

Company Registration No. 00575914 (England and Wales)

XEROX LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

THURSDAY



L8EUE000

LD3

26/09/2019

#84

COMPANIES HOUSE

XEROX LIMITED

COMPANY INFORMATION

Directors

H. Tessler
D. M. Benoit
R. Pitceathly

Secretary

R. Pitceathly

Company number

00575914

Registered office

Riverview
Oxford Road
Uxbridge
Middlesex
UB8 1HS

Independent Auditors

PricewaterhouseCoopers LLP
The Atrium
1 Harefield Road
Uxbridge
Middlesex
UB8 1EX

XEROX LIMITED

CONTENTS

	Page (s)
Strategic report	1 - 2
Directors' report	3 - 8
Independent auditors' report	9 - 11
Income statement	12
Statement of comprehensive income	13
Statement of financial position	14 - 15
Statement of changes in equity	16
Notes to the financial statements	17 - 51

XEROX LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report and financial statements for the year ended 31 December 2018.

Review of the business

As the trading and manufacturing principal for Xerox Group ("the Group") in Europe, the Middle East, Africa and Asia, Xerox Limited ("the Company") achieved turnover for the year of £1,287m (2017: £1,949m). This includes £473m (2017: £53m) sold to subsidiary companies due to a change in the trading model, as mentioned in the section below. The Company generated an operating loss of £12m (2017: £81m loss). There is no further operational change envisaged in the coming year in the principal activities of the Company.

Dividend income from subsidiaries and associates in the year was £103m (2017: £406m restated) resulting in a profit before taxation of £98m (2017: £334m restated).

Net assets has risen steadily to £2,966m (2017: £2,841m restated).

Trading model

As a result of the new international tax environment, specifically the Organisation for Economic Co-operation and Development Base Erosion and Profit Shifting (BEPS) project, Xerox Limited changed its trading model at the end of 2017. Existing commissionaire subsidiaries of the company were converted to become limited risk distributors (LRDs) and they now purchase goods directly from Xerox Limited.

As part of this arrangement, the Company sold its in-country inventory balances and various other assets to the LRDs on 31st December 2017 with the exception of France which was transferred on 1st April 2018.

Supply Chain activities and sales of products to distributors through the '2Tier' model (where products are supplied through a network of distributors and resellers who sell or lease to end-users) are unaffected.

Principal risks and uncertainties

The Group is active in highly competitive and geographically diverse markets. In addition to competitive pressures from competing technologies and companies, the Group is affected by macro-economic pressures in the markets in which it or its dealers and distributors are operating. There are also socio-political factors affecting market performance in specific geographies such as the tensions with Russia and the Ukraine and the continuing constraints on government spending across Europe.

The Xerox Corporation Group makes significant long-term investments and commits significant resources into developing new high technology products and solutions. Additionally, Xerox Corporation relies on the laws of certain countries to protect its proprietary technology adequately against unauthorized third-party copying or use, and ensure that the products comply with existing and newly enacted regulatory requirements in the countries in which they are sold.

Key performance indicators

The directors believe that the key performance indicators ('KPIs') are revenue growth and profitability.

Revenue declined 34% from £1,949m in 2017 to £1,287m in 2018. The decline was mainly within service revenue due to the change in trading model. Sale of good sold rose 14% from £903m in 2017 to £1,175m in 2018.

Gross profit increased from £255m to £317m resulting in an increase in the gross profit margin to 25% (2017: 13%). Administration expenses reduced slightly from £183m to £173m. The changes are due to LRD trading model where goods and services are purchased directly from the LRDs.

The average number of employees remained stable at 1,000 in 2018 (2017:1,000). Further details on employees can be found in note 22 to the financial statements.

XEROX LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Future developments and directions

The Company is guided by Xerox Corporation Group for future developments and direction. Xerox is a print technology and intelligent work solutions leader. The primary offerings span three main areas: Intelligent Workplace Services (formerly Managed Document Services (MDS)), Workplace Solutions and Production Solutions (formerly Graphic Communications), and Workplace Solutions (formerly Graphic communications).

In 2018 the Group continued to build and focus on improving our revenues and increasing profitability. We continued to advance our transformation efforts, reinvigorate our core print business and lay the groundwork for the next phase of our revenue enhancement journey.

Our transformation programme is improving our operational excellence and competitiveness, allowing reinvestment in the business and the ability to deliver active returns to shareholders. It is also helping to mitigate the impact of declining revenue, which is aggressively addressed through the strategy.

Xerox's strategy to capture opportunities in its strategic growth areas will help change the trajectory of the top line and, over time, outperform the market. There is a solid business model supported by an iconic brand, a market-leading portfolio, a strong reputation for putting customers first and the best talent in the industry.

Xerox has identified four strategic initiatives that unite our employees to a common purpose and enable the market to measure our success and performance.

Drive revenue:

- Serve our customers via channels that most effectively meet their requirements
- Enhance capabilities to sell higher value services
- Expand software and services offerings

Optimise operations for simplicity:

- Simplify our operating model for greater accountability and efficiency
- Drive effectiveness and efficiency in our business operations
- Increase supplier competitiveness

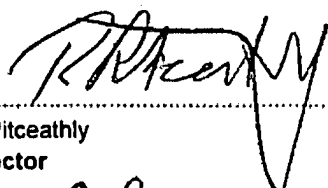
Re-energise the innovation engine:

- Focus investments in growing market
- Leverage expertise to develop differentiated technology
- Monetise new innovations

Focus on Cash flow and increase capital returns

- Maximise cash flow potential
- Return at least 50% of free cash flow to shareholders

On behalf of the board



R. Pitceathly
Director

Date:

19 September 2019

XEROX LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report along with the audited financial statements of Xerox Limited ('XL' or the 'Company') for the year ended 31 December 2018.

Results and dividends

The results for the year are set out on page 12.

The profit for the financial year was £88m (2017: £311m restated) including income of £103m (2017: £406m restated) from its subsidiaries and an associate. Refer to review of the business in the strategic report for further detail. During the financial year the Company proposed and paid a dividend of £87m (2017: £221m).

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors, who were in office during the year except as noted and up to date of signing the financial statements, were as follows:

A.J. Morrison

(Resigned 30 September 2018)

H. Tessler

D. M. Benoit

R. Pitceathly

L.M. Oliver

(Appointed 1 February 2018 and resigned 30 April 2019)

Supplier payment policy

There is an established process whereby purchases of equipment, spares and consumables from Flextronics, a global electronics manufacturing services company, are procured via XC Singapore Trading Pte.Ltd. Flextronics manufacturing activity is based upon demand forecast supplied by the Company through its Venray Manufacturing division.

The Company may become obligated to purchase inventory that remains unused for more than 180 days, that becomes obsolete, or upon termination of the supply agreement. Activities in Venray, the Netherlands, did not significantly change from the previous year.

XEROX LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Financial Instruments

Financial risk management

The management of the business is subject to a number of risks including liquidity risk, interest rate risk, price risk, credit risk. The mitigation of these risks has been outlined below.

In addition to competitive risks and exposure to macro-economic trends, the Company's operations expose it to a variety of financial risks that include the effects of price risk, exchange rate risk, credit risk, liquidity risk, and interest rate cash flow risk. The Company has in place risk management processes that seek to limit the adverse effects on its financial performance by monitoring levels of debt, liquidity, and exchange rate risk and the related financial costs.

Responsibility for monitoring and managing financial risk lies with the Company's Treasury Operations department which works closely with its counterpart in Xerox Corporation and Xerox XF Holdings Ltd.

Treasury policy

Global treasury policy is to identify and to mitigate the impact of financial risk on the cash flows of the Group from foreign currency and or interest rate fluctuations, including the use of derivative instruments. It also seeks to minimise the impact of adverse financial market fluctuations that affect the Group's future cash flows. The Group's hedging methodology mitigates the volatility and uncertainty of the underlying cash flows, thereby affording Xerox the desired economic protection for its financial activities.

Global treasury activities are regularly reviewed by senior management through formal Risk Management Reviews of liquidity, interest rate risk and currency risk. In conjunction with other subsidiaries of Xerox Corporation overall interest rate risk is managed in a prudent and collective manner, in accordance with practices and policies established by senior management. On a global basis, short and intermediate term cash forecasting disciplines are maintained to ensure there is appropriate continuing financial liquidity available. Currency exposure is further managed by maximising the opportunity for internal netting of currency flows. Foreign exchange derivatives are used to hedge currency exposures, but these will not normally be treated as designated foreign currency hedges in a hedge accounting relationship.

Liquidity risk

Liquidity Risk is managed by the Xerox Treasury department which ensures that the Company and its subsidiaries have the appropriate funding structure and access to liquidity such that they can meet their operating cash requirements and obligations as they fall due. Xerox Limited has also acted to insulate itself as far as possible from the economic uncertainties in Greece, Russia, and the Ukraine by minimising our deposits with banks in these countries as well as keeping local inventories to a minimum.

Cash flow and interest rate risk

The Company has no significant interest bearing assets or interest bearing liabilities with third parties. Interest is charged on the basis of arm's length commercial rates on rolling monthly or quarterly balances with other affiliated companies. Xerox Corporation manages all significant relationships with the external debt market.

