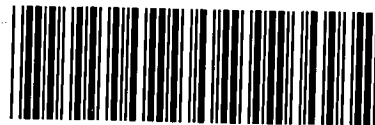


Company Registration No. 00575914 (England and Wales)

XEROX LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

FRIDAY



ABD028M9

A41

30/09/2022

#37

COMPANIES HOUSE

XEROX LIMITED

COMPANY INFORMATION

Directors

R Pitceathly
J-E. Gueden
R. Noonoo
A Arthurton

Compnay secretary

R Pitceathly

Company number

00575914

Registered office

Building 4
Uxbridge Business Park
Sanderson Road
Uxbridge
Middlesex
UB8 1DH

Independent Auditors

PricewaterhouseCoopers LLP
40 Clarendon Road
Watford
Hertfordshire
United Kingdom
WD17 1JJ

XEROX LIMITED

CONTENTS

	Page (s)
Strategic Report	1 - 4
Directors' Report	5 - 12
Independent Auditors' Report	13 - 17
Income Statement	18
Statement of Comprehensive Income	19
Statement of Financial Position	20 - 21
Statement of Changes in Equity	22 - 23
Notes to the financial statements	24 - 65

XEROX LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the Strategic Report for the year ended 31 December 2021.

Review of the business

Xerox Limited ("the Company") is the trading principal for Xerox Group ("the Group") in Europe, the Middle East, Africa and Asia. The Company achieved turnover for the year of £819m (2020: £812m) and generated an overall operating loss of £75m (2020: £88m loss). During the year the Company sold the majority of its Xerox Finance Services businesses to Xerox Financial Services International Limited, a subsidiary of the Group, generating a gain of £32m. Further details can be found in note 8. No further operational changes are envisaged in the coming year to the principal activities of the Company.

Dividend income from subsidiaries for the year was £146m (2020: £47m) resulting in a profit before taxation of £115m (2020: £28m loss).

Net assets rose to £1,903m (2020: £1,709m).

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 and the continuing constraints on government spending across Europe.

The Xerox Holdings Corporation Group makes significant long-term investments and commits significant resources into developing new high technology products and solutions. Additionally, Xerox Holdings 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.

The Group is exposed to the effects of the COVID-19 pandemic on our customers' businesses, including having office employees working from home, and the duration and extent to which this will impact future results of operations and overall financial position.

Supply chain constraints, inflationary pressure on costs and and uncertainty regarding the impact of the Russia/Ukraine war on the global economy will provide further operational challenges to the Group.

Key performance indicators

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

Revenue rose by 1% from £812m in 2020 to £819m in 2021.

Gross profit fell slightly from £144m to £141m resulting in a reduction the gross profit margin to 17% (2020: 18%). This was largely due to an increased sales mix of lower margin A4 machines with the pandemic-related increase in home-working and significant supply constraints on A3 products.

The average number of employees fell to 493 in 2021 (2020: 556). Further details on employees can be found in note 24 to the financial statements.

XEROX LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Impact of COVID-19 on Business Operations

The COVID-19 pandemic has accelerated the transformation of the workplace into a more flexible, hybrid environment. In response, the Company continues to invest in innovation to bolster and diversify our portfolio of offerings for hybrid workplace environments, including investments in Digital Services such as Capture & Content and Customer Engagement Services, which enable work to flow seamlessly between the office and home. During the year, the Group released Workflow Central, which extends the document workflow solutions available through our ConnectKey® multifunction printer interface to all devices, including PCs and smartphones, for easier access to workflow solutions on the go. Additionally, the hybrid work environment has increased SMB needs for IT Services, an area in which the Group is well positioned to succeed given the direct SMB sales presence.

Organic and inorganic growth in digital and IT services, along with continued market share gains in equipment sales, are central to our objective of stabilizing and growing our Print and Services business for the long-term.

Future developments and directions

The Company is guided by Xerox Holdings 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, Workplace Solutions and Production Solutions.

The Project Own It transformation and related cost savings have resulted in a leaner and more flexible cost structure, but the Company will also continue to focus on incremental actions to prioritize and preserve cash through the current economic headwinds and any potential global recession. These actions include the continued reduction of discretionary spend such as near-term targeted marketing programs and the use of contract employees.

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.

1. Optimise Operations for Simplicity
 - continuously improve our operating model for greater efficiency
 - invest further in robotic process automation, augmented reality and analytics to drive efficiencies
 - reduce complexity and simplify billing and offerings
2. Drive Revenue
 - scale IT Services in the SMB
 - grow XFS as a global payment solutions business
 - expand software offerings in enterprise content management and customer experience
3. Monetize Innovation
 - deliver revenue growth from 3D and "Internet of Things"
 - embed PARC's AI technology into new and existing software offerings
4. Focus on cash flow and increasing capital returns
 - maximise annual free cash flow generation

XEROX LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

S172 Companies Act 2006 statement

The directors have considered their duty under section 172 of the Companies Act 2006 to act in good faith and to promote the success of the Company for the benefit of its shareholders as a whole. In particular the directors have had regard to:

- likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the Company.

As a subsidiary trading entity we recognise that business strategy and the majority of decisions and policies affecting the Company and our stakeholder groups are made at Xerox Holdings Corporation level and cascaded through the management structures of the Group. Directors of the Company implement these decisions and policies whilst ensuring that they continue to promote the success of the Company. The board is represented in the Xerox Group's management and decision-making processes through membership of both the Executive Committee and the senior leadership team. This ensures that the board is actively involved in maintaining control of the Company's direction. At board meetings the impacts of principal decisions and the ongoing duty of directors to promote the success of the Company are matters that are specifically discussed and documented in board minutes and resolutions. This is in addition to existing fiduciary and statutory responsibilities of the board.

Significant events for the Company during the year, which were also principal decisions, included the sale of its investments in Xerox Financial Services (XFS) subsidiaries in Belgium and Sweden and the subsequent payment of the proceeds as a dividend. This followed Xerox Group's decision to stand up three separate businesses: Software, Innovation and XFS (FITTLE), allowing the Group to identify the appropriate long-term structure for each business and focus on developing new capabilities and sustainable growth. The board consulted with the parent and pension scheme trustees, and considered the long-term consequences to the Company before approving this transaction. Following consultation with the pension covenant advisor and discussions with the trustees, any possible adverse impact to the pension scheme from this transaction was mitigated by means of a parental guarantee.

The COVID-19 pandemic continued to be a significant event for the Company in 2021 with the emergence of new variants during the year. The health and safety of employees, clients, partners and their families remained the number one priority and we maintained the extensive set of health and safety protocols that every Xerox facility and operation across the world implemented. These protocols include, but are not limited to:

- Completing a daily health check to confirm that employees meet health requirements for entering a Xerox or customer workplace;
- Creating mandatory COVID-19 safety training for all employees before they engage in any Xerox work outside their home;
- Implementing specific risk-based safety requirements to address various workplace scenarios and role-specific protocols to guide employees on how the safety process and Personal Protective Equipment (PPE) guidelines apply to their roles;
- Requiring face coverings at all times, except when an employee is isolated for long periods of time, and always maintaining social distancing of at least 2 metres. Workplace layouts were updated, as needed, to support this protocol; and
- Ensuring all facilities are regularly cleaned and sanitised and have sufficient ventilation.

Adhering to these protocols ensured that our essential employees could continue to work and support our customers.

XEROX LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Engagement with our stakeholder groups is important for the business. Our stakeholders include our customers, suppliers, employees, and pensioners.

Customers – the Company's sales are made mainly to subsidiaries/related parties and to our distributor partners. The board maintains close relationships with both of these groups through our internal management structures and the distributor account teams. These interactions directly influence the Company's decision-making in respect of demand planning and product ordering.

Suppliers – we recognise an obligation to actively manage our global supplier base and ensure these critical partners meet our high social, environmental, and ethical standards. As a member of the Responsible Business Alliance (RBA), Xerox uses the RBA Code of Conduct as our supplier code of conduct and Xerox global procurement and corporate security organizations screen all production suppliers and significant indirect suppliers to assess compliance with global anti-bribery laws and regulations including UK Modern Slavery Act and UK Bribery Act.

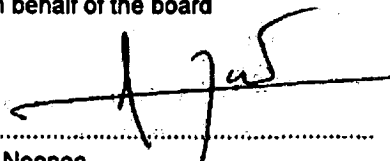
Employees – the board values the input and contribution of employees. Directors attend events throughout the year including the Xerox European forum, communication meetings and other round table discussions as part of a two-way exchange of information and ideas. Various online communication events were held during the periods of lockdown.

