Registered number 03100021



CERIDIAN UK LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

CERIDIAN UK LIMITED

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CERIDIAN UK LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and the financial statements for the year ended 31 December 2012

Principal activities

Ceridian UK Limited ("Ceridian") is a company that provides services that allow other companies the time, information and tools to manage their people better Ceridian provides an array of services to support the basic processes of employing, rewarding and paying people, it also provides value adding tools to allow companies to leverage the investments they make in their people by improving productivity, engagement and motivation

Our base products and services range from new employee setup and control, through benefits, to payroll Our added value products and services include talent acquisition and development, workforce management, flexible benefits, and employee assistance programmes

Ceridian's products and services allow companies to maintain control, reduce risk, comply with legislation, improve people and tax efficiency, reduce costs and deploy their people better

The Directors are not aware, at the date of this report of any major likely changes in the company's activities in the following year

Business review

The company's turnover was £60,780,000 during the year (2011 - £53,559,000) as show in the profit and loss account on page 8

The operating profit for the financial year before depreciation, amortisation and restructuring was £5,457,000 (2011 - loss of £1,338,000)

During 2011, Ceridian opened Sonas, its purpose built global centre in Brahead, Glasgow The five existing offices in Hillington, Glasgow, were closed and staff transferred to Sonas The company also relocated from its Central London location to Reading

In 2012, following the consolidation of office locations, the business was re-organised and restructuring costs of £1,677,000, comprising principally of redundancy costs, were incurred

The company continues to invest in its technology and solutions and won three Payroll World Awards for its service and technology Payroll Provider, Payroll Software Product and Technology Development of the Year for the pensions Auto-Enrolment solution

Results and dividends

The profit for the year, after taxation, amounted to £1,189,000 (2011 - loss £5,230,000)

The directors do not recommend the payment of a dividend (2011 - £nil)

The loss in 2011 was incurred due to provisions for losses on long term contracts and associated impairment of deferred costs of £5,237,000 The contracts were completed in 2012 and the company believes that these contracts will be profitable over the remaining term

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

Corporate social responsibilities (CSR)

Ceridian is aware of its responsibilities as an employer and member of the communities in which we have offices Ceridian is committed to a policy that reflects the impacts we have on people, communities and the environment and to try and mitigate those risks wherever reasonably possible and to engage with other parties in a respectful and constructive manner

Our environment

Ceridian is aware of its impact on the environment and has a number of programmes aimed at reducing our impact and improving our sustainability

- Our programme of closure of small offices has lead to a substantial reduction in utility requirements,
- Company car policy has now been focused on cars, which are more fuel efficient,
- Audio and video conferencing has increased,
- Customers are encouraged to take electronic, rather than paper based reports and payslips, hence reducing deforestation and physical delivery,
- Ceridian's own employees only get online payslips, with no paper copy available and do expenses management online, reducing time and further reducing paper usage,
- Recycling and reuse of waste products is implemented at all major locations, and
- Ceridian's head office is in Green Park in Reading, where the wind turbine seen from the M4 provides a source of green energy

Our employees

Ceridian is committed to improving the skills, training and support to our employees Ceridian uses the full range of its own products and services internally to manage, engage, grow and support our employees Ceridian also encourages all personnel to engage in and to progress in any relevant accreditations to assist their roles and a substantial number of our staff involved in payroll are accredited by the Institute of Payroll Professionals and hold a CIPD qualification in HR administration of management

Ceridian is also aware that the changing nature of work and economic climate places some stress on individuals, and Ceridian uses its own employee assistance programme extensively internally to support those is special need

Ceridian has an employee forum, who meet and discuss issues on a regular basis, this activity is also backed up with employee satisfaction surveys Ceridian also engages directly with subgroups of employees to identify areas of improvement that can be progressed and enhanced

Our community

PayBack is Cendian's registered UK charity (number 1113159), for giving something back to the disadvantaged children in our communities by providing support to schools, hospitals and other institutions The charity focus on raising money, giving grants to these children that live and attend school within a ten mile radius from one of our offices throughout the UK or Republic of Ireland

Recognising the impact that offices like ours can have on neighbourhoods where service providers, high tech companies and newer small businesses have replaced the traditional industrial employers, Ceridian sought a way to 'pay back' into the local community The charity is run entirely by employees on a voluntary basis and is funded through employee events and contributions

PayBack aims to support individuals as part of an ongoing and long term relationship In 2012, £20,973 was raised by colleagues for PayBack and grants of £14,629 were awarded during the year

Principal risks and uncertainties

Ceridian has a strong base of existing clients A significant proportion of Ceridian's revenues are recurring, and therefore there is a good visibility of future cash inflows There are also a number of risks to the business and the major ones are described below The financial performance of the business may be impacted by risks other than those in the list below, or those not considered to be material