Currency risk

Responsibility for monitoring and managing financial risk lies with Xerox Treasury department. Typically, Treasury use forward exchange contracts to manage currency risk for payments to related parties in Japanese Yen, US Dollars and Euros in respect of goods and services purchased and technology related royalties.

Credit risk

The Company has implemented policies that require full use of appropriate documentation, structures and credit checks on potential customers before sales are made. Credit risk is managed through the continuous monitoring of exposures to and payment behaviour of counterparties via a network of risk personnel and credit committees under Pan-European direction. Company policy with regard to financial derivatives instruments is to deal only with counterparties having as a minimum investment grade or better credit ratings.

XEROX LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Price risk

The Company has no exposure to equity securities price risk, as it holds no listed or other traded equity investments. The majority of the goods and services sold by the Company are provided from its own resources or are bought in from related parties. Processes exist to provide adequate forewarning of any changes in transfer pricing levels. Transfer pricing levels can be subject to periodic review by national tax authorities.

Research and development

Research and development is undertaken by the Company, fellow subsidiaries in Europe and by its parent company, Xerox Corporation. All expenditure on research and development is charged directly to the income statement as incurred, unless recharged to Xerox Corporation. Qualifying development expenditure is capitalised in accordance with accounting policies see note 1.7. The activities are conducted to create new differentiated products and services by pioneering high-impact technologies. The Company is charged a royalty for the benefit it derives from the use of the Xerox brand and technological developments. The royalty charge is included in the administrative expenses.

Employee

Equality and Diversity

It is the Company's policy to create a working environment that reflects the talent and diversity available in the communities in which it operates. The Company also undertakes to judge its people solely on their ability, competency and performance in their job roles. The Company believes that it can add value to the business through capitalising on the diverse talents and abilities of all employees, and maximise each individual's potential to achieve the corporate goals.

The Company seeks a working environment that is free from unfair and unlawful discrimination and harassment. Employees or applicants for employment do not receive different treatment because of personal criteria. This includes a person's race, colour, nationality, religious belief or affiliation, sex, sexual orientation, marital or family status, age, current or past disability and ethnic or national origin.

Employee Involvement

The Company believes that employees must be informed about the state of the business, and be involved in issues that affect their working environment. Information is given to employees regularly through the Company's intranet including live broadcasts, e-mail, 'information cascade' meetings, in-house newsletters and two-way communication sessions.

Employee Share Scheme

The Company operates an Employee Share Scheme for employees in order to improve overall employee involvement and motivation levels. This is subsequently limited to the performance of its ultimate parent company shares.

Health and safety

The Company aims to ensure that all employees work in a safe and healthy environment, free from accident, illness and injury whilst at work.

XEROX LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Post reporting date events and prior year restatement

During 2017 a review of accounting practises at Fuji Xerox's New Zealand subsidiary, by an independent investigation committee (IIC), identifies mis-accounting on certain bundled leasing transactions. This required adjustments to the income from participating interest – associates which in turn adjusted the carrying value of our investment in this investment in this associate for financial years 2016 and prior periods. Following this announcement the Company restated its share of net equity income for these periods by a total of £44m (£-32.1m: pre-2015, £-17m: 2015 and £4.8m: 2016) in its UK financial statements for 2016, which formed the opening retained earnings balance for 2017. Xerox Corporation also made this adjustment in its 2017 Group accounts and this flowed into the equity income movement for 2017 reported by the Company. This resulted in a double count of the £44m within equity income for 2017. We have restated the 2017 comparative to correct this double count of £44m (see note 15).

UK Referendum

The result of the United Kingdom referendum held on June 23 2016 was to leave the European Union, and on March 29 2017 the UK Government gave official notice by invoking Article 50 of the Treaty on European Union. The time-frame allowed under Article 50 for leaving the EU is two years, and so the UK was due to leave the EU on March 29 2019. However, as a result of the Withdrawal Agreement not being passed by UK Parliament, an initial extension of the Article 50 process was granted until 12 April 2019. A six month extension until 31 October 2019 has now been backed by EU leaders. The UK could leave before this date if the withdrawal agreement is ratified by the UK and the EU before then.

As the terms of the Withdrawal Agreement are still being debated, at this time it is not possible to assess with any certainty the consequences of the UK's exit from the EU for the Company. As the basis on which the UK leaves the EU progresses, there will be more clarity over the potential impact to the Company including custom tariffs, policy on free movement of people and the position of EU nationals working in the UK. While the medium and long term effect of such factors remains uncertain, the directors are of the view that no provisions are required for these items at the current time.

The directors have identified short term impacts which could have a material effect on the Company, including: the effect of high volatility of the currency exchange rates on inventory purchases and translation of accounts; the ability to absorb such volatility in customer pricing; financial stability of customers; and delays in commitment to long term contractual commitments. There are early indications that such factors are affecting performance but no forward looking balance sheet provisions have been made in view of the inability to estimate accurately such factors.

Future developments

Future developments are deemed to be of strategic importance to the Company and as such have been outlined within the strategic report.

Going Concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the review of the business and future developments sections of the Strategic and Directors' reports.

The Company is expected to continue to generate positive cash flows for the foreseeable future. The Company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The directors, having assessed the responses of the officers of Xerox Corporation to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Xerox group to continue as a going concern or its ability to continue with the current banking arrangements.

These financial statements have been prepared on a going concern basis. In preparing these financial statements, the Directors have assessed that the Company will continue in operational existence for the foreseeable future.

XEROX LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Environment

In the field of environmental protection, Xerox Limited is not in breach of any rules or regulations. The Company strives to operate in such a way as to minimize the environmental impact of its operations. The Company operates under the following environmental protection principles:

- Reducing energy consumption.
- Preserving biodiversity and the world's forests.
- Maintaining clean air and water.
- Reducing and managing waste.
- Ensuring the health and safety of employees.

Together with our suppliers, customers and shareholders, Xerox Limited seeks to maintain the highest standards of environmental protection. The Company runs initiatives to reduce hardcopy printing and recycles used equipment and parts.

Independent auditors

In accordance with the Company's articles, a resolution proposing that PricewaterhouseCoopers LLP be reappointed as auditor of the Company will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

XEROX LIMITED

DIRECTORS' REPORT (CONTINUED)

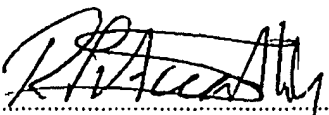
FOR THE YEAR ENDED 31 DECEMBER 2018

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board


.....
R. Pitceathly
Director
Date: 19 September 2019

XEROX LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF XEROX LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Xerox Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the income statement, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

XEROX LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF XEROX LIMITED (CONTINUED)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and directors' report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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

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

XEROX LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF XEROX LIMITED (CONTINUED)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



.....
Alex Hookway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge

Date: **26 September 2019**

XEROX LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

		2018	2017
	Note	£m	as restated £m
Revenue	4	1,287	1,949
Cost of sales		(970)	(1,694)
		<hr/>	<hr/>
Gross profit		317	255
Distribution costs		(75)	(68)
Administrative expenses		(173)	(183)
Other expenses		(81)	(85)
		<hr/>	<hr/>
Operating loss	5	(12)	(81)
Income from shares in group undertakings		71	286
Income from participating interests - associates	6	32	120
Finance income	7	7	10
Finance costs	8	-	(1)
		<hr/>	<hr/>
Profit before taxation		98	334
Tax on profit	9	(10)	(23)
		<hr/>	<hr/>
Profit for the financial year		88	311
		<hr/>	<hr/>

XEROX LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	£m	as restated £m
Profit for the financial year	88	311
	<hr/>	<hr/>
Other comprehensive income / (expense), net		
<i>Items that will not be reclassified to profit or loss</i>		
Actuarial profit on defined benefit pension schemes	69	236
Movement on deferred tax relating to pension deficit	(12)	(42)
Share of the other comprehensive (expense)/ income of associate	(22)	23
	<hr/>	<hr/>
Total other comprehensive income for the financial year, net of tax	35	217
	<hr/>	<hr/>
Total comprehensive income for the financial year	123	528
	<hr/>	<hr/>

XEROX LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

		2018	2017
	Notes	£m	as restated £m
Non-current assets			
Intangible assets	10	21	34
Property, plant and equipment	11	12	22
Retirement benefit surplus	12	154	65
Deferred tax asset	13	-	9
Trade and other receivables	14	131	133
Investments	15	2,609	2,550
		<u>2,927</u>	<u>2,813</u>
Current assets			
Inventories	16	112	122
Trade and other receivables	14	309	408
Cash and cash equivalents		25	35
		<u>446</u>	<u>565</u>
Creditors: amounts falling due within one year			
Trade and other payables	17	(379)	(526)
		<u>67</u>	<u>39</u>
Net current assets			
		<u>2,994</u>	<u>2,852</u>
Total assets less current liabilities			
Provisions for liabilities			
Retirement benefit obligations	12	(7)	(7)
Deferred tax liabilities	13	(15)	-
Other provisions	18	(6)	(4)
		<u>(28)</u>	<u>(11)</u>
Net assets		<u>2,966</u>	<u>2,841</u>