Pensioners - board members are closely involved in overseeing the Xerox Final Salary pension scheme. This includes regular attendance at meetings with pension scheme trustees, scheme actuaries and advisors ensuring efficient running of the scheme for the benefit of pensioners, deferred pensioners, active members and the Company.

Environment – Xerox is committed to reducing its environmental footprint, conserving natural resources and lowering the energy intensity of our operations. The Company is aligned with these initiatives and goals. Refer to Streamlined Energy and Carbon Reporting within in the Directors' Report for further information.

Information regarding Xerox Group's stakeholder engagement may also be found in the 2021 Corporate Social Responsibility Report [www.xerox.com/en-us/about/corporate-social-responsibility].

On behalf of the board



R. Noonoo
Director

Date: 28 September 2022

XEROX LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report along with the audited financial statements of Xerox Limited (the 'Company') for the year ended 31 December 2021.

Results and dividends

The results for the year are set out on page 18.

The profit for the financial year was £112m (2020: £31m loss) including income of £146m (2020: £47m) from its subsidiaries. During the year, Company had income of £32m from the sale of its investment in Xerox Financial Services. 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 £154m (2020: £186m).

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:

R Pitceathly
J-E. Gueden
R. Noonoo
A Arthurton

Supplier payment policy

The purchases of equipment, spares and consumables from Flextronics, a global electronics manufacturing services company, are procured 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.

The Company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Branches outside the UK

The Company operates 2 branches outside the UK. Xerox Limited - Slovakia Branch in Slovak Republic and Xerox Middle East in Dubai.

XEROX LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Financial instruments

Financial risk management

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 Holdings 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 Holdings 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.

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 Holdings 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.

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.

XEROX LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Research and development

Research and development is undertaken by the Company, fellow subsidiaries in Europe and by its parent company, Xerox Holdings Corporation. All research expenditure is charged directly to the income statement as incurred, unless recharged to Xerox Holdings Corporation. Development expenditure is capitalised in accordance with accounting policies as given in 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 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.

Disabled employees

As noted above, the Company pursues employment policies that provide equal opportunities for all. It is the Company's policy to give full and fair consideration to applications for employment from people with disabilities. Whenever possible, the employment of employees who become disabled will be continued and appropriate training and career development will be offered.

Engagement with Employees

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. Our employee engagement goal is to tap into the knowledge, creativity and enthusiasm of our people at all levels. Communication is two-way, we invite feedback from employees via Yammer, an internal social media network, and collaboration platforms. Town hall meetings and roundtables with employees and directors are a regular feature of our engagement activities. In 2021, we retained the health and safety protocols set up in 2020 including: COVID-19 safety training, remote working and daily health checks for entering Xerox or customer workplaces. Refer to the S172 statement in the Strategic Report for further information.

XEROX LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Engagement with other stakeholders

The Company aims to act responsibly and fairly in its engagement with suppliers. We recognise an obligation to actively manage our global supplier base and ensure these critical partners meet our high social, environmental, and ethical standards. As a member of the Responsible Business Alliance (RBA), Xerox uses the RBA Code of Conduct as our supplier code of conduct.

We endeavour to create strong, collaborative working relationships with our customers. Through continuing innovation and investment in new products, we aim to provide them with products that enable them to become more efficient, more cost effective and more secure.

The Company and its directors work with pension trustees to ensure stability of the Xerox Final Salary scheme for the benefit of pensioners, deferred pensioners and employee members. After considering the potential impact of the sale of XFS subsidiaries, the Company engaged with its pensions covenant advisor and the trustees to mitigate any potential adverse impact to the scheme. This was achieved by securing a parental guarantee.

Refer to the S172 statement in the Strategic Report for further information about stakeholder engagement.

Post reporting date events

Russia-Ukraine Conflict

With respect to the war in Ukraine in 2022, the Company halted shipments to Russia when sanctions were imposed. The value of sales to the Company's Russian subsidiary was £71m in 2021 and revenue from sales to distributors in the Eurasia region was £23m. The Company holds investment in Russia of £14m which may be impaired in the future as a result of the conflict. This is a non adjusting subsequent event.

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 participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The directors have obtained written confirmation of support from the Company's parent, Xerox Holdings Corporation and on the basis of this support consider that the Company has adequate resources to continue in operational existence for the foreseeable future, even with the ongoing impacts of COVID-19, supply chain constraints, inflationary pressure on costs and uncertainty regarding the impact of the Russia/Ukraine war on the global economy. Thus the Company continues to adopt the going concern basis in preparing the Company's annual financial statements.

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.

XEROX LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Streamlined Energy and Carbon Reporting

The Streamlined Energy and Carbon Reporting (SECR) disclosure represents carbon footprint across Scopes 1, 2 and 3, together with an appropriate intensity metric and total energy use of electricity and gas within UK.

	2021	2020 restated
Total scope 1 emission mt (tCO ₂ e)	489	465
Total scope 2 emission mt (tCO ₂ e)	373	462
Total scope 3 emission mt (tCO ₂ e)	704	673
Carbon intensity ratio		
Scope 1 emission (mtCO ₂ e/ £m)	4.60	4.30
Scope 2 emission (mtCO ₂ e/ £m)	3.50	4.30
Scope 3 emission (mtCO ₂ e/ £m)	6.60	6.30
Energy use(scope 1 and 2) MWh	2,891	3,070

Xerox 2021 climate plan

Please see the Xerox 2021 CSR Goals and Progress Summary for a detailed breakdown of the Xerox Group's environmental targets and metrics. Progress against these targets is reported annually.

[www.xerox.com/downloads/dl/usa/en/c/corporate-social-responsibility-progress-summary.pdf]

The Company shares in the Group's aim of achieving net zero emissions no later than 2040. Please see Xerox's Net Zero roadmap for details on this plan:

[<https://www.xerox.com/downloads/usa/en/x/xerox-2040-net-zero-roadmap.pdf>]

Within this roadmap, the Company's strategy consists of three core focus areas to reduce energy use and carbon emissions: employee development, facilities, and operations.

Employee development: This area focuses on training and organising the Company's employees around the topic of climate change. A Xerox wide Net Zero training is mandatory for current and new employees in the UK to understand the basic science underlying climate change. The next step is creating an energy committee to administrate energy and carbon reduction plans, solicit ideas from employees, communicate energy and carbon reduction best practices in the workplace, and track UK operations climate metrics.

Facilities projects: Responsible for a majority of the Company's scopes 1 and 2 emissions, facility improvements are an important part of the energy and carbon reduction plan. Within the United Kingdom, Xerox has completed its scheduled Energy Savings and Opportunities Scheme (ESOS) assessment, including the Company. Several opportunities were identified to increase both transport and facility energy efficiency including investigations into excessive energy use in various facilities, investigations and upgrades to HVAC systems accompanied by investment in insulation, and lighting controls and upgrade implementations. To reduce unnecessary travel, emphasis on video conferencing will be increased to reduce the number of face-to-face meetings requiring employee travel.

Operations: The Company is actively engaged in offering business solutions that help reduce carbon emissions across the value chain. We recognize that collaboration with our customers and suppliers is another key component of our carbon reduction plan, and we are open to developing solutions and partnerships that help to reduce emissions.

XEROX LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Greenhouse Gas Inventory

Xerox tracks GHG emissions under the international guidelines of the Greenhouse Gas Protocol, developed by the World Resources Institute and the World Business Council for Sustainable Development. In 2022, Xerox updated its GHG inventory methodology, expanding the emissions captured to include additional operations that were not previously included in the inventory methodology, as Xerox did not have operational control over these facilities. This expansion has largely impacted operations in the USA; however, there have also been adjustments to previous UK emissions inventory. The 2020 GHG inventory has been restated to reflect this update. There was also a restatement to the prior year emissions due to an adjustment to the ratio used to allocate the emissions across the UK companies. Given the highly integrated nature of the Group's operations within the United Kingdom, we have allocated the assessed emissions and energy usage for the country between U.K. Group entities on the basis of revenue generated in the UK geography.

Scope 3 emissions for the Group's operations have been calculated on a total basis, and the emissions and energy usage for the Company has been estimated on the basis of revenue. Please note that the 2020 emissions has been restated in order to simplify the number of categories included to comply with Companies Act requirements. Corporate Scope 3 emissions reported include employee commute and business travel. The assumptions and methodology are as follows.

Employee Business Travel (air) - Includes emissions from Xerox worldwide employee business and corporate air travel. Emissions are calculated directly by Xerox's global travel services providers based on flight mileage records and emission factors. Short-term car rental data and emission estimates are collected from the specific car rental vendor and included in Scopes 1 and 2 Inventory (i.e., Hertz, Enterprise, National).

