

CERIDIAN EUROPE LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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CERIDIAN EUROPE LIMITED

COMPANY INFORMATION

Directors	N D Cucci J S Jacobs W E Muirhead
Company secretary	Corporation Service Company (UK) Limited
Registered number	10164768
Registered office	C/O Corporation Service Company (UK) Limited 5 Churchill Place, 10th Floor London E145HU
Independent auditor	Cooper Parry Group Limited Cubo Birmingham Office 401 4th Floor Two Chamberlain Square Birmingham B3 3AX

CERIDIAN EUROPE LIMITED

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CERIDIAN EUROPE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Principal activity

The company's principal activity is providing services that allow other companies the time, information and tools to manage their people better. These activities include an array of services to support the basic processes of employing and paying people, and it also provides value adding tools to allow companies to leverage the investments they make in their people by improving productivity, engagement and motivation.

Business review

The loss of £10,128,188 (2021 restated: loss £2,967,500) principally relates to compensation and other employee-related costs. On the balance sheet, the reduction in tangible and intangible assets from £1,695,776 in 2021 to £851,660 in 2022 principally relates to amortisation and depreciation expense. Amounts owed to group undertakings have increased compared with the prior year.

Principal risks and uncertainties

The company is a wholly owned subsidiary within the Ceridian HCM Holding Inc. group, and the directors of the group manage operations at a group level.

The directors are responsible for assessing and monitoring business risk of the company. Regularly scheduled board meetings are held to oversee potential risks and areas of uncertainty to ensure that the company is appropriately addressing operational and financial risks when and if they arise. Company business risks include business risk, client risk and delivery risk. The directors anticipate that these will remain unchanged for the forthcoming financial year.

Financial key performance indicators

The loss for the year, after taxation, amounted to £10,128,188 (2021 restated: loss £2,967,500).

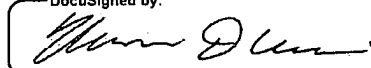
Employees

We provide a wide range of compensation and benefits to our employees which enhance the workplace experience and drive our Makes Work Life Better™ brand. In addition to salaries, these benefits include annual bonuses, equity awards, a global employee stock purchase program, retirement savings plans, healthcare and insurance benefits, fertility and family building benefits, health savings and flexible savings spending accounts, unlimited time away from work, parental leave, flexible and remote work options, employee assistance programs, and tuition reimbursement.

Promoting diversity, equity and inclusion ("DEI") within our workforce is also a priority for the company. We have a company-wide employee Global Diversity Advisory Council, and we provide funding to our nine inclusive-building employee resource YOUNity groups.

The health, safety, and wellbeing of our employees is of paramount importance to us. In 2022, we hosted our first-ever global Mental Health Summit and offered two paid wellness days to all employees. We also expanded access to a platform that provides digital and in-person solutions that help support overall wellbeing to all employees. We developed a new emergency communications system to ensure connectivity and support for our employees both during and after natural disasters and other dangerous events. We ensure that all necessary policies and procedures are in place at our facilities to protect employee health and safety.

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

DocuSigned by:

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N D CUCCI
Director

Date: 28 September 2023

CERIDIAN EUROPE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the company's financial statements and then apply them consistently;
- make judgements 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 and 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.

Results and dividends

The loss for the year, after taxation, amounted to £10,128,188 (2021 restated: loss £2,967,500).

The directors did not propose any dividends during the year (2021: £Nil).

Directors

The directors who served during the year were:

N D Cucci
J S Jacobs
W E Muirhead

Qualifying third party indemnity provisions

Qualifying third party indemnity provisions for the benefit of the directors were in force for the year end up to the date of this report.

CERIDIAN EUROPE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Disclosure of information to auditor

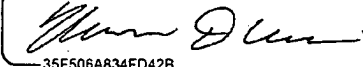
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Cooper Parry Group Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

DocuSigned by:

35F506A834FD42B...
N D Cucci
Director

Date: 28 September 2023

CERIDIAN EUROPE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CERIDIAN EUROPE LIMITED

Opinion

We have audited the financial statements of Ceridian Europe Limited (the 'company') for the year ended 31 December 2022, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss 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.

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 United Kingdom, including the Financial Reporting Council'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.

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.

CERIDIAN EUROPE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CERIDIAN EUROPE LIMITED (CONTINUED)

Opinion 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.

Matters on which we are required to report by exception

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 material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, 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.

CERIDIAN EUROPE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CERIDIAN EUROPE LIMITED (CONTINUED)

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.