XEROX LIMITED


STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2018

		2018	2017
	Notes	£m	as restated £m
Capital and reserves			
Ordinary Shares	20	30	30
Share premium		783	783
Revaluation reserve		6	(4)
Other reserves		267	188
Retained earnings		1,880	1,844
Total equity		<u>2,966</u>	<u>2,841</u>

The financial statements on pages 12 to 51 were approved by the Board of directors and authorised for issue on 19 September 2019

Signed on its behalf by:


.....
D. M. Benoit
Director

Company Registration No. 00575914

XEROX LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Ordinary Shares £m	Share premium £m	Revaluation reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance at 1 January 2017	30	783	4	307	1,537	2,661
Restated Profit for the financial year	-	-	-	-	311	311
Other comprehensive income for the financial year						
Actuarial profit / (loss) on defined benefit pension scheme	-	-	-	-	236	236
Movement on deferred tax relating to pension deficit	-	-	-	-	(42)	(42)
Share of other comprehensive income / (expense) of associate	-	-	-	-	23	23
Total comprehensive income for the financial year	-	-	-	-	528	528
Dividends	-	-	-	-	(221)	(221)
Other	-	-	(8)	(119)	-	(127)
Total transactions with owners, recognised directly in equity	-	-	(8)	(119)	(221)	(348)
Balance at 31 December 2017	30	783	(4)	188	1,844	2,841
Profit for the financial year	-	-	-	-	88	88
Other comprehensive income for the financial year						
Actuarial profit / (loss) on defined benefit pension scheme	-	-	-	-	69	69
Movement on deferred tax relating to pension deficit	-	-	-	-	(12)	(12)
Share of other comprehensive income / (expense) of associate	-	-	-	-	(22)	(22)
Total comprehensive income for the financial year	-	-	-	-	123	123
Dividends	-	-	-	-	(87)	(87)
Other	-	-	10	79	-	89
Total transactions with owners, recognised directly in equity	-	-	10	79	(87)	2
Balance at 31 December 2018	30	783	6	267	1,880	2,966

The revaluation reserve represents cashflow hedging and remeasurement of financial instruments.

Other reserves are cumulative translation adjustments of foreign operations.

Retained earnings represents accumulated comprehensive income for the year and prior periods plus share-based payments adjustments and related tax credits, charges from the parent company for share based payment and dividend proposed and paid.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

1.1 General Information

Xerox Limited ("the Company") is the trade and manufacturing principal of document management services and technology for Xerox in Europe, the Middle East, Africa and Asia .

The Company is a private company limited by shares and is incorporated and domiciled in the UK. The registered office is Riverview, Oxford Road, Uxbridge, Middlesex. UB8 1HS.

1.2 Accounting convention

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements have been prepared on the historical cost basis and in accordance with the Companies Act 2006 . The principal accounting policies adopted are set out below.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of Xerox Corporation in which the entity is consolidated;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group financial statements of Xerox Corporation. The group financial statements of Xerox Corporation are available to the public and can be obtained as set out in note 30.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Consolidated financial statements have not been prepared as the Company is a wholly owned subsidiary of Xerox Corporation, a company incorporated in the United States of America, and is therefore exempt under Section 401 of the Companies Act 2006 from the obligation to prepare and deliver group financial statements.

Xerox Corporation's Annual Report (Form 10K) has been filed with the Securities and Exchange Commission (www.sec.gov).

1.3 Going concern

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

1.4 Revenue recognition

Revenue consists of revenue earned less value added tax in the year from the sale, rental and servicing of document processing equipment, the sale of supplies and the provision of facilities management and consultancy services.

Revenue is realised or realisable and earned when the following five steps have all been completed under IFRS 15:

- Identify the contract and validate that collectability is reasonably assured
- Identify the performance obligation(s)
- Determine the transaction price
- Allocate the transaction price to each performance obligation in the contract
- Satisfy a performance obligation. Delivery has occurred and/or services have been rendered (delivery/performance)

The amount of revenue recognised is the amount received or expected to be received.

Revenue accruals are based principally on timing differences on customer billings that are in arrears. Deferred income is based principally on timing differences on customer billings that are in advance. Deferred income is the net of rebates and discounts.

1.5 Investments in associates and subsidiaries

Investments in subsidiary undertakings are held at cost less accumulated impairment losses. Investments in associated undertakings are held at net asset value.

1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Tangible fixed assets are carried at historic purchase cost and adjusted for accumulated depreciation on a straight line basis, at rates intended to write off the cost, less estimated residual value, over the estimated useful economic life of the respective assets, as follows (see note 11):

Land and buildings leasehold	Shorter of remaining lease term and expected useful life of the asset.
Fixtures, fittings & equipment	3 - 20 years.
Plant and machinery	5 - 12 years.
Rental equipment	2 - 5 years.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.7 Intangible assets

Capitalised Software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible asset when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use it or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available ; and
- the expenditure attributable to the software product during its development can be reliably measured.

Capitalised software costs recognised as assets are amortised over their estimated useful lives between three to seven years. On average these asset have a remaining useful life of 4 years.

1.8 Impairment of tangible and intangible assets

At each reporting end date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

1.10 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the Company from the adoption of IFRS 13.

1.11 Cash and cash equivalents

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

1.12 Financial assets

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

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables

Trade Receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial and non-financial assets

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

IFRS 9

On 1 January 2018 IFRS 9 'Financial instruments' came into effect. This new standard addresses the classification, measurement and recognition of financial assets and financial liabilities. The Company has assessed the impact of this new standard and concluded that it has not had any material impact on the current reporting.

1.13 Financial liabilities

The company recognizes financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

1.14 Equity instruments

The only equity instruments held by the Company are shares in its subsidiaries and associated companies.

1.15 Taxation

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

Current tax

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

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Deferred tax

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying temporary differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

1.16 Provisions

Provisions are recognised when the Company has a legal or constructive present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.17 Employee benefits

The pension rights of the Company's employees are managed through a self-administered scheme, the assets of which are held independently of the Company's finances. The scheme is frozen to new members and to the accretion of additional years of service with effect from 31st December 2013. The scheme is funded by contributions from the Company at rates agreed with the Xerox GB Final Salary Pension Plan Trustees as part of the 3 yearly employer covenant review process. In addition the Plan receives contributions from employees who transferred to the Xerox GB Final Salary Pension Plan under protected rights rules. The 13 employees currently covered by these protected rights can continue to build up their years of service.

As the lead sponsoring employer, Xerox Limited accounts for the pension obligations under the Plan in accordance with IAS 19. The other sponsoring employers account for their contributions to the Plan on a cash basis as permitted for multi-employer final salary pension plans.

In addition the Company offers Defined Contribution pension arrangements to its employees, with the Company's contributions to these arrangements expensed as incurred.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.18 Share-based payments

For cash-settled share-based payments, a liability is recognised for the goods and services acquired, measured initially at the fair value of the liability. At the balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

The fair value of equity-settled share based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the Company's estimate of shares or options that will eventually vest.

Qualifying employees of the Company are participants in Xerox Corporation long term incentive plan. Under the plan qualifying employees are awarded the right to receive share in Xerox Corporation. There is a three year vesting period until the shares are freely at the disposal of the employee. Should the employee leave their employment all rights to un-vested shares are lost.

1.19 Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease term, including lease rentals arising on any sale and leaseback transactions.

1.20 Treasury

The Company holds simple, un-leveraged derivatives (Interest rate swap agreements, forward foreign exchange contracts), which are employed solely for hedging purposes. The Group does not enter into derivative instrument transactions for trading or other speculative purposes.

i. Currency Risk

Short term forward exchange contracts are used to minimise all on-going currency risks, excluding translation risk arising from holding both foreign currency monetary assets and liabilities as well as cash arising from anticipated transactions.

ii. Cash Flow and Interest Rate Risk

The Company does not have a fully matched funded portfolio, however, in conjunction with other subsidiaries of Xerox Corporation overall interest rate risk is managed in a prudent and collective manner, in accordance with practices and policies established by senior management. Global cash forecasting disciplines are maintained to ensure there is continuing financial liquidity available.

iii. Credit Risk

The Company's policies on the use of derivative instruments prescribe an investment grade counterparty, a credit floor and at least quarterly monitoring of credit risk on a counterparty by counterparty basis. Individual monetary credit limits are applied to each counterparty. The Group's derivative portfolio is spread over a sufficient number of counterparties so as to minimise credit risk.

iv. Price risk

The majority of the goods and services sold by the Company are provided from its own resources or are bought in from related parties. Processes exist to provide adequate forewarning of any changes in transfer pricing levels. Transfer pricing levels can be subject to periodic review by national Tax Authorities.

v. Liquidity risk

Funding for the Company is through inter-company arrangements.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.21 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

1.22 Dividend Income

Dividend income is recognised when the right to receive payment is established and is included in the income statement within finance income.

1.23 Research and development

Expenditure on research and development on Xerox equipment and embedded software systems is charged to the income statement as incurred net of recharges passed to Xerox Corporation. Qualifying development expenditure is capitalised in accordance with note 1.7.

1.24 Restatement

The principles of valuation and determination of results remain unchanged compared to the prior year.