Employee commuting – The following average secondary activity data were used to estimate average commuting distance per year per employee per mode of transport for 2021:

- Average modal split of typical commuters (91.2% car, 0.6% bike, 3.8% bus, 3.1% foot, 0.1% motorcycle and 1.2% rail) based on US DoT Bureau of Transportation Statistics Table 1-41: Principal Means of Transportation to Work, 2019 and 2020 data adjusted to exclude work from home. - <https://www.bts.gov/content/principal-means-transportation-works>
- Average daily commuting distances of typical employees (15 miles) US DoT Bureau of Transportation Statistics 2003 publication regarding commuting https://www.bts.gov/archive/publications/omnistats/volume_03_issue_04/entire
- Average number of weeks worked per year.
- Average annual percent of days worked from home (47%).

Primary data regarding number of Xerox employees is obtained from Xerox HR and CO2e emissions are calculated using emission factors (kg/vehicle-km or kg/passenger-km) for each transport mode sourced from Table 10 of the Climate Leaders *Emission Factors for Greenhouse Gas Inventories* – April 2021. Average person-days worked from home for 2021 was obtained by our personnel tracking system developed to monitor COVID19 related metrics. This data is not available for previous years.

The current methodology uses US-based factors and assumption applied to Xerox's workforce globally. Due to differences global transit systems, commuting estimates may differ from Xerox estimates compared to regional estimation methodologies.

XEROX LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Corporate Governance

The Company has not applied a specific external governance code. As a subsidiary trading entity it has followed the corporate governance procedures, processes and policies adopted by its ultimate parent, Xerox Holdings Corporation. This covers areas such as remuneration, strategy and validation of internal controls. The Company's purpose and strategy are aligned with those of the Xerox Group as outlined on page 2 of the Strategic Report.

The Company's role is to act as the trading principal for the Xerox Group in Europe, the Middle East, Africa and Asia. As such it must act to deliver the objectives of the Xerox Group whilst taking account of the various laws and customs in each of the countries and regions in which it operates. For details of significant events in the year, please refer to the S172 statement.

Shareholders – the Company is a private limited company and a wholly owned indirect subsidiary of Xerox Holdings Corporation. The management structures of the Corporation enable clear communication between the Company and its ultimate parent.

Strategy and business model – the Company is guided by the Xerox Group for its strategy and direction, as set out in the Strategic Report above.

Stakeholders - The Company recognises that its long-term success relies on maintaining and building strong relationships with its various stakeholders including in particular: its customers, whose demand for products and services drives growth; its suppliers, who have a significant impact on the quality, price and environmental impact of the products sold by the Company; and its employees, whose contribution, performance and commitment is critical to the effectiveness of the organisation. For details of significant events in the year, please refer to the S172 statement.

Risk management – the Xerox Group devotes considerable resources toward Enterprise Risk Management (ERM), anticipating and mitigating risks to the financial and operational health of the business. ERM follows a clearly defined business strategy that is shared by the Company and aligned with strategic and organisational goals. The ERM process is based on the COSO II (Committee of Sponsoring Organizations of the Treadway Commission) framework. Principal risks and uncertainties are set out on page 1 of the Strategic Report.

Board functioning - Regular board meetings are held to enable the effective management of the Company. There are no separate Board committees. Further details on how governance is applied by the board can be found in the S172 statement.

Board skills - The Company's board includes experienced directors who are also senior executives within the Xerox Group's overall management and decision-making structure. The composition of the board is consistent with the Company's purpose, values and delivery of strategy. Its members have had experience as Xerox regional general managers, senior finance executives and company secretary. As the senior leaders of Xerox Group's EMEA region, which provides most of the Company's sales activity, they are uniquely placed to oversee delivery of the Company's strategy and goals. The board does not establish specific goals with respect to diversity.

Directors' responsibilities – as outlined in the S172 statement, the directors have a fiduciary responsibility to act in the best interests of the Company and to ensure its compliance with statutory requirements. Other decisions affecting the Company, including strategy, are cascaded through the management structures of the Group.

Ethical behaviours – The Xerox Code of Business Conduct serves as the foundation of the Company's Business Ethics and Compliance Program and our means to implement the Xerox Human Rights Policy. It embodies and reinforces our commitment to integrity and helps our people resolve ethics and compliance concerns consistent with our core values and legal and policy controls. Each year, Xerox employees are required to take refresher training and acknowledge their conformance with the Xerox Code of Conduct. A supplemental Finance Code of Conduct also exists for finance employees.

Remuneration – Executive remuneration is set at Xerox Group level, overseen by the Compensation Committee of the Xerox Board. Pay for performance programmes are designed to align executive compensation with business strategy and maintain focus on financial results. They include a significant long-term incentive element.

Further details of Xerox governance procedures may be found within the Xerox Corporate Social Responsibility Report available at www.xerox.com/en-us/about/corporate-social-responsibility.

XEROX LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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 in respect of the financial statements

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, 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 responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

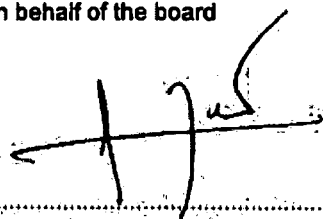
The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the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

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. Noonoo

Director

Date: 28 September 2022

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 2021 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 2021; the income statement, the statement of comprehensive income and 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, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 23, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

XEROX LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF XEROX LIMITED (CONTINUED)

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Performing a risk assessment to identify factors that could impact the going concern basis of accounting, including the impact of Covid-19;
- Evaluating the Company's financial performance and available liquidity, and the forecasts, financial performance and position of the wider Group;
- Obtaining letter of support provided by the Company's ultimate parent, Xerox Holdings Corporation, and evaluating the Group's financial performance, available liquidity, and forecasts.
- Evaluating the adequacy of the disclosures made in the financial statements in relation to going concern.

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

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 our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

XEROX LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF XEROX LIMITED (CONTINUED)

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 2021 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 in respect of the financial statements, 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.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax and employment laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries to increase revenue and profits and management bias in accounting estimates. Audit procedures performed by the engagement team included:

XEROX LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF XEROX LIMITED (CONTINUED)

- Enquiring of management and those charged with governance as to the Company's policies and procedures to prevent and detect fraud and inspection of regulatory correspondence, to identify actual and potential breaches of laws and regulations including those related to the areas noted above. These enquiries were corroborated through review of board minutes provided;
- Evaluation of relevant managements' controls designed to prevent and detect irregularities by performing walkthroughs and testing of controls;
- Challenging and testing assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the risk of fraud in revenue recognition, recoverability of investments in subsidiaries and the defined benefit pension scheme assumptions;
- Auditing the risk of management override of controls including identifying and testing journal entries, in particular any journal entries posted with unusual account combinations to revenue and expenses and validating the identified entries to supporting documentation;
- Reviewing financial statement disclosures made by management on their significant accounting estimates; and
- Enquiring of management and general legal council and review of litigation reports relating to material litigation and compliance matters.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

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.

XEROX LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF XEROX LIMITED (CONTINUED)

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 obtained 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
Watford

30 ~~29~~ September 2022

XEROX LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £m	2020 £m
Revenue	4	819	812
Cost of sales		(678)	(668)
Gross profit		141	144
Distribution costs		(40)	(53)
Administrative expenses		(102)	(114)
Other operating expenses		(65)	(60)
Net impairment losses		(9)	(5)
Operating loss	5	(75)	(88)
Income from shares in group undertakings		146	47
Income from interests in associated undertakings	6	1	1
Finance income	7	12	12
Interest payable and similar charges		(1)	-
Gain on disposal of investments	8	32	-
Profit/(loss) before taxation		115	(28)
Tax on profit/(loss)	9	(3)	(3)
Profit/(loss) for the financial year		112	(31)

XEROX LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £m	2020 £m
Profit/(loss) for the financial year		112	(31)
		<u>112</u>	<u>(31)</u>
Other comprehensive income/(expense)			
<i>Items that will not be reclassified to profit or loss</i>			
Actuarial profit on defined benefit pension schemes	12	335	42
Movement on deferred tax relating to pension surplus		(97)	(10)
		<u>238</u>	<u>32</u>
Total items that will not be reclassified to profit or loss		238	32
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(6)	17
		<u>232</u>	<u>49</u>
Total other comprehensive income for the financial year, net of tax		232	49
		<u>232</u>	<u>49</u>
Total comprehensive income for the financial year		344	18
		<u>344</u>	<u>18</u>

