



**AUTOMATIC DATA PROCESSING  
LIMITED**

**Report and Financial Statements**

**30 June 1997**

**Deloitte & Touche  
Hill House  
1 Little New Street  
London EC4A 3TR**





**REPORT AND FINANCIAL STATEMENTS 1997**

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**REPORT AND FINANCIAL STATEMENTS 1997**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

P J Griffiths  
F S Lafer (USA)  
J S Weston (USA)

**SECRETARY**

Clifford Chance Secretaries  
200 Aldersgate Street  
London EC1A 4JJ

**REGISTERED OFFICE**

ADP House  
2 Pine Trees  
Chertsey Lane  
Staines  
Middlesex TW18 3DS

**BANKERS**

Barclays Bank PLC  
Cardinal Point  
Newall Road  
Heathrow  
Hounslow  
Middlesex TW6 2AM

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

**SOLICITORS**

Clifford Chance  
200 Aldersgate Street  
London EC1A 4JJ

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Hill House  
1 Little New Street  
London EC4A 3TR

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 30 June 1997.

## **RESULTS AND DIVIDENDS**

The results for the year ended 30 June 1997 are as follows:

	1997 £	1996 £
Profit before taxation	2,202,349	1,677,015
Profit after taxation	2,786,472	1,092,892

The directors do not propose a final dividend for the year (1996 - £nil).

## **REVIEW OF THE BUSINESS**

The company's principal activity is the provision of computing services.

Turnover for the year was £12,014,590, an increase on the previous year of 18%.

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

Automatic Data Processing Limited's ultimate parent company, Automatic Data Processing Inc., which is incorporated in the United States of America, is one of the largest computer services companies in the world with revenues of US\$4.1 billion and net earnings of US\$525 million for the year ended 30 June 1997. ADP Inc. is the largest payroll services provider in the world with over 350,000 clients and processes payroll and related services for over 20 million wage earners.

## **RESEARCH AND DEVELOPMENT**

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

## **FUTURE PROSPECTS**

The directors consider that 1997/98 will be a year of promising trading conditions and of making substantial investments in new services.

## **DIRECTORS**

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

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**

The company made no political donations in the year, but made charitable donations of £750.



## **DIRECTORS' REPORT**

### **AUDITORS**

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

P J Griffiths

Director

7 January 1998



## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## Chartered Accountants

Deloitte & Touche  
Hill House  
1 Little New Street  
London EC4A 3TR

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## AUTOMATIC DATA PROCESSING LIMITED

### AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 6 to 12 which have been prepared under the accounting policies set out on page 8.

#### Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and  
Registered Auditors

7 January 1998

**PROFIT AND LOSS ACCOUNT**  
**Year ended 30 June 1997**

	Note	1997 £	1996 £
<b>TURNOVER</b>	2	12,014,590	10,186,552
Cost of sales		<u>(8,095,204)</u>	<u>(6,920,394)</u>
Gross Profit		3,919,386	3,266,158
Distribution costs		(596,020)	(518,263)
Administrative expenses		<u>(1,339,192)</u>	<u>(1,210,594)</u>
<b>OPERATING PROFIT</b>	4	1,984,174	1,537,301
Interest receivable		<u>218,175</u>	<u>139,714</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		2,202,349	1,677,015
Tax credit/(charge) on profit on ordinary activities	5	<u>584,123</u>	<u>(584,123)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		2,786,472	1,092,892
<b>Profit and loss account brought forward</b>		<u>6,079,570</u>	<u>4,986,678</u>
<b>Profit and loss account carried forward</b>		<u><u>8,866,042</u></u>	<u><u>6,079,570</u></u>

All activities derive from continuing operations. There are no movements in shareholders' funds or recognised gains and losses for the current financial year and preceding financial year other than as stated in the profit and loss account.




**BALANCE SHEET**
**30 June 1997**

	Note	1997 £	1996 £
<b>FIXED ASSETS</b>			
Tangible assets	6	842,079	940,363
<b>CURRENT ASSETS</b>			
Stocks	7	98,372	103,220
Debtors	8	3,963,983	3,966,227
Cash at bank and in hand		6,137,181	3,541,368
		<u>10,199,536</u>	<u>7,610,815</u>
<b>CREDITORS: amounts falling due within one year</b>			
Trade creditors		356,774	381,255
Other creditors including taxation and social security	9	957,949	1,223,854
Accruals		360,850	366,499
		<u>1,675,573</u>	<u>1,971,608</u>
<b>NET CURRENT ASSETS</b>		<u>8,523,963</u>	<u>5,639,207</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>9,366,042</u>	<u>6,579,570</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	500,000	500,000
Profit and loss account		8,866,042	6,079,570
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>9,366,042</u>	<u>6,579,570</u>

These financial statements were approved by the Board of Directors on 7 January 1998.

Signed on behalf of the Board of Directors

  
 P J Griffiths

Director

**NOTES TO THE ACCOUNTS**

**Year ended 30 June 1997**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Tangible fixed assets**

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Computer installation	33 to 50% per annum
Fixtures and fittings	10 to 50% per annum

**Stocks**

Stocks of paper and computer consumables are valued at the lower of cost and net realisable value. Cost represents the invoiced cost of purchase.

**Research and development**

Internal research and development is charged to the profit and loss account as incurred.

**Repairs and renewals**

Expenditure on repairs and renewals is charged to the profit and loss account as incurred.

**Deferred taxation**

Deferred taxation is provided on timing differences arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise.

**Foreign exchange**

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions.

All differences are taken to the profit and loss account.

**Leases**

Rental charges under operating leases are charged to profit and loss as incurred over the periods of the leases.