Prior year comparative figures may be restated where there has been a significant change in accounting policy – usually in relation to newly applicable revised, or newly issued, accounting standards. Such restatements will also occur if a material error is discovered and is adjusted in the first financial statements that have not yet been approved following the financial statements in which the material misstatement has been made. If the recalculated equity at the end of the financial year in which the material error was made differs from the original reported equity, the difference is treated as a direct change in equity at the beginning of the financial year in which the adjustment takes place.

The prior year comparatives in these financial statements have been restated as explained in note 15.

2 Critical accounting estimates and judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

2 Critical accounting estimates and judgements

(Continued)

Key sources of estimation uncertainty

Defined benefit pension scheme

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increase, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumption reflects historical experience and current trends. See note 12 for the disclosure of the defined benefit pension scheme.

Impairment on investments

The Company holds its investment in subsidiaries at historic value. When assessing impairment, management consider the carrying value of the investment against the net asset value of the subsidiary. Where the net asset value falls below the carrying value an impairment loss is taken to adjust to the net asset value of the subsidiary. See note 15 for the net carrying amount of investments in subsidiaries.

3 Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised Standards and Interpretations have been adopted by the Company and have an effect on the current period or a prior period or may have an effect on future periods:

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018.

The Company has assessed the impact of IFRS15 and there is no material change to the current processes for recognising revenue under this standard.

IFRS 9, published in July 2014, replaced IAS 39 'Financial Instruments: Recognition and Measurement'.

IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held-to-maturity, loans and receivables and available-for-sale. Under IFRS 9, on initial recognition, a financial asset is classified as measured at amortised cost or fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVPL). The classification is dependent on the business model for managing the financial assets and on whether the cash flows represent solely the payment of principal and interest.

The Company has assessed the impact of this new standard and concluded that it has not had any material impact on the current reporting.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

4 Revenue

An analysis of the Company's revenue is as follows:

	2018 £m	2017 £m
Revenue analysed by class of business		
Sales of goods	1,175	903
Services	109	1,026
Other	3	20
	<u>1,287</u>	<u>1,949</u>

	2018 £m	2017 £m
Revenue analysed by geographical market		
United Kingdom	201	308
France	215	361
Other EU countries	536	855
Other European countries	157	247
Asia and Africa	167	158
Other	11	20
	<u>1,287</u>	<u>1,949</u>

5 Operating loss

Loss for the year is stated after charging:

Fees payable to the Company's auditors for the audit of the Company's financial statements

Depreciation of property, plant and equipment

Impairment of investment (included in administrative expenses)

Reorganisation expenses

Amortisation of intangible assets

Cost of inventories recognised as an expense

	2018 £m	2017 £m
	1	1
	10	10
	17	18
	6	6
	16	20
	<u>473</u>	<u>605</u>

Research and development of £8.9m was expensed during 2018 (2017: £1.5m) of which 17% was recharged to Xerox Corporation (2017: 77%).

6 Income from participating interests - associates

	2018 £m	2017 as restated £m
Fuji Xerox Co.	<u>32</u>	<u>120</u>

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

7 Finance income

	2018 £m	2017 £m
Interest receivable from group undertakings	7	10
	<u>7</u>	<u>10</u>

8 Finance costs

	2018 £m	2017 £m
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	-	1
	<u>-</u>	<u>1</u>

9 Tax on profit

	2018 £m	2017 £m
Current tax		
Current year taxation	-	12
	<u>-</u>	<u>12</u>
Deferred tax		
Current year charge	4	14
Changes in tax rates	1	(3)
Adjustment in respect of prior periods	5	-
	<u>10</u>	<u>11</u>
	<u>10</u>	<u>11</u>
Total tax charge	10	23
	<u>10</u>	<u>23</u>

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

(Continued)

9 Tax on profit

The charge for the year can be reconciled to the profit per the income statement as follows.

Tax expense for the year is lower (2017: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2018 of 19% (2017: 19.25%). The differences are explained below:

	2018	2017 as restated
	£m	£m
Profit before taxation	98	334
Expected tax charge based on a corporation tax rate of 19.00% (2017: 19.25%)	19	64
Expenses not deductible in determining taxable profit	3	4
Income not taxable	(19)	(78)
Adjustment in respect of prior years	5	-
Group relief	1	24
Deferred tax rate change	1	(3)
Foreign taxes	-	12
Tax charge for the year	10	23

The UK corporation tax rate was reduced to 19% from 1 April 2017 in the Finance Act 2015 and to 17% from 1 April 2020 in the Finance Act 2016. The impact of the reduction in the corporate tax rate to 17% on the financial statements is expected to be immaterial. Deferred taxes at the statement of financial position date have been measured using the enacted tax rates and reflected in these financial statements.

The £5m adjustment in respect of prior years is the net effect of £28m recognition of withholding tax related to the undistributed earnings of an overseas subsidiary and £23m related to additional losses and reduced capital allowances recognised by the final prior year tax return.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

10 Intangible assets

	Capitalised software	Trademark and Copyright	Total
	£m	£m	£m
Cost			
At 1 January 2017	305	-	305
Additions - internally generated	3	1	4
	<hr/>	<hr/>	<hr/>
At 31 December 2017	308	1	309
Additions	3	-	3
	<hr/>	<hr/>	<hr/>
At 31 December 2018	311	1	312
	<hr/>	<hr/>	<hr/>
Accumulated amortisation			
At 1 January 2017	254	-	254
Charge for the year	20	-	20
Additions - internally generated	-	1	1
	<hr/>	<hr/>	<hr/>
At 31 December 2017	274	1	275
Charge for the year	16	-	16
	<hr/>	<hr/>	<hr/>
At 31 December 2018	290	1	291
	<hr/>	<hr/>	<hr/>
Carrying amount			
At 31 December 2018	21	-	21
	<hr/>	<hr/>	<hr/>
At 31 December 2017	34	-	34
	<hr/>	<hr/>	<hr/>

Capitalised software includes the Company's integrated reporting system (ESAP) which was created by an external development firm for the Company's specific requirement. The asset is carried at £11.3m (2017: £29.2m) and has an average remaining amortisation period of 0.7 years (2017: 1.1 years) on a straight-line basis. There are no other individually material intangible assets.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

11 Property, plant and equipment

	Rental equipment	Land and buildings leasehold	Fixtures, fittings & equipment	Plant and machinery	Total
	£m	£m	£m	£m	£m
Cost					
At 1 January 2017	10	6	103	3	122
Additions	-	-	5	-	5
Disposals	(10)	-	(20)	-	(30)
Foreign currency adjustments	-	-	3	-	3
At 31 December 2017	-	6	91	3	100
Additions	-	1	1	-	2
Disposals	-	(2)	(15)	(2)	(19)
Foreign currency adjustments	-	-	1	-	1
At 31 December 2018	-	5	78	1	84
Accumulated depreciation and impairment					
At 1 January 2017	8	6	75	3	92
Charge for the year	-	-	10	-	10
Eliminated on disposal	(8)	-	(17)	-	(25)
Foreign currency adjustments	-	-	2	-	2
At 31 December 2017	-	6	69	3	78
Charge for the year	-	1	9	-	10
Eliminated on disposal	-	(2)	(12)	(2)	(16)
Foreign currency adjustments	-	(1)	1	-	-
At 31 December 2018	-	4	67	1	72
Carrying amount					
At 31 December 2018	-	1	11	-	12
At 31 December 2017	-	-	22	-	22

Land and Buildings consists of leasehold building improvements.

Proceeds on disposals are not materially different from the net book value.

Transfers in from fellow subsidiaries in additions are recorded at the net book value of assets transferred.

12 Retirement benefit schemes

The total cost charged to income in respect of defined contribution plans is £33m (2017 - £5m).

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

12 Retirement benefit schemes

(Continued)

Defined benefit scheme

With effect from 31 December 2013 the UK defined benefit scheme (DB Scheme) has been frozen, so that members can no longer accrue additional years of service. In 2018, the Company has offered employees defined contribution schemes, but only offers defined benefit schemes where we have taken over businesses as a going concern and the employees keep their previous employment terms and conditions. Substantially all of the Company's pension schemes are self-administered and their assets are held independently of the Company's finances. The schemes include an unapproved scheme of minor financial significance.

Up to the 31 December 2018, the Company has offered employees both defined benefit and defined contribution schemes, which also covered the employees of its UK subsidiaries. The Trustees of the DB Scheme are responsible for the day to day management, including managing its investments and the pension payroll. In addition, every three years the Trustees are required to conduct a covenant review in which they assess the financial strength of the DB Scheme's sponsoring employers and their ability to continue to fund the pension obligations.

The Company provides 2 pension scheme's Xerox Final Salary Scheme and Xerox Unfunded Plan both are updated in line with the retail price index.

DB Scheme assets held in the funds are governed by local regulations and practise in the United Kingdom. Responsibility for the governance of the DB Scheme - including investment decisions and contributions schedules - lies with the Trustees.

Valuation

Valuations of the schemes are undertaken by qualified independent actuaries at least every three years, using the projected unit method. Annual contributions are paid as agreed by the Company, Trustees and Actuary.

The last full actuarial valuation upon which the IAS 19 figures have been based was at 31 March 2018.