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:

Our assessment focused on key laws and regulations the company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement team collectively had the appropriate competence capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our experience of working with other clients in the same sector;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence where applicable; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions; and
- reviewed management's basis for provisions including doubtful debt.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing legal and professional nominal.

CERIDIAN EUROPE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CERIDIAN EUROPE LIMITED (CONTINUED)

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect any irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

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.



Holly Green (senior statutory auditor)

for and on behalf of

Cooper Parry Group Limited

Cubo Birmingham
Office 401
4th Floor
Two Chamberlain Square
Birmingham
B3 3AX

Date: 29 September 2023

CERIDIAN EUROPE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	As restated 2021 £
Turnover	4	31,810,036	25,219,472
Cost of sales		(300,441)	(105,731)
Gross profit		<u>31,509,595</u>	<u>25,113,741</u>
Administrative expenses		(42,600,190)	(29,552,869)
Loss before tax	5	(11,090,595)	(4,439,128)
Tax on loss	8	962,407	1,471,628
Loss for the financial year		<u>(10,128,188)</u>	<u>(2,967,500)</u>

There was no other comprehensive income for 2022 (2021: £Nil).

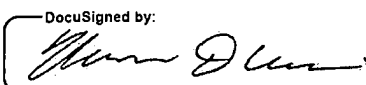
The notes on pages 11 to 25 form part of these financial statements.

CERIDIAN EUROPE LIMITED
REGISTERED NUMBER: 10164768

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	As restated 2021 £
Fixed assets			
Intangible assets	9	2,263	2,909
Tangible assets	10	851,660	1,695,776
		<u>853,923</u>	<u>1,698,685</u>
Current assets			
Debtors	11	11,344,131	13,579,038
Cash at bank and in hand		2,953,798	2,045,768
		<u>14,297,929</u>	<u>15,624,806</u>
Creditors: amounts falling due within one year	12	<u>(24,968,535)</u>	<u>(16,982,450)</u>
Net current liabilities		<u>(10,670,606)</u>	<u>(1,357,644)</u>
Total assets less current liabilities		<u>(9,816,683)</u>	<u>341,041</u>
Provisions for liabilities			
Deferred tax	13	-	(29,536)
		<u>-</u>	<u>(29,536)</u>
Net (liabilities)/assets		<u><u>(9,816,683)</u></u>	<u><u>311,505</u></u>
Capital and reserves			
Called up share capital	14	1	1
Profit and loss account	15	(9,816,684)	311,504
		<u>(9,816,683)</u>	<u>311,505</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 September 2023.

DocuSigned by:

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N D Cucci
 Director

The notes on pages 11 to 25 form part of these financial statements.

CERIDIAN EUROPE LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	1	3,279,004	3,279,005
Loss for the year (restated)	-	(2,967,500)	(2,967,500)
At 1 January 2022 (restated)	1	311,504	311,505
Loss for the year	-	(10,128,188)	(10,128,188)
At 31 December 2022	1	(9,816,684)	(9,816,683)

The notes on pages 11 to 25 form part of these financial statements.

CERIDIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Ceridian Europe Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements are prepared in Sterling (£), which is the functional and presentational currency of the company and are for the year ended 31 December 2022 (2021: year ended 31 December 2021).

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement, complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following accounting policies have been applied:

2.2 Going concern

The directors have assessed going concern by reference to the wider group of which it is part. While the COVID-19 pandemic has caused disruption for the trading investee companies over recent years, based on information available to the directors there is no reason to believe that a material uncertainty exists that may cast doubt about the ability of the company or wider group to continue as a going concern. In light of the structure of the group, the business is dependent upon the future financial support of its parent company, Ceridian HCM Holdings Inc, and a letter of support has been provided from this company for at least the next 12 months from the date of these accounts. Thus, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 Disclosure exemptions

The company has adopted the following disclosure exemptions:

Under FRS 102 Section 1.12, the company is exempt from the requirements to prepare a statement of cash flows on the grounds that the parent company of the group, Ceridian HCM Holding Inc, includes the company's cash flows in its own published consolidated financial statements.

The entity is a 'qualifying entity' and has also taken advantage of the exemption from disclosing key management personnel (other than directors emoluments) under FRS 102 Section 1.12.

As the company is a wholly owned subsidiary of a company whose consolidated accounts include the results of the subsidiary and are publicly available, the company has taken advantage of the FRS 102 Section 33.1A exemption from disclosing transactions with group undertakings.