XEROX LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	2021 £m	2020 £m
Non-current assets			
Intangible assets	10	5	7
Property, plant and equipment	11	4	5
Retirement benefit surplus	12	778	387
Right-of-use assets	13	23	27
Other receivables	14	105	112
Investments in subsidiaries	15	1,237	1,251
Investments in associates	15	10	9
		<u>2,162</u>	<u>1,798</u>
Current assets			
Inventories	16	71	104
Trade and other receivables	14	244	258
Cash and cash equivalents		18	23
		<u>333</u>	<u>385</u>
Creditors: amounts falling due within one year			
Trade and other payables	17	(402)	(380)
Lease liabilities	18,13	(4)	(3)
		<u>(406)</u>	<u>(383)</u>
Net current (liabilities)/assets		<u>(73)</u>	<u>2</u>
Total assets less current liabilities		<u>2,089</u>	<u>1,800</u>
Creditors: amounts falling due after more than one year			
Lease liabilities	18,13	(20)	(24)
		<u>(20)</u>	<u>(24)</u>

XEROX LIMITED

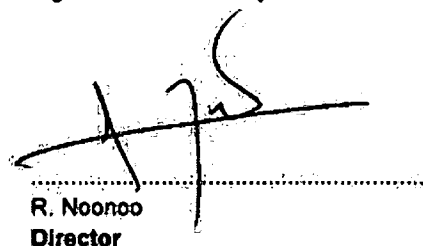
STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2021

	Note	2021 £m	2020 £m
Provisions for liabilities			
Retirement benefit obligations	12	(8)	(8)
Deferred tax liabilities	19	(155)	(55)
Other provisions	20	(3)	(4)
		<u>(166)</u>	<u>(67)</u>
Net assets		<u>1,903</u>	<u>1,709</u>
Capital and reserves			
Ordinary Shares	21	30	30
Share premium account		783	783
Revaluation reserve		4	1
Other reserves		(72)	(66)
Retained earnings		<u>1,158</u>	<u>961</u>
Total equity		<u>1,903</u>	<u>1,709</u>

The financial statements on pages 18 to 65 were approved by the Board of directors and authorised for issue on 28 September 2022

Signed on its behalf by:


.....
R. Noonoo
Director

Company Registration No. 00575914

XEROX LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Ordinary Shares £m	Share premium £m	Revaluation reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance at 1 January 2020	30	783	3	(83)	1,146	1,879
Loss for the financial year	-	-	-	-	(31)	(31)
Other comprehensive (expense)/ income for the financial year						
Exchange difference on translation of foreign operations	-	-	-	17	-	17
Actuarial profit on defined benefit pension scheme	-	-	-	-	42	42
Movement on deferred tax relating to pension surplus	-	-	-	-	(10)	(10)
Total comprehensive income for the financial year	-	-	-	17	1	18
Dividends	-	-	-	-	(186)	(186)
Other	-	-	(2)	-	-	(2)
Total transactions with owners, recognised directly in equity	-	-	(2)	-	(186)	(188)
Balance at 31 December 2020	30	783	1	(66)	961	1,709

XEROX LIMITED

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

	Ordinary Shares £m	Share premium £m	Revaluation reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance at 1 January 2021	30	783	1	(66)	961	1,709
Profit for the financial year	-	-	-	-	112	112
Other comprehensive income/ (expense) for the financial year						
Exchange difference on translation of foreign operations	-	-	-	(6)	-	(6)
Actuarial profit on defined benefit pension scheme	-	-	-	-	335	335
Movement on deferred tax relating to pension surplus	-	-	-	-	(97)	(97)
Total comprehensive income for the financial year	-	-	-	(6)	350	344
Dividends	-	-	-	-	(154)	(154)
Other	-	-	3	-	1	4
Total transactions with owners, recognised directly in equity	-	-	3	-	(153)	(150)
Balance at 31 December 2021	30	783	4	(72)	1,158	1,903

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 years plus share-based payments adjustments and related tax credits, charges from the parent company for share based payment and dividends proposed and paid.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

1.1 General Information

Xerox Limited ("the Company") is the trade 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 Building 4, Uxbridge Business Park, Sanderson Road, Uxbridge, Middlesex, England. UB8 1DH.

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 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 Holdings 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; 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 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 Holdings Corporation. The group financial statements of Xerox Holdings Corporation are available to the public and can be obtained as set out in note 32.

Consolidated financial statements have not been prepared as the Company is a wholly owned subsidiary of Xerox Holdings 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 Holdings Corporation's Annual Report (Form 10K) has been filed with the Securities and Exchange Commission (www.sec.gov).

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2021**

1 Accounting policies (Continued)

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. The Directors have obtained written confirmation of support from the Company's parent, Xerox Holdings Corporation and on the basis of this support consider that the company has adequate resources to continue in operational existence for the foreseeable future, even under uncertain conditions created by the impact of COVID-19, supply chain constraints, inflationary pressure on costs and uncertainty regarding the impact of the Russia/Ukraine war on the global economy. Thus, the Company continues to adopt the going concern basis in preparing the Company's annual financial statements.

1.4 Revenue recognition

Revenue consists of revenue earned less value added tax in the year from the sale of document processing equipment and related supplies. 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 to partner/customer has occurred and/or services have been rendered (delivery/performance)

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

Sales to distribution partners include retrospective volume-related rebates. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated rebate. Accumulated experience is used to estimate and provide for the rebates.

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, and accounted using the equity method.

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.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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. Amortisation is included within cost of sales and administrative expenses.

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.

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.

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.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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 IFRS 101 from the disclosure requirements 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.

Financial assets at amortised cost or at fair value through profit and loss

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 assets

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For intergroup assets which have had a significant increase in credit risk, impairment is recognised at expected lifetime losses and for those assets that have not had a significant increase in credit risk, impairment is recognised at 12 month expected losses. Financial assets are reviewed on a quarterly basis for any credit events that would impact collectability. 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.

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.

1.13 Financial liabilities

The company recognises 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'.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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.

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.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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 5 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.

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 Holdings Corporation long term incentive plan. Under the plan qualifying employees are awarded the right to receive share in Xerox Holdings 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. The cost of the plan is recharged to the Company by Xerox Holdings Corporation.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2021**

1 Accounting policies

(Continued)

1.19 Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets where the value is lower than USD 5,000. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

- (i) fixed lease payments (including in-substance fixed payments), less any lease incentives;
- (ii) variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- (iii) the amount expected to be payable by the lessee under residual value guarantees;
- (iv) the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- (v) payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- (i) the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- (ii) the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- (iii) a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the statement of financial position.

The Company applies IAS36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Administrative expenses' in the income statement.

As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has applied this practical expedient to real estate lease of offices and warehouses only.

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. Interest Rate Risk

The Company does not have a fully matched funded portfolio, however, in conjunction with other subsidiaries of Xerox Holdings 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.

vi. Cash flow risk

Global cash forecasting disciplines are maintained to ensure there is continuing financial liquidity available.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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 Dividend distribution

Dividend distributions to the Company's shareholders are recognised in liability in the Company's financial statements in the period which the dividends are approved by the Company's shareholders.

1.24 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 Holdings Corporation. Qualifying development expenditure is capitalised in accordance with note 1.7.

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

New standards, amendments and interpretations adopted during the financial year

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2. These amendments introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition. The amendments are applicable for annual reporting periods beginning on or after 1 January 2021.

Amendments to IAS 16 Property, Plant and Equipment. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments are applicable for annual reporting periods beginning on or after 1 January 2022.

Amendments to IAS 37 Onerous Contracts. The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2021**

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

(Continued)

New standards, amendments and interpretations not yet adopted

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current. The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2023.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies. The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. These amendments will be applicable for Annual reporting periods beginning on or after 1 January 2023.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. These amendments will be applicable for Annual reporting periods beginning on or after 1 January 2023.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. These amendments will be applicable for Annual reporting periods beginning on or after 1 January 2023.

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 that have a material impact on the company's financial statements.

3 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.

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.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

3 Critical accounting estimates and judgements

(Continued)

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 value in use 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:

The Company identified a potential impairment in the investment in our operation in Turkey, where the net asset value on 31 December 2021 was below carrying value. An impairment test was performed to estimate the recoverable amount of the investment by taking estimated future cash flows expected to arise from the operation and discounting them to present value using a suitable discount rate. The cash flows used were based on judgmental assessments of future earnings and cash usage and aligned with Xerox strategy. A growth rate of 1% and the discount rate used was a weighted average cost of capital of 12.94%. Based on the estimated cash flows analysed, an impairment of £6.8m has been recognised in the income statement. If key financial assumptions would each increase or decrease by the values shown and all other assumptions remain the same, the value in use would change by (£m):

Discount rate		Growth rate
+100 b.p.	-100 b.p.	-5%
(1.5)	1.7	(12.0)

The Company also identified a potential impairment in the investment in our operation in Norway, Xerox AS, where the net asset value on 31 December 2021 was below carrying value. As this entity continues to make losses it has been determined that its fair value exceeds value in use resulting in an impairment of £2.0m.