Economic climate

Whilst outside of Cendian's control, the economic climate can work in favour of outsourcing businesses, as customers focus on reducing their total costs Ceridian has focused on the element of business that allows customers to reduce costs and outsource risk If the economy were to worsen further, the risk of further bankruptcies remains, and Ceridian retains a tight credit control procedure to mitigate against the risk

Competitor activity

Ceridian operates in both the UK market, and also in other countries around the world Many of these markets are highly competitive in nature As the market requires extensive skills and experience to participate, new entrants to the market are considered unlikely The major risk is through more intense competition between existing suppliers It is believed that, as end markets appear to be in strong growth, margin pressure should be manageable To mitigate against increased margin pressure, Ceridian constantly reviews our services and prices to ensure they are competitive, and appropriate to the value delivered to our customers

Retention of key people

Managing a customer's people issues is a complex business As such, the experience, engagement and skills or our own employees are a key resource The loss of a number of these people could impact Ceridian's ability to deliver for our clients Regular reviews with the key staff are held, and development and reward plans are put in place to retain and develop those individuals As the company continues to grow, more of those skills and experience become decentralised, leading to more diversification of key skills and therefore lower risk

Reliance on key suppliers

Some of the products and services provided are delivered by key partners and suppliers There are also a large number of smaller suppliers, often in the IT arena on whom Ceridian relies Cendian has the risk that those suppliers continue to deliver at a high quality of service and that there are no defects in their software Ceridian continues to review key relationships with suppliers on a regular basis Where appropriate decisions are made to move to another supplier, or to acquire a key partner where the strategic fit is good

Reliance on key locations

Ceridian has a number of locations where processing and support are carried out Significant operations are carried out in Glasgow and in Mauritius To mitigate the risk of a natural disaster or pandemic illness Ceridian has adopted a plan of strategically de-centralise operations around the UK (and one abroad) to mitigate against those risks wherever possible

Data protection

Ceridian processes and manages large volumes of client data electronically and there is a risk that client payroll data could be accessed by 3rd parties Cendian implements network security and access controls which are regularly reviewed to ensure that they remain robust

Liquidity risk

Factors which could impact on our working capital management (and associated risk factors) are our ability to generate sufficient sales to new and existing customers, changes in the competitive environment of the markets in which we serve, and changes in technology

The company has a short term overdraft facility of £5m to manage cyclical changes to working capital

Foreign exchange risk

The company is exposed to foreign currency risk on its transactions that are denominated in currencies other than Great British Pounds It is the company's policy to eliminate such transactional currency exposures within the subsidiaries through billing revenue and incurring costs in the same currency as soon as the contractual commitments to receive (to pay) the foreign currency is known

Interest rate risk

Interest rate risk is negligible as the company does not have any material external debt

Credit risk

Exposure takes the form of customers who may not meet their obligation to agreed terms, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet

As a standard procedure, mitigation occurs through an assessment of the credit rating of all customers before credit terms are agreed

Key performance indicators

The company continually monitors the performance of its operations and other activities through regular reviews using key performance indicators (KPIs) as tools for measurement The KPIs that the company use are relevant to the type of business that it operates and covers performance from a financial, operational and customer service perspective

Directors

The directors who served during the year were

D H Sawers
M G Blackmore (resigned 30 March 2012)
J M Raison
D Woodward
M Merrick (resigned 30 April 2012)
N Treston (appointed 1 January 2013)

Qualifying third party indemnity provisions

Qualifying third party indemnity provisions for the benefit of the directors was in force for the year and up to the date of this report

Political and charitable contributions

During the year, the company made charitable donations of £2,466 (2011 - £3,037), principally to industry-related charities serving the communities in which the company operates The company made no political donations during the year (2011 - £nil)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

Employment policy

Applications for employment by disabled persons are always fully considered Account is taken of disabilities only in so far as they might affect the individual's ability to perform the particular job or have health and safety implications In the event that existing members of staff become disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged

The organisation of the group has been structured so employees should be encouraged to become aware of and to involve themselves in the performance of their own business and of the company as a whole Information about the company's achievements and plans is disseminated through the management structure by means of regular meetings and briefings at all levels and through company newsletters In addition, the company operates a profit-orientated bonus scheme that enables the employees to share in the success of the company These arrangements are seen as an important way of involving staff in the company's business

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to have been reappointed and KPMG LLP will continue in office

This report was approved by the board and signed on its behalf

D H Sawers
Director

Date 14/8/13

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the directors' 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)

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,
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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, to 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 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 CERIDIAN UK LIMITED

We have audited the financial statements of Ceridian UK Limited for the year ended 31 December 2012 set out on pages 8 to 31 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www frc org uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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

P J Selvey

Peter Selvey (Senior statutory auditor)
for and on behalf of KPMG LLP, Statutory auditor
Chartered Accountants
London North Office
58 Clarendon Road
Watford
WD17 1DE