Where required, equivalent disclosures are given in the group accounts of Ceridian HCM Holding Inc. The group accounts of Ceridian HCM Holding Inc are available to the public and can be obtained as set out in note 19.

CERIDIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Operating leases: the company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

CERIDIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.7 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.8 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.9 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

CERIDIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	-	20% straight line
Plant and machinery	-	25% straight line
Fixtures and fittings	-	10% straight line
Office equipment	-	20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.11 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Creditors

Short-term creditors are measured at transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

2.15 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

CERIDIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit or loss except that a charge attributable to an item of income and expense recognise as other comprehensive income or to an item recognise directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current and deferred tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

CERIDIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The directors make estimates and assumptions concerning the future. The directors are also required to exercise judgement in the process of applying the company's accounting policies. These are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of fixed assets

The directors assess the impairment of tangible fixed assets subject to depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- Significant underperformance relative to historical or projected future operating results;
- Significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- Significant negative industry or economic trends.

Depreciation, amortisation and residual values

The directors have reviewed the asset lives and associated residual values of all fixed asset classes, and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors, in re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and project disposal values.

Recoverability of trade debtors

Trade debtors and accrued income are recognised to the extent that they are judged recoverable. The directors' reviews are performed to estimate the level of provision required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

The directors make allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the profit and loss account.

Provisions

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Whether a present obligation is probable or not requires judgement. The nature and type of risks for these provisions differ and management's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not. The company does not maintain a dilapidation provision in respect of occupied leasehold properties, as the directors do not believe any such liability would be material to the financial statements.

CERIDIAN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

4. Turnover

The whole of the turnover is attributable to the principal activity of the company and arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	2022	2021
	£	£
Amortisation of intangible fixed assets (note 9)	649	649
Exchange differences	343,265	55,397
Other operating lease rentals	237,432	172,670
Share based payment	3,214,000	1,345,000
Auditor's remuneration (incl. accounts preparation)	39,150	27,150
	<u> </u>	<u> </u>

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2022	2021
	£	£
Wages and salaries	24,172,852	16,885,409
Social security costs	3,044,508	2,121,536
Cost of defined contribution scheme	1,010,871	717,191
	<u> </u>	<u> </u>
	<u>28,228,231</u>	<u>19,724,136</u>

The average number of employees, including directors, during the year was 280 (2021: 226).

7. Directors' remuneration

	2022	2021
	£	£
Directors' emoluments	485,010	491,914
Company contributions to defined contribution pension schemes	7,594	10,050
	<u> </u>	<u> </u>
	<u>492,604</u>	<u>501,964</u>

During the year retirement benefits were accruing to 1 director (2021: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £485,010 (2021: £491,914).

Certain of the companies directors are remunerated through fellow group companies for their services, and it would not be practical to allocate this remuneration across the different group companies. 1 director (2021: 1) is remunerated by the company.

CERIDIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

8. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	(4,327)	(257,764)
Adjustments in respect of previous periods	-	(1,387,587)
	<u>(4,327)</u>	<u>(1,645,351)</u>
Deferred tax		
Origination and reversal of timing differences	(958,080)	(281,014)
Adjustments in respect of previous periods	-	454,737
	<u>(962,407)</u>	<u>(1,471,628)</u>
Taxation on loss on ordinary activities		

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2021 -the same as) the standard rate of corporation tax in the UK of 19% (2021 - 19%) as set out below:

	2022 £	2021 £
Loss on ordinary activities before tax	<u>(11,090,595)</u>	<u>(2,835,676)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 -19%)	(2,107,213)	(538,778)
Effects of:		
Non-tax deductible amortisation and depreciation	242,109	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	500,454	-
Capital allowances for year in excess of depreciation	(29,127)	-
Adjustments to tax charge in respect of prior periods	-	(932,850)
Tax deduction arising from exercise of employee options	431,370	-
Total tax charge for the year	<u>(962,407)</u>	<u>(1,471,628)</u>

Factors that may affect future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1 April 2023. This was substantively enacted on 24 May 2021. 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, based on tax law and the corporation tax rates that have been enacted, or substantively enacted, at the balance sheet date. As such, the deferred tax rate applicable at 31 December 2022 is 25% and deferred tax has been re-measured at this rate. The recent budget on 23 September 2022, the Chancellor of the Exchequer announced that the corporation tax rate would not increase to a maximum of 25% however this not been enacted as at year end.

CERIDIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

9. Intangible assets

	Computer software £
Cost	
At 1 January 2022	61,774
At 31 December 2022	<u>61,774</u>
Amortisation	
At 1 January 2022	58,865
Charge for the year	646
At 31 December 2022	<u>59,511</u>
Net book value	
At 31 December 2022	<u>2,263</u>
At 31 December 2021	<u>2,909</u>

10. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation					
At 1 January 2022	-	951,607	1,255,834	619,676	2,827,117
Additions	11,768	240,596	-	16,975	269,339
At 31 December 2022	<u>11,768</u>	<u>1,192,203</u>	<u>1,255,834</u>	<u>636,651</u>	<u>3,096,456</u>
Depreciation					
At 1 January 2022	-	413,471	362,411	355,459	1,131,341
Charge for the year	1,765	297,283	606,884	207,523	1,113,455
At 31 December 2022	<u>1,765</u>	<u>710,754</u>	<u>969,295</u>	<u>562,982</u>	<u>2,244,796</u>
Net book value					
At 31 December 2022	<u>10,003</u>	<u>481,449</u>	<u>286,539</u>	<u>73,669</u>	<u>851,660</u>
At 31 December 2021	<u>-</u>	<u>538,136</u>	<u>893,423</u>	<u>264,217</u>	<u>1,695,776</u>

CERIDIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11. Debtors

	2022 £	As restated 2021 £
Due after more than one year		
Prepayments and accrued income	252,637	360,018
Total due after more than one year	<u>252,637</u>	<u>360,018</u>
Due within one year		
Trade debtors	6,651,888	5,918,596
Amounts owed by group undertakings	18,543	3,330,146
Other debtors	1,084,626	902,391
Prepayments and accrued income	3,080,885	3,067,887
Deferred taxation (note 13)	255,552	-
Total Debtors	<u><u>11,344,131</u></u>	<u><u>13,579,038</u></u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

12. Creditors: amounts falling due within one year

	2022 £	As restated 2021 £
Trade creditors	422,282	756,713
Amounts owed to group undertakings	17,009,952	12,323,267
Other taxation and social security	1,337,216	671,069
Other creditors	900,838	1,189,740
Accruals and deferred income	5,298,247	2,041,661
Total Creditors	<u><u>24,968,535</u></u>	<u><u>16,982,450</u></u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

CERIDIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

13. Deferred taxation

	2022 £	2021 £
At beginning of year	(29,536)	242,642
Charged to profit or loss	134,226	(121,316)
Arising on business combinations	150,862	(150,862)
At end of year	255,552	(29,536)

The deferred taxation balance is made up as follows:

	2022 £	As restated 2021 £
Tax losses carried forward	255,552	121,326
Riteq transfer	-	(150,862)
	255,552	(29,536)

14. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
1 (2021: 1) share of £1.00	1	1

15. Reserves

Share premium account

The share premium account includes the premium on issue of equity shares net of any issue costs.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

CERIDIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

16. Share based payments

The ultimate controlling party Ceridian HCM Holding Inc operates an equity-settled share based remuneration scheme which includes certain employees of Ceridian Europe. There are various vesting conditions, including performance based conditions relating to the Ceridian HCM Holding Inc group results.

Term-Based Stock Option (TBO)

Term-Based Stock Option activity for 2021 and 2022, was as follows:

	Weighted average exercise price (USD) 2022	Number 2022	Weighted average exercise price (USD) 2021	Number 2021
Outstanding at the beginning of the year	59.34	72,376	47.32	91,488
Granted during the year	-	-	80.95	17,649
Exercised during the year	65.26	(135)	37.26	(19,787)
Forfeited or expired during the year	90.69	(2,564)	37.72	(16,974)
Outstanding at the end of the year	58.32	69,677	59.34	72,376

The exercise price of options outstanding at the year end ranged between \$13.46 and \$94.27 (2021:\$16.58 and \$94.27) and their weighted average contractual life was 6.82 years (2021: 7.85 years).

Of the total number of options outstanding at the year end, 77,267 (2021: 39,423) had vested and were exercisable at the end of the year.

The following information is relevant in the determination of the fair value of options granted during the year and previous years under the equity-settled share based remuneration scheme. No option was granted in 2022, therefore nil balance for 2022.

	2022 Black- Scholes	2021 Black- Scholes
Option pricing model used		
Weighted average share price	Nil	80.95
Weighted average exercise price	Nil	37.26
Weighted average contractual life (years)	Nil	7.85
Expected volatility	Nil	37%
Expected dividend growth rate	Nil	Nil
Risk-free interest rate	Nil	1.20%

CERIDIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

16. Share based payments (continued)

The Black-Scholes option pricing model was used to value the share-based payment awards as it was considered that this approach would result in materially accurate estimate of the fair value of options granted.