An impairment test was also performed to estimate the recoverable amount of the Company's investment in its French subsidiary, Xerox SAS, where the net asset value on 31 December 2021 was below carrying value. This was done by taking estimated future cash flows expected to arise from the operation and discounting them to present value using a suitable discount rate. The cash flows used were based on judgmental assessments of future earnings and cash usage and aligned with Xerox strategy. The discount rate used was a weighted average cost of capital of 7.5% and a long-term growth rate of 2%. Based on the estimated cash flows analysed, no impairment was required. (Reducing the growth rate assumption by 1% would have led to a £22m impairment).

Uncertain tax positions

Significant judgement and a high degree of estimation is required in determining the income tax charge and the tax treatment of many items is uncertain with tax legislation being open to different interpretation. Furthermore, the Company can also be subject to uncertainties, including tax audits which by their nature, are often complex and can require several years to conclude. The Company considers these uncertain tax positions in the recognition of its income tax/deferred tax assets or liabilities. In line with its accounting policy, the Company bases its assessment on the probability of a tax authority accepting its general treatment having regard to all information available on the tax matter and when it is not probable reflects the uncertainty in income tax/deferred tax assets or liabilities using an expected value approach as this better predicts the resolution of the uncertainty. Such estimates are determined based on management judgement, interpretation of the relevant tax laws, correspondence with the relevant tax authorities and external tax advisors and past practices of the tax authorities. Where the final outcome of these tax matters is different from the amounts that were recorded, such differences will impact the income tax and deferred tax charge in the period in which such determination is made.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

4 Revenue

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

	2021 £m	2020 £m
Revenue analysed by class of business		
Sales of goods	816	809
Services	3	3
	<u>819</u>	<u>812</u>
	<u><u>819</u></u>	<u><u>812</u></u>
	2021 £m	2020 £m
Revenue analysed by geographical market		
United Kingdom	101	107
France	115	105
Rest of Europe	484	479
Asia and Africa	112	113
Other	7	8
	<u>819</u>	<u>812</u>
	<u><u>819</u></u>	<u><u>812</u></u>

5 Operating loss

	2021 £m	2020 £m
Loss for the year is stated after charging:		
Fees payable to the Company's auditors for the audit of the Company's financial statements	1	1
Depreciation of property, plant and equipment	1	3
Depreciation of right of use assets	4	4
Impairment of investments	9	5
Reorganisation expenses	2	3
Amortisation of intangible assets	2	3
Cost of inventories recognised as an expense	616	598
Employee costs (Note 24)	58	64
Other pension scheme costs	2	4
	<u><u>616</u></u>	<u><u>598</u></u>

The cost of sales recognised as an expense includes additional amounts related to inter-group sales of equipment due to the limited risk distributors (LRDs) transition of £218m in 2021 and £234m in 2020.

Research and development of £2.3m was expensed during 2021 (2020: £1.8m) of which 60% was recharged to Xerox Holdings Corporation (2020: 43%).

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

6 Income from interests in associated undertaking

	2021 £m	2020 £m
Xerox India Limited	1	1

7 Finance income

	2021 £m	2020 £m
Interest on the net defined benefit asset	6	6
Interest receivable from group undertakings	6	6
Total finance income	12	12

8 Profit on disposal of investment

The Company sold a number of leasing companies to Xerox Financial Services International Limited generating a profit on disposal of £32m:

	2021 £m	2020 £m
Sales proceeds	37	-
Cost of investment	(5)	-
Profit on disposal of investments	32	-

In January 2021, the Group announced the plan to stand up three separate businesses: Software, Innovation and Xerox Financing Services (XFS), allowing Xerox to identify the appropriate long-term structure for each business and focus on developing new capabilities and sustainable growth.

With respect to the XFS business segment several restructuring alternatives were considered for the optimal legal entity structure to reflect XFS's operational footprint and support the business imperative of standing up the XFS business. A stock transfer approach, under which a new XFS holding company is created under the Group and the shares in the legacy XFS entities transferred to the new XFS holding company was determined to be appropriate in cases where transfer costs were not expected to be significant.

As a result of these considerations, in December 2021 the Company sold certain XFS leasing businesses to Xerox Financial Services International Limited.

Refer to note 15 (Investments) for further details.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

9 Tax on profit / (loss)

	2021 £m	2020 £m
Current tax		
Adjustments in respect of prior periods	-	1
	<u> </u>	<u> </u>
Deferred tax		
Current year charge	3	(4)
Changes in tax rates	-	2
Adjustment in respect of prior periods	-	4
	<u> </u>	<u> </u>
	3	2
	<u> </u>	<u> </u>
Total tax charge	<u> </u> 3	<u> </u> 3

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

Tax expense for the year is lower (2020: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2021 of 19% (2020: 19%). The differences are explained below:

	2021 £m	2020 £m
Profit/(loss) before taxation	<u> </u> 115	<u> </u> (28)
Expected tax charge based on a corporation tax rate of 19.00% (2020: 19.00%)	22	(5)
Expenses not deductible in determining taxable profit	3	1
Income not taxable	(34)	(9)
Adjustment in respect of prior years	-	5
Group relief	12	19
Deferred tax rate change	(1)	1
Unremitted earnings	1	(9)
	<u> </u>	<u> </u>
Tax charge for the year	<u> </u> 3	<u> </u> 3

The Finance Act 2021 included measures to increase the standard rate of UK corporation tax to 25% with effect from 1 April 2023. The Finance Act 2021 was enacted in June 2021 and accordingly, these rates are applicable to the measurements of deferred tax balances at 31 December 2021. Deferred tax has been measured at the rate it is expected to reverse.

On 23 September 2022, it was announced that the corporation tax rate change from 19% to 25% with effect from 1 April 2023 was to be cancelled. This was not substantively enacted at the balance sheet date and therefore the impact of this change is not reflected in the measurement of deferred tax. If the rate change had been substantively enacted prior to 31 December 2021, the impact would have been to reduce the deferred tax liability by £33m with a corresponding credit to Other Comprehensive Income.

At the balance sheet date deferred tax is measured at the enacted rate of 19% (2020: 19%).

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Intangible assets

	Capitalised software	Trademark and Copyright	Total
	£m	£m	£m
Cost			
At 1 January 2020	313	1	314
Additions	1	-	1
	<u>314</u>	<u>1</u>	<u>315</u>
At 31 December 2020	314	1	315
	<u>314</u>	<u>1</u>	<u>315</u>
At 31 December 2021	314	1	315
	<u>314</u>	<u>1</u>	<u>315</u>
Accumulated amortisation			
At 1 January 2020	304	1	305
Charge for the year	3	-	3
	<u>307</u>	<u>1</u>	<u>308</u>
At 31 December 2020	307	1	308
Charge for the year	2	-	2
	<u>309</u>	<u>1</u>	<u>310</u>
At 31 December 2021	309	1	310
	<u>309</u>	<u>1</u>	<u>310</u>
Carrying amount			
At 31 December 2021	5	-	5
	<u>5</u>	<u>-</u>	<u>5</u>
At 31 December 2020	7	-	7
	<u>7</u>	<u>-</u>	<u>7</u>

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 was fully amortised at the end of 2019. There are no other individually material intangible assets.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Property, plant and equipment

	Land and buildings leasehold	Fixtures, fittings & equipment	Plant and machinery	Total
	£m	£m	£m	£m
Cost				
At 1 January 2020	6	73	1	80
Additions	1	-	-	1
Disposals	(2)	(3)	-	(5)
Foreign currency adjustments	-	3	-	3
	<u>5</u>	<u>73</u>	<u>1</u>	<u>79</u>
At 31 December 2020	5	73	1	79
Foreign currency adjustments	-	(4)	-	(4)
	<u>5</u>	<u>69</u>	<u>1</u>	<u>75</u>
At 31 December 2021	5	69	1	75
Accumulated depreciation and impairment				
At 1 January 2020	4	68	1	73
Charge for the year	1	2	-	3
Eliminated on disposal	(2)	(3)	-	(5)
Foreign currency adjustments	-	3	-	3
	<u>3</u>	<u>70</u>	<u>1</u>	<u>74</u>
At 31 December 2020	3	70	1	74
Charge for the year	-	1	-	1
Foreign currency adjustments	-	(4)	-	(4)
	<u>3</u>	<u>67</u>	<u>1</u>	<u>71</u>
At 31 December 2021	3	67	1	71
Carrying amount				
At 31 December 2021	<u>2</u>	<u>2</u>	<u>-</u>	<u>4</u>
At 31 December 2020	<u>2</u>	<u>3</u>	<u>-</u>	<u>5</u>

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.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

12 Retirement benefit schemes

The total cost charged to income in respect of defined contribution plans is £2m (2020 - £4m).