**Pensions**

The company operates a money purchase scheme for qualifying employees. Pension costs for this scheme are charged to the profit and loss account in the period in which they arise.

The company has previously operated a defined benefit scheme, but as explained in note 14, at the end of December 1991 the company decided to wind down this scheme.


**NOTES TO THE ACCOUNTS**

Year ended 30 June 1997

**2. TURNOVER**

Turnover comprises amounts invoiced, excluding VAT, to third parties in the United Kingdom and represents:-

	1997 £	1996 £
Computer services	11,949,181	10,179,149
Stationery	65,409	7,403
	<u>12,014,590</u>	<u>10,186,552</u>

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	1997 £	1996 £
<b>Directors' emoluments</b>		
Other emoluments	102,995	100,465
Pension contributions	65,375	71,344
	<u>168,370</u>	<u>171,809</u>

One director is a member of a defined contribution pension scheme.

	No	No
<b>Average number of persons employed</b>		
Systems program	24	19
Production	39	39
Customer support	48	34
Administration	11	9
Sales/marketing	54	50
	<u>176</u>	<u>151</u>
	£	£

<b>Staff costs during the year (including directors)</b>		
Wages and salaries	4,168,995	3,349,588
Social security costs	392,233	335,944
Other pension costs	151,389	93,254
	<u>4,712,617</u>	<u>3,778,786</u>

**NOTES TO THE ACCOUNTS**

**Year ended 30 June 1997**

**4. OPERATING PROFIT**

	1997 £	1996 £
<b>Operating profit is after charging:</b>		
Rentals under operating leases		
Vehicle contract hire	333,894	256,466
Other operating leases	441,534	297,961
Depreciation	630,048	653,215
Auditors' remuneration	15,000	14,000
	<u>          </u>	<u>          </u>

**5. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1997 £	1996 £
UK Corporation tax at 33% (1996 - 33%)	-	-
Group relief	-	584,123
	<u>          </u>	<u>          </u>
	-	584,123
Adjustments to prior years' tax provisions	(584,123)	-
	<u>          </u>	<u>          </u>
	(584,123)	584,123

There is no tax charge for the year due to the receipt of group relief for which no payment will be made.

**6. TANGIBLE FIXED ASSETS**

	Computer installation £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 July 1996	2,688,981	1,037,348	3,726,329
Additions	551,322	37,809	589,131
Disposals	(435,784)	-	(435,784)
	<u>          </u>	<u>          </u>	<u>          </u>
At 30 June 1997	2,804,519	1,075,157	3,879,676
<b>Depreciation</b>			
At 1 July 1996	1,896,348	889,618	2,785,966
Charge for the year	515,543	114,505	630,048
Disposals	(378,417)	-	(378,417)
	<u>          </u>	<u>          </u>	<u>          </u>
At 30 June 1997	2,033,474	1,004,123	3,037,597
<b>Net book value</b>			
At 30 June 1997	<u>771,045</u>	<u>71,034</u>	<u>842,079</u>
At 30 June 1996	<u>792,633</u>	<u>147,730</u>	<u>940,363</u>

Computer equipment and furniture costing £2,372,117 was fully depreciated at 30 June 1997 (1996 - £1,535,066).

**NOTES TO THE ACCOUNTS**

**Year ended 30 June 1997**

**7. STOCKS**

	1997 £	1996 £
Paper and computer consumables	98,372	103,220

**8. DEBTORS**

	1997 £	1996 £
Trade debtors	2,537,695	1,989,508
Amounts owed by parent company	819,763	793,682
Amounts owed by fellow subsidiaries	150,943	809,996
Prepayments	455,582	373,041
	<u>3,963,983</u>	<u>3,966,227</u>

**9. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY**

	1997 £	1996 £
Amounts owed to ultimate parent company	139,485	24,495
Amounts owed to fellow subsidiary - group relief	-	983,049
Taxation	737,968	143,997
Social Security	80,496	72,313
	<u>957,949</u>	<u>1,223,854</u>

**10. DEFERRED TAXATION**

There is no liability for deferred taxation, either provided or unprovided as at 30 June 1996 or 30 June 1997.

**11. CALLED UP SHARE CAPITAL**

	1997 £	1996 £
Authorised, called up, allotted and fully paid: 500,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 30 June 1997**

**12. CAPITAL COMMITMENTS**

	1997 £	1996 £
Contracted for but not provided	<u>127,522</u>	<u>144,048</u>

**13. OPERATING LEASE COMMITMENTS**

At 30 June 1997 the company was committed to making the following payments during the next year in respect of operating leases:

	1997		1996	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases which expire:				
Within one year	34,255	-	-	-
Within two to five years	-	434,129	32,828	315,620
After five years	295,000	-	295,000	-
	<u>329,255</u>	<u>434,129</u>	<u>327,828</u>	<u>315,620</u>

**14. PENSION SCHEME**

At the end of December 1991 the company decided to wind down its defined benefit scheme and all employees have now been transferred to a defined contribution scheme. The assets of the scheme are held in separate trustee administered funds.

**15. RELATED PARTY DISCLOSURES**

The company has taken advantage of the exemption granted under paragraph 3(c) of FRS8, 'Related Party Disclosures', not to disclose transactions with other group entities.

**16. ULTIMATE PARENT COMPANY AND 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 registered in England and Wales. Copies of the group financial statements of Automatic Data Processing Inc. may be obtained from One ADP Boulevard, Roseland, New Jersey, USA. Copies of the group financial statements of ADP Network Services Limited may be obtained from the Registrar of Companies, Crown Way, Maindy, Cardiff, CF4 3UZ.