Date 15 August, 2013

CERIDIAN UK LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £000	2011 £000
TURNOVER	1,2	**60,780**	53,559
Cost of sales		**(15,857)**	(12,856)
GROSS PROFIT		**44,923**	40,703
Distribution costs		**(2,561)**	(3,514)
Total administrative expenses		**(40,280)**	(42,772)
Add back depreciation, amortisation and restructuring costs		**3,088**	3,829
Administrative expenses before depreciation, amortisation and restructuring costs		**(37,192)**	(38,943)
Other operating income	4	**287**	416
OPERATING PROFIT/(LOSS) BEFORE DEPRECIATION, AMORTISATION, AND SIGNIFICANT RESTRUCTURING COSTS		**5,457**	(1,338)
Depreciation of tangible fixed assets		**(480)**	(993)
Amortisation of intangible fixed assets		**(931)**	(1,140)
Restructuring costs	3	**(1,677)**	(1,696)
OPERATING PROFIT/(LOSS)	5	**2,369**	(5,167)
Profit on disposal of investments		**-**	280
Interest receivable and similar income	9	**23**	40
Interest payable and similar charges	10	**(60)**	(1,188)
Other finance (costs)/income	11	**(30)**	13
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		**2,302**	(6,022)
Tax on profit/(loss) on ordinary activities	12	**(1,113)**	792
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	22	**1,189**	(5,230)

All amounts relate to continuing operations

The notes on pages 11 to 31 form part of these financial statements

CERIDIAN UK LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £000	2011 £000
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		**1,189**	(5,230)
Actuarial loss recognised in the pension scheme	24	**(2,800)**	(1,527)
Deferred tax arising on losses/gains in the pension scheme	24	**314**	496
Irrecoverable surplus movement in Main pension scheme	24	**1,394**	(462)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		**97**	(6,723)

The notes on pages 11 to 31 form part of these financial statements

CERIDIAN UK LIMITED
REGISTERED NUMBER 03100021

BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	£000	2012 £000	£000	2011 £000
FIXED ASSETS					
Intangible assets	13		**4,304**		4,583
Tangible assets	14		**1,475**		1,854
Investments	15		**4,742**		4,483
			10,521		10,920
CURRENT ASSETS					
Stocks	16	**47**		72	
Debtors	17	**44,751**		51,131	
Cash at bank		**300**		1,762	
		45,098		52,965	
CREDITORS amounts falling due within one year	18	**(26,922)**		(35,373)	
NET CURRENT ASSETS			**18,176**		17,592
TOTAL ASSETS LESS CURRENT LIABILITIES			**28,697**		28,512
CREDITORS amounts falling due after more than one year	19		**(1,389)**		(1,510)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			**27,308**		27,002
Defined benefit pension scheme liability	24		**(1,219)**		(1,010)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			**26,089**		25,992
CAPITAL AND RESERVES					
Called up share capital	21		**70,673**		70,673
Profit and loss account	22		**(44,584)**		(44,681)
SHAREHOLDERS' FUNDS	23		**26,089**		25,992

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

D H Sawers
Director

Date 14/8/13

The notes on pages 11 to 31 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, unless otherwise stated

1 1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom and Companies Act 2006

The company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 'Cash Flow Statements' as the ultimate parent undertaking, Ceridian Corporation includes the company in its own published consolidated financial statements, which are available from the address given in note 27

The company has also taken advantage of the exemption in FRS 8, 'Related Party Disclosures', not to disclose related party transactions with entities that are part of the group which are wholly owned within the group and consolidated financial statements are published for the wider group which are available from the address given in note 27

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006 These financial statements therefore present information about the company as an individual undertaking and not about its group

1 2 Going Concern

Having made appropriate enquiries, the directors consider that adequate resources exist for the company to continue in operational existence for the foreseeable future and that, it is appropriate to adapt the going concern basis in preparing the financial statements for the year ended 31 December 2012

1 ACCOUNTING POLICIES (continued)

1 3 Turnover

Revenue represents the amounts excluding value added tax from the sale of services to customers and comprise consulting services, human resource and payroll services and provision of software licences

Revenues from contracts with multiple deliverables are recognised for each deliverable when

- Persuasive evidence of an arrangement exists,
- The fee to the customer is fixed or determinable,
- Any services deliverable under the supply arrangement are clearly separable from the software supply,
- Services have been rendered, delivery has occured, or contract milestones have been achieved, and
- Collectability is probable

Revenue recognition is based on the relative fair value of each deliverable The amount allocated to each element is based on its objectively determined fair value, such as the sales price for the product or service when it is sold separately or an estimated sales price where such evidence is not available

Revenue from the sale of software product maintenance is recognised over the term of the agreement Payments received in advance of services performed are recorded in the balance sheet as deferred income

On multi element contracts, revenue is recognised separately on each deliverable unless all deliverables are considered to be interdependent At this point, revenue is recognised on customer acceptance

Where total revenue on a contract is expected to be less than the anticipated total costs on the contract, full provision is made for the forecast loss on the contract at the point it is foreseen