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 2020, 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 2021, 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 two 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 2020, rolled forward to 31 December 2021 and adjusted for current financial conditions.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

12 Retirement benefit schemes

(Continued)

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 purposes, 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.

Assumptions

	2021	2020
	%	%
Discount rate	2.0	1.4
Pension growth rate	3.2	3.8
Salary growth rate	3.3	2.9
RPI Inflation	3.3	2.9
CPI Inflation	2.7	2.3

Mortality assumptions

Assumed life expectations on retirement at age 65:

	2021	2020
	Years	Years
Retiring today		
- Males	22.5	22.4
- Females	24.8	24.7
Retiring in 20 years		
- Males	23.9	23.8
- Females	26.1	26.1

As at 31 March 2020 the average age of active members is 55 years, deferred pensioner 57 years and pensioner 71 years for the Xerox Final Salary Scheme.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

12 Retirement benefit schemes

(Continued)

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

	2021 £m	2020 £m
Administration expense	(3)	(3)
Other finance income	6	6
Past service cost	-	(1)
	<u>3</u>	<u>2</u>

Amounts recognised in other comprehensive income

	2021 £m	2020 £m
Actuarial changes arising from changes in demographic assumptions	(7)	(47)
Actuarial changes arising from changes in financial assumptions	111	(229)
Actuarial changes arising from experience adjustments	41	15
Actuarial changes related to plan assets	190	303
	<u>335</u>	<u>42</u>

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

	2021 £m	2020 £m
Wholly unfunded obligations	8	8
Wholly or partly funded obligations	(778)	(387)
	<u>(770)</u>	<u>(379)</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:

	2021 £m	2020 £m
Present value of defined benefit obligations	2,861	3,087
Fair value of plan assets	(3,639)	(3,474)
	<u>(778)</u>	<u>(387)</u>

The present value of defined benefit obligation held in the Xerox unfunded plan is £8m (2020: £8m).

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

12 Retirement benefit schemes

(Continued)

Movements in the present value of defined benefit obligations

	2021 £m	2020 £m
At 1 January	(3,087)	(2,889)
Past service cost	-	(1)
Benefits paid	122	122
Actuarial gains	145	(262)
Interest cost	(41)	(57)
At 31 December	<u>(2,861)</u>	<u>(3,087)</u>

Movements in the fair value of plan assets:

	2021 £m	2020 £m
At 1 January	3,474	3,179
Interest income	48	63
Remeasurement gains on scheme assets	190	304
Benefits paid	(122)	(122)
Contributions by the employer	53	53
Administration cost incurred	(4)	(3)
At 31 December	<u>3,639</u>	<u>3,474</u>

The actual return on plan assets on Xerox Final Salary Scheme is £238.3m (2020: £366.4m).

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 2021

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 analyses are based on a change in an assumption, while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions might be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (that is, present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

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%	(206)	232
Inflation	0.25%	86	(94)
Life expectancy	1 year	136	(135)

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

	Quoted 2021 £m	Quoted 2020 £m
Equities	448	433
Bonds (inc LDI)	2,144	1,952
Alternative Instruments	917	922
Property	75	110
Cash	55	57
	<u>3,639</u>	<u>3,474</u>

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

13 Leases

The company has lease contracts for various offices, warehouses and vehicles used in the operations. The amounts recognised in the financial statements in relation to the leases are as follows:

Analysis of leases

(i) Amounts recognised in the statement of financial position:

	2021 £m	2020 £m
Right-of-use assets		
Land and buildings	21	26
Cars and others	1	1
Equipments	1	-
	<u>23</u>	<u>27</u>
Lease liabilities		
Current liabilities	4	3
Non-current liabilities	20	24
	<u>24</u>	<u>27</u>

Additions to the right-of-use assets during the 2021 financial year were £1m (2020: £18m).

(ii) Amounts recognised in income statement:

	2021 £m	2020 £m
Depreciation charge of right-of-use assets		
Land and buildings	3	3
Cars and others	1	1
	<u>4</u>	<u>4</u>
 Interest expenses (included in finance cost)	 0.12	 0.02

The total cash outflow for leases in 2021 was £4.3m (2020: £4.1m).

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

13 Leases

(Continued)

Future minimum lease payments are as follows:

	2021	2020
	£m	£m
Within one year	6	3
One to two years	6	5
Two to three years	5	4
Three to four years	3	4
Four to five years	2	3
Over five years	10	12
	<hr/>	<hr/>
Total gross payments	32	31
Impact of finance expenses	(8)	(4)
	<hr/>	<hr/>
Carrying value of liability	24	27
	<hr/>	<hr/>

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

14 Trade and other receivables

	Current 2021 £m	2020 £m	Non-current 2021 £m	2020 £m
Trade receivables	21	20	-	-
	<u>21</u>	<u>20</u>	<u>-</u>	<u>-</u>
Other receivables	9	16	-	-
Amount due from Xerox Holdings Corporation and subsidiaries	111	101	93	20
Amounts due from Xerox Limited Group undertakings	101	119	12	92
Prepayments	2	2	-	-
	<u>244</u>	<u>258</u>	<u>105</u>	<u>112</u>

Trade receivables disclosed above are measured at amortised cost.

There are facilities in Europe which allow the on-going sale to a third party without recourse of certain accounts receivables. The Company sold £347m (2020: £256m) of accounts receivable under these facilities. The associated fees were £1.6m in 2021 (2020: £1m). At the 2021 balance sheet date £75m (2020: £100m) remained uncollected from the third parties in connection with these accounts receivable.

In respect of Xerox Limited Group undertakings and Xerox Holdings 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.

Inter-company receivables of £105m (2020: £112m) 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 £12.1m loan which is a permanent capital loan with 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 2021

15 Investments

	Non-current 2021 £m	2020 £m
Investments in subsidiaries	1,237	1,251
Investments in associates	10	9
	<u>1,247</u>	<u>1,260</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets.

In 2019 and 2020, the Company took a write down in Newfield IT of £6m and £5m respectively in preparation for winding up the investment which was completed in 2021.

During 2021, the Company wrote down investments in Turkey and Norway by £7m and £2m respectively where net asset values were below carrying value. In December 2021 the Company sold certain XFS leasing businesses to Xerox Financial Services International Limited, a subsidiary of Xerox Holdings Corporation, for £37m. This resulted in a gain on sales of £32m, see note 8. See note for listing of subsidiaries sold.

During the year there were no dividends received from Xerox India Limited £nil (2020: £nil). Further information on investments can be found in note 27 and note 28.

Movements in non-current investments

	Subsidiaries £m	Associates £m	Total £m
Cost or valuation			
At 1 January 2020	1,579	9	1,588
At 1 January 2021	1,579	9	1,588
Equity in income	-	1	1
Disposal	(16)	-	(16)
At 31 December 2021	1,563	10	1,573
Cumulative Impairment			
At 1 January 2020	(323)	-	(323)
Impairment losses	(5)	-	(5)
At 1 January 2021	(328)	-	(328)
Impairment losses	(9)	-	(9)
Disposals	11	-	11
At 31 December 2021	(326)	-	(326)
Carrying amount			
At 31 December 2021	1,237	10	1,247
At 31 December 2020	1,251	9	1,260

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

16 Inventories	2021 £m	2020 £m
Raw materials	3	5
Work in progress	1	2
Finished goods	67	97
	<u>71</u>	<u>104</u>

Inventories recognised as an expense during the year was £616m (2020 - £598m). 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 £7.5m (2020: £8.3m).

17 Trade and other payables	2021 £m	2020 £m
Trade payables	135	136
Amount due to Xerox Holdings Corporation and subsidiaries	73	42
Amounts due to Xerox Limited Group undertakings	112	128
Accruals	82	74
	<u>402</u>	<u>380</u>

In respect of Xerox Limited Group undertakings and Xerox Holdings Corporation and subsidiaries, amounts are unsecured and interest is charged based on commercial rates on rolling monthly or quarterly borrowings and payment terms. All loans are repayable on demand. The amounts shown for Xerox Limited Group undertakings represents the aggregate balances across the subsidiaries of Xerox Limited.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

18 Lease liabilities

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021 £m	2020 £m
Current liabilities	4	3
Non-current liabilities	20	24
	<u>24</u>	<u>27</u>

Other leasing information is included in note 13.