Risks

The DB Scheme exposes the Company to a number of risks, the most significant of which are:

- **Changes in bond yields** - A decrease in corporate bonds yields will increase the value placed on the DB Scheme's liabilities for accounting purposed, although this will be partially offset by an increase in the value of the DB Scheme's bond holdings.
- **Asset volatility** - The liabilities are calculated using a discount rate set with reference to corporate bond yields, if assets underperform this yield, this will create a deficit. The DB Scheme holds a significant proportion of growth assets (equities, diversified growth fund and global absolute return fund) which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored to ensure it remains appropriate given the DB Scheme's long term objectives.
- **Inflation risk** - The majority of the DB Scheme's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.
- **Life expectancy** - The majority of the DB Scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

12 Retirement benefit schemes

(Continued)

Key assumptions

	2018	2017
	%	%
Discount rate	2.85	2.5
Pension growth rate	3.1	3.1
Salary growth rate	3.2	3.2
RPI Inflation	3.2	3.2
CPI Inflation	2.1	2.1
	<u> </u>	<u> </u>

Mortality assumptions

Assumed life expectations on retirement at age 65:

	2018	2017
	Years	Years
Retiring today		
- Males	23.1	23.0
- Females	24.8	24.7
	<u> </u>	<u> </u>
Retiring in 20 years		
- Males	24.5	24.4
- Females	26.3	26.2
	<u> </u>	<u> </u>

As at 31 March 2018 the average age of active members is 54 years, deferred pensioner 56 years and pensioner 70 years for the Xerox Final Salary Scheme.

Amounts recognised in income statement in respect of defined benefit plans are as follows:

	2018	2017
	£m	£m
Administration expense	(2)	(3)
Other finance costs	2	(6)
Past service cost	(33)	-
	<u> </u>	<u> </u>
	(33)	(9)
	<u> </u>	<u> </u>

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

12 Retirement benefit schemes

(Continued)

Amounts recognised in other comprehensive income

	2018 £m	2017 £m
Actuarial changes arising from changes in demographic assumptions	(20)	34
Actuarial changes arising from changes in financial assumptions	157	(99)
Actuarial changes arising from experience adjustments	28	109
Actuarial changes related to plan assets	(96)	192
	<u>69</u>	<u>236</u>

The net defined benefit (surplus) / obligations arise from plans funded as follows:

	2018 £m	2017 £m
Wholly unfunded obligations	7	7
Wholly or partly funded obligations	(154)	(65)
	<u>(147)</u>	<u>(58)</u>

The amounts included in the statement of financial position arising from the Company's obligations in respect of defined benefit plans are as follows:

	2018 £m	2017 £m
Present value of defined benefit obligations	2,790	2,977
Fair value of plan assets	(2,944)	(3,042)
	<u>(154)</u>	<u>(65)</u>

The present value of defined benefit obligation held in the Xerox unfunded plan is £7m (2017: £7m).

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

12 Retirement benefit schemes

(Continued)

Movements in the present value of defined benefit obligations

	2018 £m	2017 £m
At 1 January	(2,977)	(3,039)
Current service cost	-	-
Past service cost	(33)	-
Benefits paid	128	98
Actuarial gains	165	44
Interest cost	(73)	(80)
	<u> </u>	<u> </u>
At 31 December	<u>(2,790)</u>	<u>(2,977)</u>

Movements in the fair value of plan assets:

	2018 £m	2017 £m
At 1 January	3,042	2,795
Interest income	75	75
Remeasurement (losses)/gains on scheme assets	(96)	191
Benefits paid	(128)	(98)
Contributions by the employer	53	82
Administration cost incurred	(2)	(3)
	<u> </u>	<u> </u>
At 31 December	<u>2,944</u>	<u>3,042</u>

The actual return on plan assets on Xerox Final Salary Scheme is £21.2m (2017: £266.1m).

Future contributions will be £53m per annum until 2023. Contributions beyond this date are subject to committee review between the Company's directors and pension trustees.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

12 Retirement benefit schemes

(Continued)

Sensitivity of the net obligation to changes in assumptions

The key assumptions under IAS 19 are: discount rate, inflation and mortality. The methods and types of assumption used in preparing the sensitivity analysis did not change compared to the prior period. If different assumptions were used, this could have a material effect on the results disclosed. The sensitivity of the results to these assumptions is as follows:

	Change in assumption	Increase in assumption £m	Impact on DBO decrease in assumption £m
Discount rate	0.50%	(199)	221
Inflation	0.25%	82	(82)
Life expectancy	1 year	123	(123)
		<u> </u>	<u> </u>

The fair value of plan assets at the reporting year end was as follows:

	Quoted 2018 £m	Quoted 2017 £m
Equity	287	786
Bonds	1,465	1,531
Alternative Instruments	979	419
Property	180	176
Cash	33	130
	<u>2,944</u>	<u>3,042</u>

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

13 Deferred tax assets / (liabilities)

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs	Tax losses	Other	Retirement benefit obligations	Total
	£m	£m	£m	£m	£m
Deferred tax asset at 1 January 2017	13	3	1	44	61
Deferred tax movements in prior year					
Movement in the year	1	-	-	(12)	(11)
Charge to other comprehensive income	-	-	1	(42)	(41)
Deferred tax asset at 1 January 2018	14	3	2	(10)	9
Deferred tax movements in current year					
Movement in the year	7	13	(27)	(3)	(10)
Charge to other comprehensive income	-	-	(2)	(12)	(14)
Deferred tax liability at 31 December 2018	21	16	(27)	(25)	(15)

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2018 £m	2017 £m
Deferred tax liabilities	(15)	-
Deferred tax assets	-	9
	(15)	9

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

14 Trade and other receivables

	Current		Non-current	
	2018	2017	2018	2017
	£m	£m	£m	£m
Trade receivables	29	29	-	-
Provision for bad and doubtful debts	-	(1)	-	-
	<u>29</u>	<u>28</u>	<u>-</u>	<u>-</u>
Other receivables	19	16	-	-
Amount due from Xerox Corporation and subsidiaries	167	44	25	24
Amounts due from Xerox Limited Group undertakings	89	315	106	109
Prepayments	5	5	-	-
	<u>309</u>	<u>408</u>	<u>131</u>	<u>133</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

In respect of Xerox Limited Group undertakings and Xerox Corporation and subsidiaries, amounts are unsecured and interest is charged based on commercial rates on rolling monthly or quarterly borrowings and payment terms.

The amounts shown for Xerox Limited Group undertakings represents the aggregate balances across the subsidiaries of Xerox Limited. There are facilities in Europe which allow the on-going sale to a third-party without recourse of certain accounts receivables. The Company, either directly or through subsidiary companies, sold £304m (2017: £347m) of accounts receivable under these facilities. The associated fees were £2m in 2018 (2017: £2m). At the end of 2018 £103m (2017: £120m) remained uncollected from the third parties in connection with these accounts receivable.

Trade receivables of £131m (2017: £133m) fall due after more than one year. These amounts are unsecured and interest is charged based on commercial rates on semi annual or annual borrowings and payment terms. All loans are repayable within 5 years except Xerox Brazil £9.1m loan which has a fixed interest rate and is due to mature in February 2022.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

15 Investments

	Non-current 2018 £m	2017 as restated £m
Investments in subsidiaries	1,452	1,460
Investments in associates	1,157	1,090
	<u>2,609</u>	<u>2,550</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets. In 2015 a write down on the Company's investment in Brazil of £49m was taken as the net asset values fell below the carrying value, this was mainly due to currency movement. A further £18m and £17m impairment was taken during 2017 and 2018 respectively to support the net asset movement in Brazil.

Fuji Xerox is a joint venture between Xerox Corporation and Fujifilm Holdings Corporation ("Fujifilm") in which Xerox holds a non-controlling 25% equity interest. In 2017, Fujifilm formed an independent investigation committee (IIC) to conduct a review of the appropriateness of the accounting practices at Fuji Xerox's New Zealand subsidiary related to the recovery of receivables associated with certain bundled leasing transactions that occurred in, or prior to, Fuji Xerox's fiscal year ending March 31, 2016. In the second quarter of 2017, IIC identified adjustments relating to the income from participating interest - associates which in turn adjusted the carrying value of our investment in this associate for financial years 2016 and prior periods which related to the subsidiaries in New Zealand and Australia. Following this announcement the Company restated its share of net equity income for these periods by a total of £44m (£32.1m: pre-2015, £-17m: 2015 and £4.8m: 2016) in its UK financial statements for 2016, which formed the opening retained earnings balance for 2017. Xerox Corporation also made this adjustment in its 2017 Group accounts and this flowed into the equity income movement for 2017 reported by the Company. This resulted in a double count of the £44m within equity income for 2017. We have restated the 2017 comparative to correct this double count of £44m.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

15 Investments

(Continued)

Movements in non-current investments

	Subsidiaries £m	Associates £m	Total £m
Cost or valuation			
At 31 December 2017	1,527	1,046	2,573
Restatement	-	44	44
Restated balance at 31 December 2017	1,527	1,090	2,617
Additions	9	-	9
Equity in income	-	67	67
At 31 December 2018	1,536	1,157	2,693
Cumulative Impairment			
At 31 December 2017	(67)	-	(67)
Impairment losses	(17)	-	(17)
At 31 December 2018	(84)	-	(84)
Carrying amount			
At 31 December 2018	1,452	1,157	2,609
At 31 December 2017 restated	1,460	1,090	2,550

16 Inventories

	2018 £m	2017 £m
Raw materials	3	4
Work in progress	1	1
Finished goods	108	117
	<u>112</u>	<u>122</u>

Inventories recognised as an expense during the year was £473.2m (2017 - £605.0m). There is no significant difference between the replacement cost of work in progress and finished goods and their carrying amounts. Inventories are stated after provisions for impairment of £8.3m (2017: £11.8m).