1 4 Government grants

Grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate and/or credited to the profit and loss account to match the costs incurred

1 5 Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account

1 6 Share based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date at which the relevant employees become fully entitled to the award Fair value is determined using an appropriate pricing model (further details are provided in note 28)

1 ACCOUNTING POLICIES (continued)

1 7 Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability The expense relating to any provision is presented in the profit and loss account less any reimbursement

1 8 Taxation

The charge for taxation is based on the profit/(loss) for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1 9 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Leasehold improvements	-	over the period of the lease
Computers and associated equipment	-	2 to 7 years

1 ACCOUNTING POLICIES (continued)

1 10 Intangible fixed assets and amortisation

Software rights

Software rights are capitalised as intangible fixed assets They include both purchased software and internally developed software, both of which are included in software products that are used for the principal activity of our business They are amortised over the period that the company will derive economic benefit, not exceeding ten years

Goodwill

Purchased goodwill arising on business combination in respect of acquisitions before 1 January 1998, when FRS 10 Goodwill and Intangible assets was adopted, was written off to reserves in the year of acquisition When a subsequent disposal occurs, any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised Goodwill relating to a business purchased by the company is amortised over the period over which the company will derive direct economic benefit, not exceeding ten years

Concessions, patents, licences and trademarks purchased by the company have been included in goodwill and amortised accordingly

1 11 Impairment of tangible fixed assets, intangible assets and goodwill

The company assesses at each reporting date whether there is an indication that an asset may be impaired If the carrying amount of any asset exceeds its recoverable amount impairment loss is recognised immediately in the profit and loss account In addition, goodwill is tested for impairment annually irrespective of any indication of impairment If the carrying amount exceeds the recoverable amount, the respective asset or the assets in the cash generating unit are written down to their recoverable amounts The recoverable amount of an asset or a cash generating unit is the higher of its fair value less cost to sell and its value in use The value in use is the present value of the future cash flows expected to be derived from an asset or cash generating unit calculated using an appropriate pre-tax discount rate Impairment losses are expensed to the profit and loss account

1 12 Investments

Fixed asset investments are shown at cost less amounts written off in respect of any permanent diminution in value Income is included in the financial statements in the year in which it is receivable

1 13 Stocks

Stocks are valued at the lower of cost and net realisable value

1 ACCOUNTING POLICIES (continued)

1 14 Leasing

Where the company enters into a lease that entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease' The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimate useful life or the term of the lease, whichever is shorter Future installments under such leases, net of finance charges, are included within creditors Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element that reduces the outstanding obligation for future installments

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight-line basis over the life of the lease

1 15 Pensions and other post-retirement benefits

The company operates defined contribution and defined benefit pension schemes for its employees A defined benefit scheme is a pension scheme that defines an amount of pension benefit that an employee will receive on retirement A defined contribution scheme is a pension scheme under which the company pays fixed contributions into a separate entity In all cases a separate fund is being accumulated to meet the accruing liabilities

The assets of the defined contribution pension schemes are held separately from those of the company in an independently administered fund The amount charged against profits for this scheme represents the contributions payable to the scheme in respect of the accounting period

The assets of the defined benefit schemes are held separately from those of the company Pension scheme assets are measured using market values Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full The movement in the scheme deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses

2 TURNOVER

In the opinion of the directors, disclosure of the analysis of turnover by class of business would be seriously prejudicial to the interests of the company and therefore in accordance with the relative exemptions provided in the Companies Act, further disclosures are not included in the financial statements

An analysis of turnover by geographical segments is provided below

Geographical segments

	2012 £000	2011 £000
United Kingdom	**50,087**	43,864
Rest of European Union	**6,262**	6,456
Rest of World	**4,431**	3,239
	60,780	53,559

The tables above represents turnover from continuing operations only

The analysis of turnover by geographical area is on the basis of destination

3 RESTRUCTURING COSTS

	2012 £000	2011 £000
Glasgow office	**-**	717
Reading office	**-**	979
Other	**1,677**	-
	1,677	1,696

Glasgow office

During the previous year, the company completed the establishment of a global service centre in Glasgow and consolidated properties and job functions, resulting in reduced overheads and improved business efficiencies enabling the company to grow with a reduced property cost base and efficiencies of scale The company has incurred costs in relation to this restructuring of £nil (2011 - £717,000)

Reading office

During the previous year the company relocated from its Central London office to an office in Reading The company incurred restructuring costs in relation to the relocation of £nil in the year (2011 - £979,000)

Other

Other restructuring costs comprise principally of redundancy costs arising from the reorganisation of the business in the year aimed at reducing the cost base of the business to enable future profitable growth

4 OTHER OPERATING INCOME

	2012 £000	2011 £000
Government grants receivable	**287**	416

Regional selective assistance grant (RSA) claim

Ceridian UK Limited has committed to a project in Glasgow which will consolidate properties and job functions, resulting in reduced overheads and improved business efficiencies and productivity, enabling the company to grow with a reduced property cost base and enjoy efficiencies of scale