19 Deferred tax 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 £m	Tax losses £m	Other £m	Retirement benefit obligations £m	Total £m
Deferred tax liability at 1 January 2020	26	2	(23)	(48)	(43)
Deferred tax movements in prior year					
Movement in the year	-	6	6	(14)	(2)
Charge to other comprehensive income	-	-	-	(10)	(10)
Deferred tax liability at 1 January 2021	26	8	(17)	(72)	(55)
Deferred tax movements in current year					
Movement in the year	8	12	-	(23)	(3)
Charge to other comprehensive income	-	-	-	(97)	(97)
Deferred tax liability at 31 December 2021	<u>34</u>	<u>20</u>	<u>(17)</u>	<u>(192)</u>	<u>(155)</u>

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

19 Deferred tax liabilities

(Continued)

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:

	2021 £m	2020 £m
Deferred tax liabilities	(155)	(55)
Deferred tax assets	-	-
	<u>(155)</u>	<u>(55)</u>

20 Other provisions

	2021 £m	2020 £m
Restructuring	1	2
Other	2	2
	<u>3</u>	<u>4</u>

	Restructuring £m	Other £m	Total £m
At 1 January 2021	2	2	4
Additional provisions in the year	1	1	2
Utilisation of provision	(2)	(1)	(3)
At 31 December 2021	<u>1</u>	<u>2</u>	<u>3</u>

Restructuring is part of the ongoing Xerox Corporate restructuring programmes undertaken since 2002. These provisions are expected to be utilised within the next 12 months.

"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 2021

21 Ordinary shares	2021 £m	2020 £m
Ordinary share capital		
Authorised		
7.6m (2020: 7.6m) New 'A' Shares at £1 each	7.60	7.60
7.6m (2020: 7.6m) New 'B' Shares at £1 each	7.60	7.60
7.8m (2020: 7.8m) 'C' Shares at £1 each	7.80	7.80
7.6m (2020: 7.6m) 'D' Shares at £1 each	7.60	7.60
	<u>30.60</u>	<u>30.60</u>
Allotted and fully paid		
7.4m (2020: 7.4m) New 'A' Shares at £1 each	7.40	7.40
7.4m (2020: 7.4m) New 'B' Shares at £1 each	7.40	7.40
7.6m (2020: 7.6m) 'C' Shares at £1 each	7.60	7.60
7.6m (2020: 7.6m) 'D' Shares at £1 each	7.60	7.60
	<u>30.00</u>	<u>30.00</u>

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 2021

22 Share-based payment transactions

Xerox Limited & Subsidiaries employees

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

	Number of share options 2021	Number of share options 2020
Outstanding at 1 January	64,902	21,262
Transferred (to)/ from other group companies	-	49,738
Forfeited	(22,179)	-
Cancelled	-	(6,098)
Expired	(28,245)	-
Outstanding at 31 December	<u>14,478</u>	<u>64,902</u>

Xerox Holdings Corporation approved the granting of Stock Options (SOs) as part of the 2018 plan design. Xerox Holdings Corporation 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. No SOs were granted in 2020.

No stock options were exercised during the year (2020 : Nil).

Stock options by year of expiry:

Year of expiry	Number of share options 2021	Number of share options 2020
2028	<u>14,478</u>	<u>64,902</u>
Total	<u>14,478</u>	<u>64,902</u>

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

22 Share-based payment transactions

(Continued)

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.

Compensation expense for RSUs is based upon the grant date market price and is recognised on a straight-line basis over the vesting period, based on management's estimate of the number of shares expected to vest. The 2020 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 Holdings Corporation.

The weighted average share price at the date of exercise for RSUs exercised during 2021 was \$27.39 (2020: \$20.27).

Restrictive Stock Units

The following are movements in RSUs in the year:

	Number of RSUs 2021	Number of RSUs 2020
Outstanding at 1 January	312,688	431,790
Granted	90,994	109,859
Transferred from other group companies	(22,032)	97,709
Cancelled	(15,280)	(85,513)
Exercised / Vested	(124,071)	(241,157)
Outstanding at 31 December	<u>242,299</u>	<u>312,688</u>

RSUs by year of vesting:

Year of vesting	2021	2020
2021	8,172	134,775
2022	133,947	131,916
2023	51,912	45,997
2024	48,268	-
Total	<u>242,299</u>	<u>312,688</u>

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

23 Auditors' remuneration

	2021 £m	2020 £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 access to subscription services of £8k were provided during 2021 (2020: £23k).

Amounts paid to the auditors of the Company and its controlled subsidiaries for non-audit services amount to £88k (2020: £490k). This relates to tax services of £13k (2020: £342k), other assurance services of £67.1k (2020: £132k) and other subscriptions and regulatory services of £8k (2020: £16k).

24 Employees

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

	2021 Number	2020 Number
Administrative and sales	493	556

Their aggregate payroll costs were as follows:

Employment costs	2021 £m	2020 £m
Wages and salaries	44	50
Social security costs	6	7
Other pension costs (Note 12)	2	4
Cost of employee share scheme	6	3
	58	64

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 Holdings Corporation.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

25 Directors' remuneration	2021	2020
	£m	£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 (2020 - 1). Xerox Limited paid the above aggregate emoluments in respect of 4 directors (2020 - 2). None of the directors (2020 - nil) was paid by Xerox Holdings Corporation and 2 directors (2020 - 5) were recharged to the Company. The amounts shown above includes contributions made to defined benefits schemes of £15,237 (2020: £7,288).

No directors (2020 - nil) received compensation for loss of office in the year (2020: £nil).

No directors exercised their stock options during the year (2020: nil) including the highest paid director.

All 4 directors exercised their RSUs during the year including the highest paid director.

	2021	2020
	£m	£m
The highest paid director	<u>0.60</u>	<u>0.70</u>

The accrued pension at the end of the year for the highest paid director was £nil (2020: £nil).

26 Contingent liabilities

There are contingent liabilities amounting to £10.2m (2020: £71.8m) 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.

In December 2020, the Company received a discovery assessment from HM Revenue and Customs which challenges the company's transfer pricing arrangements in the years 2014 through 2016 and indicates additional corporation tax payable of £39.2m plus potential additional interest and penalties. Having sought expert external advice, the Directors are of the opinion that the Company has appropriately interpreted and complied with all relevant tax legislation and have submitted an appeal against this assessment. No amounts have therefore been provided in respect of this assessment in the financial statements.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

27 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Company	Registered Office Address	Country of Incorporation (or residence)	Direct/ Indirect	Proportion of ownership interest (%)
Continua Limited	Building 4, Uxbridge Business Park, Sanderson Road, Uxbridge, Middlesex. UB8 1DH	United Kingdom	Direct	100.00
Limited Liability Company Xerox (C.I.S.)	Godovikova Street, 9 building 10, floor 2, office rooms № 1-11 and 13-36, Moscow	Russia	Direct	100.00
The Xerox (UK) Trust	Building 4, Uxbridge Business Park, Sanderson Road, Uxbridge, Middlesex. UB8 1DH	England	Direct	100.00
Xerox AS	Lysaker Torg 35, P.O. Box 452, 1327 Lysaker, Norway	Norway	Direct	100.00
Xerox Austria GmbH	Vorgartenstraße 208c, A - 1020 Wien	Austria	Direct	100.00
Xerox Leasing GmbH*	Vorgartenstraße 208c, 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	Istanbul (İ) Sarıyer İlçesi Huzur Mahallesi Cendere Caddesi Dış Kapı No: 114 B, İç Kapı No: 198	Turkey	Direct	100.00
Xerox Business Services Bulgaria EOOD	1407 Sofia, Lozenetz District, Hladilnika Residential District, 29 Atanas Dukov Str., floor -1	Bulgaria	Direct	100.00
Xerox Canada Inc.	20 York Mills Road, Suite 500, Toronto, Ontario, M2P 2C2	Canada	Direct	100.00
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	Canada	Indirect	100.00
Digitex Canada Inc.	c/o Field Law, 2500 - 10175 101 St. NW, Edmonton, Alberta T5J 0H3	Canada	Indirect	100.00
Gestion Sabely Inc.	5545 rue Maurice-Cullen, Laval (Québec), H7C2T8.	Canada	Indirect	100.00
Groupe CT Inc.	5545 rue Maurice-Cullen, Laval (Québec), H7C2T8.	Canada	Indirect	100.00
Bryte Com Incorporated	305 Industrial Pky S # 11, Aurora, Ontario L4G 6X7.	Canada	Indirect	100.00
Les Équipements de Bureau de la Montérégie	1440 Rue Hocquart, Saint-Bruno-de-Montarville, QC J3V 6E1	Canada	Indirect	100.00
Xerox Capital (Europe) Limited	Building 4, Uxbridge Business Park, Sanderson Road, Uxbridge, Middlesex. UB8 1DH	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, 682895	Ireland	Indirect	100.00
Xerox (Ireland) Limited	Ballycoolin Business Park, Blanchardstown, Dublin 15, 682895	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 Manufacturing (Nederland) B.V.	Sint Jansweg 15, 5928 RC Venlo, Netherlands	Netherlands	Indirect	100.00
Xerox (Nederland) BV	Rijnzathe 12, 3454 PV De Meern, 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 2021