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

17 Trade and other payables

	2018	2017
	£m	£m
Trade payables	46	56
Amount due to Xerox Corporation and subsidiaries	122	147
Amounts due to Xerox Limited Group undertakings	116	199
Accruals	95	124
	<u>379</u>	<u>526</u>

In respect of Xerox Limited Group undertakings and Xerox Corporation and subsidiaries, amounts are unsecured and interest is charged based on commercial rates on rolling monthly or quarterly borrowings and payment terms. The amounts shown for Xerox Limited Group undertakings represents the aggregate balances across the subsidiaries of Xerox Limited. There are facilities in Europe which allow the on-going sale to a third-party without recourse of certain accounts receivables.

18 Other provisions

	2018	2017
	£m	£m
Restructuring	4	1
Other	2	3
	<u>6</u>	<u>4</u>

	Restructuring £m	Other £m	Total £m
At 1 January 2018	1	3	4
Additional provisions in the year	3	-	3
Utilisation of provision	-	(1)	(1)
	<u>4</u>	<u>2</u>	<u>6</u>

Restructuring is part of the ongoing Xerox Corporate restructuring programmes undertaken since 2002.

"Other" relates principally to warranty and recourse provisions, obligations of recovery and recycling of products under the Waste Electrical and Electronic Equipment Directive, and to anticipated dilapidations costs which may be claimed against the Company regarding various leased premises. These provisions are expected to be utilised within the next 12 months.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

19 Share-based payment transactions

Xerox Limited & Subsidiaries employees

Employee stock options and holdings in Xerox Corporation are set out below:

	Number of share options 2018	Number of share options 2017
Granted	29,863	-
Outstanding at 31 December 2018	29,863	-

The Board approved the granting of Share Options (SOs) as part of the 2018 plan design. Xerox had not issued any SOs since 2004. Compensation expense associated with SOs is based upon the grant date fair value determined by utilising the Black-Scholes (BS) option-pricing model and is recognized on a straight-line basis over the vesting period, based on management's estimate of the number of SOs expected to vest. The 2018 SOs have a contractual term of 10 years from the date of grant and vest as follows: 25% after one year of service, 25% after two years of service, and 50% after three years of service from the date of grant. Similar to RSUs, SOs awarded to employees who are retirement-eligible at the date of grant, become retirement-eligible during the vesting period, or are terminated not-for-cause (e.g. as part of a restructuring action), vest based on service provided from the date of grant to the date of separation.

The weighted average share price at the date of exercise for share options exercised during the year was £27.98 (2017: £0).

Stock options by year of expiry:

Year of expiry	Number of share options 2018	Number of share options 2017
2028	29,863	-
Total	29,863	-

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

19 Share-based payment transactions

(Continued)

All the outstanding stock options analysed above are vested and available for immediate exercise by the employees.

In addition to the above are Restricted Stock Units (RSUs). RSUs are a promise given to an employee to receive a pre-specified number of shares on a pre-specified date subject to certain conditions being met. These are effectively a stock gift to employees and so have a grant price of zero.

As a result of the spin-off of the company's business process outsourcing business on 31 December 2016, now Conduent Incorporated, Xerox Corporation market capitalization was divided. Consequently, Xerox Corporation proposed the reverse stock split, which is intended to increase the per share trading price of Xerox common stock and should improve its liquidity and facilitate its trading.

As a result of the reverse stock split, every four shares of Xerox common stock issued and outstanding or held as treasury shares were automatically combined and reclassified into one share of Xerox common stock. The reverse stock split also affected all outstanding Xerox equity awards and outstanding convertible securities. The reverse stock split occurred on June 14, 2017.

Compensation expense for RSUs is based upon the grant date market price and is recognized on a straight-line basis over the vesting period, based on management's estimate of the number of shares expected to vest. The 2018 grant vests as follows: 25% after one year of service, 25% after two years of service and 50% after three years of service from the date of grant. Prior to the 2018 grant, RSUs vested on a three-year cliff basis from the date of grant. Shares awarded to employees who are retirement-eligible at the date of grant, become retirement-eligible during the vesting period, or are terminated not-for-cause (e.g. as part of a restructuring initiative), vest based on service provided from the date of grant to the date of separation.

Xerox Limited receives a charge for the share based payments from Xerox Corporation.

Restrictive Stock Units

The following are movements in RSUs in the year:

	Number of RSUs 2018	Number of RSUs 2017
Outstanding at 1 January 2018	848,146	1,192,400
Granted	91,691	341,434
Transferred to other group companies	(581,300)	(341,601)
Cancelled	(40,617)	(45,756)
Exercised / Vested	(58,815)	(298,331)
Outstanding at 31 December 2018	<u>259,105</u>	<u>848,146</u>

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

19 Share-based payment transactions

(Continued)

RSUs by year of vesting:

Year of vesting	2018	2017
2018	-	168,411
2019	90,830	347,852
2020	105,596	331,883
2021	62,679	-
Total	259,105	848,146

20 Ordinary shares

2018
£m

2017
£m

Ordinary share capital

Authorised

7.6m (2017: 7.6m) New 'A' Shares at £1 each	7.60	7.60
7.6m (2017: 7.6m) New 'B' Shares at £1 each	7.60	7.60
7.8m (2017: 7.8m) 'C' Shares at £1 each	7.80	7.80
7.6m (2017: 7.6m) 'D' Shares at £1 each	7.60	7.60
	30.60	30.60

Allotted and fully paid

7.4m (2017: 7.4m) New 'A' Shares at £1 each	7.40	7.40
7.4m (2017: 7.4m) New 'B' Shares at £1 each	7.40	7.40
7.6m (2017: 7.6m) 'C' Shares at £1 each	7.60	7.60
7.6m (2017: 7.6m) 'D' Shares at £1 each	7.60	7.60
	30.00	30.00

All classes of shares are non-redeemable and are equity shares. The rights of each class are as follows:

Class A and B shareholders each receive 5% of total dividends and are entitled to repayment of capital and premium on winding up, together with 5% of surplus assets in priority to C and D shareholders. They have no voting rights.

Class C shareholders receive a proportion, determined by the directors, of the remaining 90% of total dividends and are entitled to repayment of capital and premium on winding up, together with a proportion of surplus assets as may be agreed, or otherwise in the proportion 2/3 to Class C shareholders and 1/3 to Class D shareholders. They have 21 votes for every block of 20 shares held.

Class D shareholders receive a proportion, determined by the directors, of the remaining 90% of total dividends and are entitled to repayment of capital and premium on winding up (less £3.7m), together with a proportion of surplus assets as may be agreed, or otherwise in the proportion 2/3 to Class C shareholders and 1/3 to Class D shareholders. They have 20 votes for every block of 20 shares held.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

21 Auditors' remuneration

	2018 £m	2017 £m
Fees payable to the Company's auditors and its associates:		
For audit services		
Audit of the Company's financial statements	1	1

Amount paid to the auditors of the Company for audits of its subsidiaries are included in the consolidated financial statements of Xerox Investments Europe B.V., which are publicly available. Non audit services for tax is £nil in 2018 (2017: £nil).

22 Employees

The average monthly number of persons (including directors) employed by the Company during the year was:

	2018 Number 000s	2017 Number 000s
Administrative and sales	1.00	1.00

Their aggregate payroll costs were as follows:

Employment costs	2018 £m	2017 £m
Wages and salaries	71	87
Social security costs	9	12
Other pension costs (Note 12)	32	5
Cost of employee share scheme	2	5
	114	109

The Company accrues for the liability for all the outstanding share based payments at the end of each year under IFRS 2 'Share based payments'.

The recharges for such costs are received by the Company in US Dollars from Xerox Corporation.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

23 Directors' remuneration	2018 £m	2017 £m
Aggregated emoluments	<u>2</u>	<u>2</u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 1 (2017 - 2). Xerox Limited paid the above aggregate emoluments in respect of 4 directors (2017 - 7). None of the directors (2017 - nil) was paid by Xerox Corporation and there was no recharge to the Company. The amounts shown above includes contributions made to defined benefits schemes of £19,498 (2017: £115,218).

	2018 £m	2017 £m
The highest paid director	<u>0.70</u>	<u>0.50</u>

The accrued pension at the end of the year for the highest paid director was £nil (2017: £nil).

24 Contingent liabilities

There are contingent liabilities amounting to £134.9m (2017: £92.6m) of which all was in respect of legal disputes.

No provision is made for these as the likelihood of the liability crystallizing is considered less than probable.