Ceridian UK Limited negotiated terms for RSA with the Scottish Executive in June 2007 which allowed for a total grant of £2,600,000 to be claimed, as each threshold of jobs created as a result of the project, total jobs within the Assisted Area and capital expenditure was reached

The grant is subject to the company meeting specific targets over a period of five years and can be reclaimed at any time over this period if the company fails to meet the targets The company has recognised £1,716,000 to date (2011 - £1,429,000 to date)

Other grants received

During the year the company received other grant income in relation to training and other related projects of £nil (2011 - £62,000)

5 OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging

	2012 £000	2011 £000
Depreciation of tangible fixed assets		
- owned by the company	**479**	990
- held under finance leases	**1**	3
Operating lease rentals		
- plant and machinery	**580**	694
- other operating leases	**1,389**	1,344
Exchange losses	**208**	195
Software rights amortisation	**931**	1,140
Impairment of deferred costs	**-**	5,237

6 AUDITOR'S REMUNERATION

	2012 £000	2011 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	**112**	108
Fees payable to the company's auditor and its associates in respect of		
All other services	**-**	8

7 DIRECTORS' REMUNERATION

	2012 £000	2011 £000
Emoluments	**734**	706
Company pension contributions to defined contribution pension schemes	**42**	45
Compensation for loss of office	**70**	-

During the year retirement benefits were accruing to 3 directors (2011 - 4) in respect of defined contribution pension schemes
The highest paid director received remuneration of £218,000 (2011 - £191,000)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £19,000 (2011 - £18,000)

8 STAFF NUMBERS AND COSTS

Staff costs, including directors' remuneration, were as follows

	2012 £000	2011 £000
Wages and salaries	**20,134**	20,241
Social security costs	**2,100**	2,448
Other pension costs (see note 24)	**763**	878
	22,997	23,567

The average monthly number of employees, including the directors, during the year was as follows

	2012 No	2011 No
Data preparation and processing	**280**	379
Sales	**43**	44
Customer support	**187**	215
Administration	**61**	67
	571	705

Included in wages and salaries are charges relating to share based payments of £94,000 (2011 - £93,000) (see note 28)

9 INTEREST RECEIVABLE

	2012 £000	2011 £000
Bank interest receivable	**23**	40

10 INTEREST PAYABLE

	2012 £000	2011 £000
On bank loans and overdrafts	60	80
On loans from group undertakings	-	1,108
	60	1,188

11 OTHER FINANCE (COSTS) / INCOME

	2012 £000	2011 £000
Expected return on pension scheme assets	1,844	1,961
Interest on pension scheme liabilities	(1,874)	(1,948)
	(30)	13

12 TAXATION

	2012 £000	2011 £000
Analysis of tax (credit)/charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit/(loss) for the year	-	-
Adjustments in respect of prior periods	(660)	-
Total current tax	(660)	-
Deferred tax		
Origination and reversal of timing differences (see note 20)	1,487	(1,220)
Deferred tax movement on pension schemes	286	428
Total deferred tax	1,773	(792)
Tax on profit/(loss) on ordinary activities	1,113	(792)

12 TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - higher than) the standard rate of corporation tax in the UK of 24 5% (2011 - 26 5%) The differences are explained below

	2012 £000	2011 £000
Profit/(loss) on ordinary activities before tax	**2,302**	(6,022)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 24 5% (2011 - 26 5%)	**564**	(1,596)
Effects of		
Non-tax deductible expenses, amortisation of goodwill and impairment	**27**	61
Release of intercompany liability not subject to tax	**-**	(163)
Difference between capital allowances and depreciation	**(181)**	263
Utilisation of tax losses	**(148)**	-
Other timing differences	**25**	13
Pension deficit catchup	**(287)**	(428)
Adjustments to tax charge in respect of prior periods	**(660)**	-
Non-taxable income	**-**	(74)
Unrelieved tax losses carried forward	**-**	1,706
Group relief surrendered for no payment	**-**	218
Current tax (credit)/charge for the year (see note above)	**(660)**	-

Factors that may affect future tax charges

The 2012 Budget on 23 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014 A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively On 5 December 2012 the Chancellor of the Exchequer announced in his Autumn Statement that the rate of corporation tax would be further reduced to 21% from 1 April 2014 and on 20 March 2013 the Chancellor of the Exchequer announced in the 2013 budget that the rate of corporation tax would be reduced further to 20% from 1 April 2015 The 3% reduction will further reduce the company's effective rate of tax and deferred tax asset accordingly

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

13 INTANGIBLE FIXED ASSETS

	Software rights £000
Cost	
At 1 January 2012	**24,601**
Additions	**652**
At 31 December 2012	**25,253**
Amortisation	
At 1 January 2012	**20,018**
Charge for the year	**931**
At 31 December 2012	**20,949**
Net book value	
At 31 December 2012	**4,304**
At 31 December 2011	4,583