The share-based remuneration expense is £3,214,000 (2021: £1,345,000).

The company did not enter into any share-based payment transactions with parties other than employees during the current or previous periods.

Performance Stock Units (PSU)

	Number	Number
	2022	2021
Outstanding at the beginning of the year	5,334	2,690
Granted during the year	23,127	5,334
Released during the year	(5,334)	-
Forfeited or expired during the year	(977)	(2,690)
Outstanding at the end of the year	22,150	5,334

The company did not enter into any share-based payment transactions with parties other than employees during the current or previous periods.

The vesting conditions for the PSU awards granted in 2022 were determined based on the performance against the achievement of the Performance Goals, and the payout that a participant can receive may be between 0% for not meeting the applicable thresholds of any of the Performance Goals, up to a maximum total payout of 167% for achieving the maximum level of all of the Performance Goals.

As of 31 December 2022, there was 22,150 unvested PSUs not recognised related to certain members of management with long term incentive PSUs.

Restricted Stock Units (RSU)

	Number	Number
	2022	2021
Outstanding at the beginning of the year	35,905	13,475
Granted during the year	67,703	28,252
Released during the year	(13,041)	(4,403)
Forfeited or expired during the year	(5,491)	(1,419)
Outstanding at the end of the year	85,076	35,905

The company did not enter into any share-based payment transactions with parties other than employees during the current or previous periods.

As of 31 December 2022, there were 18,532 RSUs vested and releasable. RSUs generally vest quarterly or annually over a one-, three-, or four-year period. As of 31 December 2022, there was 85,076 unvested RSUs not yet recognised.

CERIDIAN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

17. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £1,010,871 (2021: £717,191). There were no contributions payable to the fund at the balance sheet date.

18. Commitments under operating leases

At 31 December 2022 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	164,173	115,266
Later than 1 year and not later than 5 years	535,894	644,028
Later than 5 years	-	42,539
	<u>700,067</u>	<u>801,833</u>

19. Controlling party

The company is a wholly owned subsidiary undertaking of Ceridian Global UK Holding Company Limited which is the immediate parent company incorporated in England and Wales.

At the year end the smallest and largest group in which the results of the company are consolidated is that headed by Ceridian HCM Holding Inc. which was the company's ultimate controlling party at the year end. Copies of the group accounts which includes the company are available from 3311 East Old Shakopee Road, Minneapolis, MN, USA.

CERIDIAN EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

20. Prior period adjustments - balance sheet

An intra-group asset sale of Riteq UK Limited to Ceridian Europe Limited took place on 31 December 2021. The book value of this transaction should have been reflected in the 2021 financials. The prior year comparatives of these accounts have been restated to show this transaction, and the resulting impact on the prior period balance sheet is shown below. Also included within below is an immaterial disclosure restatement between accruals and amounts owed to group undertakings.

	2021 (As previously stated) £	Adjustment £	2021 Restated £
Accruals and deferred income	(1,986,126)	(55,535)	(2,041,661)
Amounts owed to group undertakings	(10,139,337)	(2,183,930)	(12,323,267)
Cash and cash equivalents	1,384,796	660,972	2,045,768
Deferred tax	121,326	(150,862)	(29,536)
Other creditors	(970,150)	(219,590)	(1,189,740)
Prepayments and accrued income (due within 1 year)	3,035,386	32,501	3,067,887
Social security and other taxes	(653,300)	(17,769)	(671,069)
Trade creditors	(733,978)	(22,735)	(756,713)
Trade debtors	5,542,976	375,620	5,918,596
	<u>(4,398,407)</u>	<u>(1,581,328)</u>	<u>(5,979,735)</u>

21. Prior period adjustments - profit and loss account

An intra-group asset sale of Riteq UK Limited to Ceridian Europe Limited took place on 31 December 2021. The book value of this transaction should have been reflected in the 2021 financials. The prior year comparatives of these accounts have been restated to show this transaction, and the resulting impact on the prior period profit and loss account is shown below.

	2021 (As previously stated) £	Adjustment £	2021 Restated £
Administrative expenses	27,669,562	1,883,307	29,552,869
Corporation tax	(1,449,504)	(22,124)	(1,471,628)
Turnover	(24,939,617)	(279,855)	(25,219,472)
	<u>1,280,441</u>	<u>1,581,328</u>	<u>2,861,769</u>