25 Operating leases commitments

As lessee, the commitment at 31 December 2018 to make operating lease payments relates to non-cancellable leases which expire as follows:

	Land and buildings		Car and Other	
	2018 £m	2017 £m	2018 £m	2017 £m
Within one year	1	1	3	-
Between two and five years	-	1	3	-
	<u>1</u>	<u>2</u>	<u>6</u>	<u>-</u>

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

26 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Company	Registered Office Address	Country of Incorporation (or residence)	Direct/ Indirect	Proportion of ownership interest (%)
Continua Limited	Riverview, Oxford Road, Uxbridge, Middlesex, UB8 1HS	United Kingdom	Direct	100.00
Limited Liability Company Xerox (C.I.S.)	5/2 Ogorodnaya sloboda lane, Moscow, 101000, Russia	Russia	Direct	100.00
NewField Information Technology Limited	Riverview, Oxford Road, Uxbridge, Middlesex, UB8 1HS	United Kingdom	Direct	100.00
The Xerox (UK) Trust	Riverview, Oxford Road, Uxbridge, Middlesex, UB8 1HS	England	Direct	100.00
Xerox AS	Lysaker Torg 35, P.O. Box 452, 1327 Lysaker, Norway	Norway	Direct	100.00
Xerox Austria GmbH	BIZ ZWEI, Vorgartenstraße 206c, A - 1020 Wien	Austria	Direct	100.00
Xerox Global Services GmbH	BIZ ZWEI, Vorgartenstraße 206c, A - 1020 Wien	Austria	Indirect	100.00
Xerox Leasing GmbH*	BIZ ZWEI, Vorgartenstraße 206c, A - 1020 Wien	Austria	Indirect	100.00
Xerox Bulgaria EOOD	29 Atanas Dukov Str. fl. 3 Sofia, 1407, Bulgaria	Bulgaria	Direct	100.00
Xerox Büro Araçları Servis ve Ticaret Ltd. Şti	Profilo Plaza A Blok Kat:1, No:26-28 Cemal Sahir Sokak, Istanbul (Europe), Turkey	Turkey	Direct	100.00
Xerox Business Services Bulgaria EOOD	Capital Fort Building – 18th Floor, 90 Tsarigradsko Shose Blvd., Sofia, 1784, Bulgaria	Bulgaria	Direct	100.00
Xerox Canada Inc.	20 York Mills Road, Suite 500, Toronto, Ontario, M2P 2C2	Ontario	Direct	100.00
Xerox (Barbados) SRL	c/o Chancery Chambers, Chancery House, High Street, Bridgetown, Barbados, West Indies	Barbados	Indirect	88.27
Xerox Canada Ltd.	20 York Mills Road, Suite 500, Toronto, Ontario, M2P 2C2	Canada	Indirect	100.00
LaserNetworks Inc.	20 York Mills Road, Suite 500, Toronto, Ontario, M2P 2C2	Ontario	Indirect	100.00
Xerox Financial Services Canada Ltd.	20 York Mills Road, Suite 500, Toronto, Ontario, M2P 2C2	Ontario	Indirect	100.00
Xerox Capital (Europe) Limited	Riverview, Oxford Road, Uxbridge, Middlesex, UB8 1HS	United Kingdom	Direct	100.00
Concept Group Limited	Concept House, Fairbairn Road, Livingston, West Lothian, EH54 6TS	United Kingdom	Indirect	100.00
Xerox IBS NI Limited	The Hangar, 6 Heron Road, Airport Road West, Belfast, BT3 9LE	Northern Ireland	Indirect	100.00
Xerox IBS Limited	Ballycoolin Business Park, Blanchardstown, Dublin 15, 662895	Ireland	Indirect	100.00
Xerox (Ireland) Limited	Ballycoolin Business Park, Blanchardstown, Dublin 15, 662895	Ireland	Indirect	100.00
Xerox AG	Sägereistrasse 29, 8152 Glattbrugg, Switzerland	Switzerland	Indirect	100.00
Xerox A/S	Industriparken 21 A, 2750 Ballerup	Denmark	Indirect	100.00
Xerox Financial Services Danmark A/S*	Industriparken 21 A, 2750 Ballerup	Denmark	Indirect	100.00
Xerox Finance AG*	Sägereistrasse 29, 8152 Glattbrugg, Switzerland	Switzerland	Indirect	100.00
Xerox Manufacturing (Nederland) B.V.	Maasheseweg 89, Venray, Limburg, 5804 AB The Netherlands	Netherlands	Indirect	100.00
Xerox (Nederland) BV	De Corridor 5, Breukelen, 3621 ZA, Netherlands	Netherlands	Indirect	100.00
Xerox Financial Services B.V.	De Corridor 5, Breukelen, 3621 ZA, Netherlands	Netherlands	Indirect	100.00
Xerox Sverige AB	Kronborgsgränd 1, S-16446 Kista, Sweden	Sweden	Indirect	100.00

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

26 Subsidiaries

(Continued)

Company	Registered Office Address	Country of Incorporation (or residence)	Direct/ Indirect	Proportion of ownership interest (%)
Xerox (UK) Limited	Waterside, Oxford Road, Uxbridge, Middlesex, UB8 1HS	United Kingdom	Indirect	100.00
Xerox Finance Limited	Waterside, Oxford Road, Uxbridge, Middlesex, UB8 1HS	United Kingdom	Indirect	100.00
XEROX CZECH REPUBLIC s r.o.	Vyskocilova 1461/2a, Praha 4, Hlavní Mesto Praha, 14000 Czech Republic	Czech Republic	Direct	100.00
Xerox Espana, S.A.U.	Avenida de Aragón 330, Edificio 6, 28022 Madrid, España	Spain	Direct	100.00
Xerox Renting S.A.U.*	Avenida de Aragón 330, Edificio 6, 28022 Madrid, España	Spain	Indirect	100.00
Xerox Financial Services Belux NV*	Wezembeekstraat 5, 1930, Zaventem	Belgium	Direct	100.00
Xerox Financial Services Norway AS*	Lysaker Torg 35, P.O. Box 452, 1327 Lysaker, Norway	Norway	Direct	100.00
Xerox Financial Services Sverige AB*	Kronborgsgränd 1, S-16446 Kista, Sweden	Sweden	Direct	100.00
Xerox Hellas AEE	127 Syngrou Avenue, 11745 ATHENS	Greece	Direct	100.00
Printserve AE	124 Stratigou Dagli Str, ATHENS, 111 45, Greece	Greece	Associate	38.00
Xerox Holding Deutschland GmbH	Hammer Landstrasse 91, 41460 Neuss, Germany	Germany	Direct	100.00
Xerox GmbH	Hammer Landstrasse 91, 41460 Neuss, Germany	Germany	Indirect	100.00
Xerox Dienstleistungsgesellschaft GmbH	Hammer Landstrasse 91, 41460 Neuss, Germany	Germany	Indirect	100.00
Xerox Leasing Deutschland GmbH*	Hammer Landstrasse 91, 41460 Neuss, Germany	Germany	Indirect	100.00
Xerox Reprographische Services GmbH	Hammer Landstrasse 91, 41460 Neuss, Germany	Germany	Indirect	100.00
Xerox Hungary Trading Limited	1138 Budapest, Madarasz Viktor u. 47-49, 2/B ép., 6. Em., Hungary	Hungary	Direct	100.00
Xerox India Limited	5th Floor, Block One, Vatika Business Park, Sector 49, Sohna Road, Gurgaon - 122018, Haryana, India	India	Associate	96.66
Xerox Kazakhstan Limited Liability Partnership	38, Dostyk street, Business Centre "Ken Dala" floor 7, Almaty, Kazakhstan, 050010	Kazakhstan	Direct	100.00
Xerox N.V.	Wezembeekstraat 5, 1930, Zaventem	Belgium	Direct	100.00
Euro Burotic S.A.	Rue Auguste Piccard 40, 6041 Gosselies, Belgium	Belgium	Associate	26.00
Xerox Luxembourg SA	Rue de l'Industrie, 15, Bertange, 8005, Luxembourg	Luxembourg	Indirect	99.00
Xerox Oy	Hevosenkentä 3 02600 ESPOO	Finland	Direct	100.00
Xerox Financial Services Finland Oy*	Hevosenkentä 3 02600 ESPOO	Finland	Indirect	100.00
Xerox Pensions Limited	Riverview, Oxford Road, Uxbridge, Middlesex, UB8 1HS	United Kingdom	Direct	100.00
Xerox Polska Sp. z o. o	Ul. Lopuszanska 95, Warszawa, Poland	Poland	Direct	100.00
Xerox Portugal Equipamentos de Escritorio Limitada	Avenida Infante Dom Henrique, Edificio Xerox, Lisboa, Lisboa, 1950-421 Portugal	Portugal	Direct	74.00
CREDITEX - Aluguer de Equipamentos S.A.*	Avenida Infante Dom Henrique, Edificio Xerox, Lisboa, Lisboa, 1950-421 Portugal	Portugal	Indirect	100.00
Xerox (Romania) Echipamente si Servicii S.A.	5-7 Dimitrie Pompeiu Blvd., Hermes Business Campus, 2nd floor, the 2nd district, Bucharest, postal code 020335	Romania	Direct	100.00
Xerox S.A.S.	Immeuble Exelmans, 33, rue des Vanesses, 93420 Villepinte	France	Direct	100.00

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

26 Subsidiaries

(Continued)