14 TANGIBLE FIXED ASSETS

	Leasehold improvements £000	Computer equipment £000	Total £000
Cost			
At 1 January 2012	**1,878**	**9,234**	**11,112**
Additions	**35**	**66**	**101**
Transfer between classes	**560**	**(560)**	**-**
At 31 December 2012	**2,473**	**8,740**	**11,213**
Depreciation			
At 1 January 2012	**1,285**	**7,973**	**9,258**
Charge for the year	**57**	**423**	**480**
Transfer between classes	**124**	**(124)**	**-**
At 31 December 2012	**1,466**	**8,272**	**9,738**
Net book value			
At 31 December 2012	**1,007**	**468**	**1,475**
At 31 December 2011	593	1,261	1,854

The depreciation provided against assets held under finance leases is disclosed in note 5 The net book value of assets held under finance leases is £nil (2011 - £1,000)

15 FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2012	**4,483**
Additions	**259**
At 31 December 2012	**4,742**
Net book value	
At 31 December 2012	**4,742**
At 31 December 2011	4,483

Additions to investments represent further consideration due in relation to the Intellinet Group Limited acquisition completed in 2010

Subsidiary undertakings

The following were subsidiary undertakings of the company at 31 December 2012

Name	Class of shares	Holding
Intellinet Group Limited (incorporated in England and Wales)	£1 Ordinary shares	100%
Intellinet Limited (incorporated in England and Wales)*	£1 Ordinary shares	100%

In the opinion of the directors, the investments and amounts due from the company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet

* Intellinet Limited is a 100% subsidiary of Intellinet Group Limited and is a subsidiary of the company by virtue of the company holding 100% of the ordinary shares in Intellinet Group Limited

Intellinet Group Limited was dormant during the year The principal activity of Intellinet Limited was providing management and computer software consultancy

16 STOCKS

	2012 £000	2011 £000
Raw materials and consumables	**47**	72

17 DEBTORS

	2012 £000	2011 £000
Due after more than one year		
Other debtors	**100**	100
Due within one year		
Trade debtors	**9,047**	7,040
Amounts owed by group undertakings	**10,698**	15,321
Other debtors	**120**	225
Prepayments and accrued income	**3,142**	2,633
Deferred costs	**13,126**	15,807
Deferred tax asset (see note 20)	**8,518**	10,005
	44,751	51,131

18 CREDITORS
Amounts falling due within one year

	2012 £000	2011 £000
Bank loans and overdrafts	**703**	257
Trade creditors	**2,296**	967
Amounts owed to group undertakings	**4,790**	8,116
Withholding tax	**-**	133
Social security and other taxes	**1,850**	2,435
Deferred income	**12,496**	17,927
Other creditors	**1,689**	1,294
Accruals	**3,098**	4,244
	26,922	35,373

19 CREDITORS
Amounts falling due after more than one year

	2012 £000	2011 £000
Amounts owed to group undertakings	**-**	446
Other creditors	**1,389**	1,064
	1,389	1,510

20 DEFERRED TAX ASSET

	2012 £000	2011 £000
At beginning of year	**10,005**	8,785
(Utilised)/created during year	**(1,487)**	1,220
At end of year	**8,518**	10,005

The deferred tax asset is made up as follows

	2012 £000	2011 £000
Accelerated capital allowances	**1,094**	1,385
Tax losses carried forward	**7,246**	8,475
Other	**178**	145
	8,518	10,005

21 SHARE CAPITAL

	2012 £000	2011 £000
Allotted, called up and fully paid		
70,673,000 Ordinary shares of £1 each	**70,673**	70,673

22 RESERVES

	Profit and loss account £000
At 1 January 2012	**(44,681)**
Profit for the year	**1,189**
Other recognised gains and losses	**(1,092)**
At 31 December 2012	**(44,584)**

The closing balance on the profit and loss account includes a £1,219,000 (2011 - £1,010,000) debit, stated after deferred taxation of £365,000 (2011 - £338,000), in respect of pension scheme liabilities of the company pension scheme

23 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £000	2011 £000
Opening shareholders' funds	**25,992**	2,215
Profit/(loss) for the year	**1,189**	(5,230)
Shares issued during the year	**-**	30,500
Other recognised gains and losses during the year	**(1,092)**	(1,493)
Closing shareholders' funds	**26,089**	25,992

24 PENSION COMMITMENTS

The Company operates a main funded pension scheme with both defined contribution and defined benefit sections In addition, the Company participates in an industry-wide defined benefit scheme, the Industry Wide Coal Staff Superannuation Scheme (IWCSSS) Participation in both the defined benefit schemes is closed for existing and new employees A number of employees are members of a defined contribution scheme established in Ireland

