profit for the year ended 30 June 2023: £2,603,000

Net Liabilities as at 30 June 2023: (£1,637,000)

OneClickHR Limited +

Registered office: 2 The Causeway, Staines-upon-Thames, England, TW18 3BF

Nature of business: Research and Development

Class of shares: Ordinary

% holding: 100.00

Loss for the year ended 30 June 2023: (£3,423,000)

Net Liabilities as at 30 June 2023: (£83,925,000)

ADP Development Limited + (Dissolved on 5 September 2023)

Registered office: 2 The Causeway, Staines-upon-Thames, England, TW18 3BF

Nature of business: Dormant

Class of shares: Ordinary

% holding: 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: Ordinary

% holding: 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: Ordinary

% holding: 0.00012

+ Held directly by ADP Network Services Limited.

ADP NETWORK SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2023****10 Debtors**

	2023	2022
	£000	£000
Amounts falling due after more than one year:		
Amounts owed by group undertakings	28,993	28,757

ADP Network Services Limited increased the principal amount of the £14,000,000 intercompany loan agreement with its immediate subsidiary company OneClickHR Limited to £29,758,000. The balance due of £28,993,000 (2022 - £28,757,000) includes accrued interest, and is due for repayment together with any interest accruing at a rate of 0.82% on 26 June 2025.

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

11 Creditors: amounts falling due within one year

	2023	2022
	£000	£000
Bank loans and overdrafts	-	725
Amounts owed to group undertakings	-	28,919
Accruals	35	31
	<u>35</u>	<u>29,675</u>

Included in amounts owed to group undertakings in prior year are two separate Euro denominated intercompany loans due to ADP GSI France and ADP Nederland B.V., which were used to finance the operations of the other UK group entities. The first loan due of £14,673,000 (€17,000,000) is due for repayment together with any interest accruing at a rate of 0.05% on 23 September 2022. The second loan due of £14,246,000 (€16,500,000) is due for repayment together with any interest accruing at a rate of 0.05% on 4 October 2022. These loans are included in creditors: amount falling due after more than one year in financial year 2023 due to loan extensions during the year as after renewal they are due for repayment on 23 September 2024 (€17,000,000) and 10 October 2025 (€16,500,000).

ADP NETWORK SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2023****12 Creditors: amounts falling due after more than one year**

	2023	2022
	£000	£000
Amounts owed to group undertakings	48,535	18,999

Included in amounts owed to group undertakings are three Euro denominated intercompany loans. 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 £5,628,000 (€6,500,000) (2022 - £5,619,000), is due for repayment together with any interest accruing at a rate of 0.13% on 10 October 2025.

The second loan due of £8,206,000 (€9,500,000) (2022 - £8,200,000,,), is due for repayment together with any interest accruing at a rate of 0.03% on 18 November 2025.

The third loan due of £5,185,000 (€6,000,000) (2022 - £5,180,000), is due for repayment together with any interest accruing at a rate of 0.05% on 21 December 2025.

The forth loan due of £14,958,000 (€17,000,000) (2022 - £14,673,000), is due for repayment together with any interest accruing at a rate of 2.54% on 23 September 2024.

The fifth loan due of £14,558,000 (€16,500,000) (2022 - £14,246,000), is due for repayment together with any interest accruing at a rate of 2.9% on 10 October 2025.

ADP NETWORK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

13 Called up share capital

	2023	2022
	£000	£000
Ordinary share capital		
Issued and fully paid		
17,768,859 Ordinary shares of £1 each	17,769	17,769

14 Ultimate controlling party

The ultimate parent company and the controlling party is ADP 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 ADP 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.