Company	Registered Office Address	Country of Incorporation (or residence)	Direct/ Indirect	Proportion of ownership interest (%)
Affiliated Computer Services Holdings (France) S.A.S.	Immeuble Exelmans, 33, rue des Vanesses, 93420 VILLEPINTE	France	Indirect	100.00
Impika SAS	135 rue du Dirigeable, ZI les Paluds, 13400 Aubagne	France	Indirect	100.00
Xerox Financial Services SAS	60, avenue Charles de Gaulle, 92200 Neuilly Sur Seine	France	Indirect	100.00
Xerox Technology Services SAS	12, rue des Vanesses, 93420 VILLEPINTE	France	Indirect	100.00
Xerox Serviços e Participações Ltda	Rua Álvaro Rodrigues 352, 10º andar, Botafogo, Rio de Janeiro, RJ, 22280-040	Brazil	Direct	100.00
Xerox Comércio e Indústria Ltda	Rua Álvaro Rodrigues 352, 10º andar, Botafogo, Rio de Janeiro, RJ, 22280-040	Brazil	Indirect	100.00
Xerox Shared Services Romania SRL	2C George Constantinescu Street, Multigalaxy II, 2nd floor, Bucharest, Romania	Romania	Direct	95.00
Xerox Slovenia d.o.o.	Bravničarjeva Ulica 13, Ljubljana, Slovenia	Slovenia	Direct	100.00
Xerox S.p.A.	Viale Tommaso Edison 110, Sesto San Giovanni, Milano, 20099 Italy	Italy	Direct	100.00
Xerox Italia Rental Services Srl*	Viale Tommaso Edison 110, Sesto San Giovanni, Milano, 20099 Italy	Italy	Indirect	100.00
Xerox Telebusiness GmbH	Hammer Landstrasse 91, 41460 Neuss, Germany	Germany	Direct	100.00
Xerox (Ukraine) Ltd LLC	Office 43, 28/2 Mykhaylo Grushevskiy street, Kyiv, Ukraine, 01021	Ukraine	Direct	99.00
Copygraff S.A.	Vrioulon 40 & Dilou, 551 32 Kalamaria, Thessaloniki, Greece	Greece	Associate	20.12
<u>Dormant</u>				
Continua Sanctum Limited	Riverview, Oxford Road, Uxbridge, Middlesex, UB8 1HS	United Kingdom	Indirect	100.00
Bessemer Trust Limited	Riverview, Oxford Road, Uxbridge, Middlesex, UB8 1HS	United Kingdom	Indirect	100.00
Xerox Distributor Operations Limited	Riverview, Oxford Road, Uxbridge, Middlesex, UB8 1HS	United Kingdom	Direct	100.00
Xerox Exports Limited	Riverview, Oxford Road, Uxbridge, Middlesex, UB8 1HS	United Kingdom	Direct	100.00
Xerox Professional Services Limited	Riverview, Oxford Road, Uxbridge, Middlesex, UB8 1HS	United Kingdom	Direct	100.00
<u>In liquidation/Receivership</u>				
Text Comm Limited	Newbattle Industrial Estate, Dalkeith, Midlothian, Scotland EH22 4DB	United Kingdom	Associate	49.00
Document Solutions SA	60 Karaiskaki e Venizelou, 153 41 Agia Paraskevi Greece	Greece	Associate	38.00
<u>Dissolved/Liquidated</u>				
Xerox Property Services Limited	Riverview, Oxford Road, Uxbridge, Middlesex, UB8 1HS	United Kingdom	Indirect	100.00
Xerox Management Services N.V.	Wezembeekstraat 5, 1930, Zaventem	Belgium	Indirect	100.00
Xerox Office Supplies SAU	Avenida de Aragon 330, Edificio 6, 28022, Madrid, Espana	Spain	Indirect	100.00
Xerox Canada Finance Inc	20 York Mills Road, Suite 500, Toronto, Ontario, M2P 2C2	Canada	Indirect	100.00

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

26 Subsidiaries

(Continued)

Company	Registered Office Address	Country of Incorporation (or residence)	Direct/ Indirect	Proportion of ownership interest (%)
Xerox Finance (Luxembourg) SARL	12, rue Leon Thyges, Luxembourg, L-2636, Luxembourg	Luxembourg	Indirect	100.00
ACS Worldwide Lending Limited	Bridge House, Oxford Road, Uxbridge, Middlesex, UB8 1HS	United Kingdom	Indirect	100.00
Xerox Fabricacion S.A.U	Avenida de Aragón 330, Edificio 6, 28022, Madrid, España	Spain	Indirect	100.00

Subsidiaries marked * are involved solely with the leasing of document processing equipment. The principal activities of the remaining subsidiaries are the development, manufacture, marketing, maintenance and leasing of document processing equipment or associated office supplies. Voting rights held are equal to the percentage of share capital owned.

Impairment reviews are performed by the directors when there has been an indication of an impairment. During 2018 an additional £17m impairment has been made to the value of investment in subsidiaries based on net asset value in Brazil (see note 15).

27 Associates

The Company holds 25% of the share capital of Fuji Xerox Co., Limited registered in Japan, and 46% of the share capital of Xerox India Limited. Other companies in the group hold controlling interests in Xerox India.

The Company received a £17.9m dividend (2017: £36m) from Fuji Xerox Co., Limited.

In 2017 a review of accounting practises at Fuji Xerox's New Zealand subsidiary, by an independent investigation committee (IIC), identified mis-accounting on certain bundled leasing transactions. This required adjustments to the income from participating interest - associates which in turn adjusted the carrying value of our investment in this associate for financial years 2016 and prior periods. Following this announcement the Company restated its share of net equity income for these periods by a total of £44m (£-32.1m: pre-2015, £-17m; 2015 and £4.8m; 2016) in its UK financial statements for 2016, which formed the opening retained earnings balance for 2017. Xerox Corporation also made this adjustment in its 2017 Group accounts and this flowed into the equity income movement for 2017 reported by the Company. This resulted in a double count of the £44m within equity income for 2017. We have restated the 2017 comparative to correct this double count of £44m (see note 15).

No impairment has been made to the value of investment in associates based on the net asset value of the associate as at 31 December 2018.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

28 Related party transactions

Other transactions with related parties

During the year the company entered into the following transactions with related parties:

	2018 £m	2017 £m
Sales of goods to Xerox Corporation and its subsidiaries	71	70
Sales of services to Xerox Corporation and its subsidiaries	-	1
	<u>71</u>	<u>71</u>
Purchases of goods from Xerox Corporation and its subsidiaries	232	235
Purchases of services from Xerox Corporation and its subsidiaries	6	5
	<u>238</u>	<u>240</u>

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties		Amounts owed from related parties	
	2018 £m	2017 £m	2018 £m	2017 £m
NAGL US Operations	11	6	-	-
Xerox (Europe) Limited Dundalk	-	10	-	-
Xerox Products Limited	-	8	-	-
XC Global Trading BV	87	73	-	-
XXFH Treasury Ops	-	-	121	-
Xerox Israel Ltd	-	-	8	8
Xerox Overseas Holdings Limited	-	-	17	17
Veenman Financial Services B.V.	-	-	29	28
Xerox (Europe) Limited Ballycool	-	6	-	-
Xerox Equipment Limited	9	35	-	-
Xerox Products (UK) Limited	-	-	7	5
Xerox (Europe) Limited Dundalk	7	-	-	-
Other related parties	8	9	10	10
	<u>122</u>	<u>147</u>	<u>192</u>	<u>68</u>

No guarantees have been given or received.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

29	Dividends	2018 per share	2017 per share	2018 £m	2017 £m
	Amounts recognised as distributions to equity holders:				
	'A' Shares				
	Final dividend paid	0.59	1.49	4	11
	'B' Shares				
	Final dividend paid	0.59	1.49	4	11
	'C' Shares				
	Final dividend paid	6.86	17.38	53	132
	D' Shares				
	Final dividend paid	3.43	8.69	26	67
	Total dividends paid				
	Final dividends paid			87	221
	Interim dividends paid			-	-
				87	221

30 Controlling party

The ultimate UK parent company of Xerox Limited is Xerox UK Holdings Limited, registered in England.

The ultimate parent undertaking, controlling party and the largest group in which the results of Xerox Limited are consolidated is that of Xerox Corporation*, which is incorporated in the United States of America. Copies of the Xerox Corporation annual report and financial statements may be obtained from The Investor Relations Department, Xerox Corporation, 201 Merritt 7, Norwalk, CT 06851-1056, U.S.A.; World Wide Web <http://www.xerox.com>.

The smallest group in which the results of Xerox Limited are consolidated is that of Xerox Investments Europe B.V., which is registered in The Netherlands. Copies of the Xerox Investments Europe B.V. annual report and financial statements may be obtained from Xerox Investments Europe B.V., De Corridor 5, 3621 ZA Breukelen NL, PO Box 117, 3620 AC Breukelen NL, The Netherlands.

The immediate parent of the Company is Xerox Overseas Holdings Limited, registered in England, Registered Number 3275267. The registered office for the parent is Riverview, Oxford Road, Uxbridge, Middlesex, UB8 1HS.

*On the 31 July 2019, as a result of internal reorganisation *Xerox Holdings Corporation* became the ultimate parent undertaking.