The assets of the defined contribution schemes are held separately from those of the company in an independently administered fund The pension cost charge in relation to the defined contribution scheme represents contributions payable by the company to the fund and amounted to £634,000 (2011 - £788,000)

The information disclosed below is in respect of the whole of the plans for which the Company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the periods shown

The amounts recognised in the balance sheet are as follows

	2012 £000	2011 £000
Present value of funded obligations	**(43,853)**	(39,625)
Fair value of scheme assets	**45,490**	42,892
Surplus in scheme	**1,637**	3,267
Surplus not recognised	**(3,221)**	(4,615)
Deficit included in balance sheet	**(1,584)**	(1,348)
Related deferred tax asset	**365**	338
Net liability	**(1,219)**	(1,010)

24 PENSION COMMITMENTS (continued)

The amounts recognised in profit or loss are as follows

	2012 £000	2011 £000
Current service cost	(129)	(90)
Interest on obligation	(1,874)	(1,948)
Expected return on scheme assets	1,844	1,961
Total	(159)	(77)
Actual return on scheme assets	2,536	3,807

Movements in the present value of the defined benefit obligation were as follows

	2012 £000	2011 £000
Opening defined benefit obligation	39,625	35,236
Current service cost	129	90
Interest cost	1,874	1,948
Contributions by members	22	27
Actuarial losses	3,492	3,373
Benefits paid	(1,289)	(1,049)
Closing defined benefit obligation	43,853	39,625

Changes in the fair value of scheme assets were as follows

	2012 £000	2011 £000
Opening fair value of scheme assets	42,892	38,424
Expected return on assets	1,844	1,961
Actuarial gains	692	1,846
Contributions by employer	1,329	1,683
Contributions by scheme participants	22	27
Benefits paid	(1,289)	(1,049)
	45,490	42,892

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses was £9,115,000 (2011 - £6,315,000)

The company expects to contribute £1,349,000 to its defined benefit pension schemes in 2013

The major categories of scheme assets as a percentage of total scheme assets are as follows

	2012	2011
Equities	35 53 %	32 22 %
Fixed interest	34 42 %	39 11 %
Index linked gilts	7 14 %	7 05 %
Cash and other	22 91 %	21 63 %

24. PENSION COMMITMENTS (continued)

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2012	2011
Discount rate	**4 30 %**	4 80 %
Inflation	**2 38 %**	2 45 %
Future salary increases	**3 80 %**	3 90 %
Future pension increases - Pre 1997 accrual	**3 00 %**	3 00 %
Future pension increases - Post 1997 accrual	**3 10 %**	3 10 %

Amounts for the current and previous four periods are as follows

Defined benefit pension schemes

	2012	2011	2010	2009	2008
	£000	£000	£000	£000	£000
Defined benefit obligation	**(43,853)**	(39,625)	(35,236)	(33,699)	(27,838)
Scheme assets	**45,490**	42,892	38,424	33,629	28,484
Surplus/(deficit)	**1,637**	3,267	3,188	(70)	646
Experience adjustments on scheme liabilities	**(3,492)**	(3,373)	(417)	(2,262)	-
Experience adjustments on scheme assets	**692**	1,846	2,109	2,447	(3,000)

25 OPERATING LEASE COMMITMENTS

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		**Other**	
	2012	2011	**2012**	2011
	£000	£000	**£000**	£000
Expiry date				
Within 1 year	**21**	-	**174**	-
Between 2 and 5 years	**605**	852	**284**	567
After more than 5 years	**926**	787	**-**	-

26 RELATED PARTY TRANSACTIONS

The company is controlled by Ceridian Holdings UK Limited, the immediate parent company The ultimate controlling party is Ceridian Corporation, the ultimate parent company The company has taken advantage of the exemption in FRS 8, 'Related Party Disclosures', not to disclose related party transactions with entities that are part of the group which are wholly owned within the group and consolidated financial statements are published for the wider group which are available from the address given in note 27

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

27 ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING OF LARGER GROUP OF WHICH THE COMPANY IS A MEMBER

The largest and smallest group in which the results of the company are consolidated is that headed by Ceridian Corporation, the company's ultimate controlling party, which is incorporated in the USA Copies of its group accounts, which includes the company, are available from Ceridian Corporation, 3311 East, Old Shakopee Road, Minneapolis, USA

28 SHARE BASED PAYMENTS

During the year ended 31 December 2012, the ultimate parent company, Ceridian Corporation maintained share based payment plans for non-employee directors, officers and employees

The Ceridian Holding 2007 Stock Incentive Plan ("2007 SIP"), authorises the issuance of up to 10,540,540 common shares of Ceridian Holding in connection with awards of stock options and stock awards Eligible participants in the 2007 SIP include our directors, employees and consultants As of 31 December 2012, there were 919,790 shares available for future grants under the 2007 SIP, including shares available as the result of the cancellation or termination of any prior awards

Stock options awarded under the 2007 SIP vest either annually on a pro rata basis over a five-year period or on a specific date if certain performance criteria are satisfied and certain equity values are attained The stock option awards have a 10-year contractual term and have an exercise price that is not less than the fair market value of the underlying stock on the date of the grant

Performance-Based Options

Performance-based stock option activity in year ended 31 December 2012 was as follows

	2012 Weighted average exercise price (£)	2012 Number of options
Outstanding at 1 January 2012	**6 42**	4,065,000
Granted during the year	**6 27**	1,806,750
Forfeited during the period	**6 27**	(1,100,000)
Outstanding at 31 December 2012	**6 15**	4,771,750

There were no (2011 - nil) options exercisable at 31 December 2012

The performance-based options vest on the earliest to occur of a change in control or an initial public offering ("IPO") in which the value of the stock is at least $20 per share or higher If the value of the common stock has not reached $20 or higher per share at the time an IPO/change of control event occurs, the options expire unvested

28 SHARE BASED PAYMENTS (continued)

Term Options

Term-based stock option activity in year ended 31 December 2012 was as follows

	2012 Weighted average exercise price (£)	2011 Number of options
Outstanding at 1 January 2011	**6 42**	4,085,250
Granted during the year	**6 27**	1,806,750
Forfeited during the period	**6 27**	(1,043,000)
Total	**6 15**	4,849,000

The fair value of term-based options granted during 2012 has a weighted average value of £1 79 per option (2011 - £2 78 per option)

The company used the integrated Monte Carlo simulation model and a trinomial lattice model to estimate the value of the performance-based options

The weighted average assumptions used in estimating the value of the performance-based options are as follows

	2012	2011
Expected volatility	**35 0%**	40 0%
Expected dividend rate	**-**	-
Risk free interest rate	**1 8%**	3 0%

The fair value of performance-based options granted during 2012 had a weighted average value of £1 96 per option (2011 - £3 26 per option)

The fair value of the term-based stock options was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions

	2012	2011
Expected life in years	**6 5**	6 5
Expected volatility	**35 0%**	40 0%
Expected dividend rate	**-**	-
Risk free interest rate	**1 07%**	2 3%

Methodology used to determine fair value and estimated expected life related to stock options granted

The fair value of services received in return for share options was measured at the grant date based on the fair value of the options and the share based expense has been recognised over the requisite service period, which is usually the vesting period Due to all the share based payments being cash cancelled on 9 November 2007, the charge for the remaining vesting period was accelerated

The Black-Scholes standard option pricing model ("Black-Scholes model") has been used to determine the fair value of stock options The determination of the fair value of the awards on the date of grant using the Black-Scholes model was affected by the stock price as well as assumptions of other variables of stock price in future periods

28 SHARE BASED PAYMENTS (continued)

Historical employee exercise and termination data was adjusted to estimate the expected life assumption We believed that historical data represented the best estimate of the expected life of a new employee option We also stratified our employee population based upon distinctive exercise behaviour patterns The risk-free interest rate we used was based on the implied yield available on U S Treasury zero coupon issues The estimated volatility of our common stock was based on historical daily volatility levels of our common shares We believed that historical data represented the best estimate of the volatility Because we did not anticipate paying any cash dividends in the foreseeable future, we used an expected dividend yield of zero The amount of share based payment expense we recognised during a period was based on the portion of the awards that were ultimately expected to vest We estimated option forfeitures at the time of grant and revised those certain estimates in subsequent periods if actual forfeitures differed from those estimates We analysed historical data to estimate pre-vesting forfeitures and record share based payment expenses for those awards expected to vest

The Black-Scholes model was developed for use in estimating fair value of traded options that have no vesting restrictions and are fully transferable, characteristics that were not present in our option grants Existing valuation models, including the Black-Scholes and lattice binomial models, may not have provided reliable measures of the fair values of our share based payments Consequently, there was a risk that our estimates of the fair values of our share based payments awards on the grant dates may have little resemblance to the actual values realised upon the exercise of forfeiture of those stock-based awards in the future Some employee stock options could expire worthless, or only realise minimal intrinsic value, as compared to the fair values that were originally estimated on the grant date and recognised in our financial statements

Alternatively, some employee stock options could realise significantly more value than the fair values originally estimated on the grant date and recognised in our financial statements At the time there was no market-based mechanism or other practical application to verify the reliability and accuracy of the estimates stemming from these valuation models, nor was there a means to compare and adjust the estimates to actual values

The expected volatility was based on the historic daily volatility levels of Ceridian Corporation's common shares (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information

Share options were granted under a service condition, a non-market performance condition Such conditions are not taken into account in the grant date fair value measurement of the services received There were no market conditions associated with the share option grants

For the year ended 31 December 2012, we used a projected expected life for each award granted based on historical experience of our employees' exercise behaviour We stratified our employee population based upon distinctive exercise behaviour patterns

The total expense recognised for the period arising from share based payments is as follows

	2012	2011
	£000	£000
Equity settled share based payments	**94**	93