27 Subsidiaries

(Continued)

Company	Registered Office Address	Country of Incorporation (or residence)	Direct/ Indirect	Proportion of ownership interest (%)
Xerox (UK) Limited	Building 4, Uxbridge Business Park, Sanderson Road, Uxbridge, Middlesex. UB8 1DH	United Kingdom	Indirect	100.00
Allodigital Networks Limited	93 Vantage Point, Kingswinford, West Midlands, England, DY6 7FR	United Kingdom	Indirect	100.00
Arena Group Holdings Limited	Armitage House Thorpe Lower Lane, Robin Hood, Wakefield, West Yorkshire, WF3 3BQ	United Kingdom	Indirect	100.00
Acom Business Machines (Holmfirth) Limited	Armitage House Thorpe Lower Lane, Robin Hood, Wakefield, West Yorkshire, England, WF3 3BQ	United Kingdom	Indirect	100.00
Arena Group Limited	Armitage House Thorpe Lower Lane, Robin Hood, Wakefield, West Yorkshire, WF3 3BQ	United Kingdom	Indirect	100.00
Docucentric Holdings Limited	Armitage House Thorpe Lower Lane, Robin Hood, Wakefield, England, WF3 3BQ	United Kingdom	Indirect	90.00
Business Systems (North Wales) Limited	Armitage House Thorpe Lower Lane, Robin Hood, Wakefield, England, WF3 3BQ	United Kingdom	Indirect	100.00
B 2 Business Systems Limited	Armitage House Thorpe Lower Lane, Robin Hood, Wakefield, England, WF3 3BQ	United Kingdom	Indirect	100.00
Fovia (Innovation) Limited	Armitage House Thorpe Lower Lane, Robin Hood, Wakefield, West Yorkshire, WF3 3BQ	United Kingdom	Indirect	100.00
ITEC Connect Limited	Itec House Hawkfield Way, Whitchurch, Bristol, BS14 0BL	United Kingdom	Indirect	100.00
Mail A Doc Limited	Itec House Hawkfield Way, Hawkfield Business Park, Bristol, England, BS14 0BL	United Kingdom	Indirect	100.00
Reflex Digital Solutions (UK) Limited	Itec House Hawkfield Way, Whitchurch, Bristol, England, BS14 0BL	United Kingdom	Indirect	100.00
Stem Networks Limited	Itec House, Hawkfield Way, Bristol, England, BS14 0BL	United Kingdom	Indirect	100.00
XEROX CZECH REPUBLIC s r.o.	Vyskocilova 1461/2a, Praha 4, Hlavní Město 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 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 ep., 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	96.68
Xerox Kazakhstan Limited Liability Partnership	38, Dostyk street, Business Centre "Ken Dala" floor 7, Almaty, Kazakhstan, 050010	Kazakhstan	Direct	100.00
Xerox N.V.	Wazembeekstraat 5, 1930, Zaventem	Belgium	Direct	100.00
Euro Burotic S.A.	Rue Auguste Piccard 40, 6041 Gossies, Belgium	Belgium	Associate	26.00

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

27 Subsidiaries

(Continued)

Company	Registered Office Address	Country of Incorporation (or residence)	Direct/ Indirect	Proportion of ownership interest (%)
Xerox Luxembourg SA	4 Rue D'Arion Windhof 8386 Koerich, Luxembourg	Luxembourg	Indirect	99.00
Xerox Oy	PL 5 (Vänrikinkuja 2) 02601 ESPOO	Finland	Direct	100.00
Xerox Pensions Limited	Building 4, Uxbridge Business Park, Sanderson Road, Uxbridge, Middlesex. UB8 1DH	United Kingdom	Direct	100.00
Xerox Polska Sp. z o. o	Ul. Lopuszanska 95, Warszawa, Poland	Poland	Direct	100.00
Xerox Portugal Equipamentos de Escritório, Limitada	Avenida Infante Dom Henrique, Edifício Xerox, Lisboa, Lisboa, 1950-421 Portugal	Portugal	Direct	74.00
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.	2-8, rue Sarah Bernhardt – 92600 Asnières-sur-Seine	France	Direct	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	99.99
Xerox Comércio e Indústria Ltda	Rua Álvaro Rodrigues 352, 10º andar, Botafogo, Rio de Janeiro, RJ, 22280-040	Brazil	Indirect	99.99
Xerox Shared Services Romania SRL	2nd floor, zone Xerox No. 1 Palat Str., Moldova Center Building, Iasi, Romania	Romania	Direct	95.00
Xerox S.p.A.	Viale Tommaso Edison 110, Sesto San Giovanni, Milano, 20099 Italy	Italy	Direct	100.00
Xerox Telebusiness GmbH	Hammer Landstrasse 91, 41460 Neuss, Germany	Germany	Direct	100.00
Xerox (Ukraine) Ltd LLC	of.4-204, entrance B, 4th Building, 9 S.Bandery Avenue, Kyiv, Ukraine, 4073	Ukraine	Direct	99.00
Copygraf S.A.	Vrioulon 40 & Dilou, 551 32 Kalamaria, Thessaloniki, Greece	Greece	Associate	20.12
Dormant				
Continua Sanctum Limited	Building 4, Uxbridge Business Park, Sanderson Road, Uxbridge, Middlesex. UB8 1DH	United Kingdom	Indirect	100.00
Bessemer Trust Limited	Building 4, Uxbridge Business Park, Sanderson Road, Uxbridge, Middlesex. UB8 1DH	United Kingdom	Indirect	100.00
Xerox Distributor Operations Limited	Building 4, Uxbridge Business Park, Sanderson Road, Uxbridge, Middlesex. UB8 1DH	United Kingdom	Direct	100.00
Xerox Exports Limited	Building 4, Uxbridge Business Park, Sanderson Road, Uxbridge, Middlesex. UB8 1DH	United Kingdom	Direct	100.00
Xerox Professional Services Limited	Building 4, Uxbridge Business Park, Sanderson Road, Uxbridge, Middlesex. UB8 1DH	United Kingdom	Direct	100.00
Platinum Digital Print Solutions Limited	93 Vantage Point, Kingswinford, West Midlands, England, DY6 7FR	United Kingdom	Indirect	100.00
Copytrend Limited	Armitage House Thorpe Lower Lane, Robin Hood, Wakefield, West Yorkshire, WF3 3BQ	United Kingdom	Indirect	100.00
M & S Reprographics Limited	Armitage House Thorpe Lower Lane, Robin Hood, Wakefield, West Yorkshire, WF3 3BQ	United Kingdom	Indirect	100.00
Mitral Systems Limited	Armitage House Thorpe Lower Lane, Robin Hood, Wakefield, West Yorkshire, WF3 3BQ	United Kingdom	Indirect	100.00
Citrus Digital Limited	Itec House Hawkfield Way, Whitchurch, Bristol, BS14 0BL	United Kingdom	Indirect	100.00

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

27 Subsidiaries

(Continued)

Company	Registered Office Address	Country of Incorporation (or residence)	Direct/ Indirect	Proportion of ownership interest (%)
Copyrite Business Solutions (Holdings) Limited	Itec House Hawkfield Way, Whitchurch, Bristol, United Kingdom, BS14 0BL	United Kingdom	Indirect	100.00
Criterion IT Limited	Itec House Hawkfield Way, Whitchurch, Bristol, United Kingdom, BS14 0BL	United Kingdom	Indirect	100.00
Copyrite Business Solutions Limited	Itec House Hawkfield Way, Whitchurch, Bristol, United Kingdom, BS14 0BL	United Kingdom	Indirect	100.00
A B S Digital Limited	Itec House Hawkfield Way, Whitchurch, Bristol, United Kingdom, BS14 0BL	United Kingdom	Indirect	100.00
Osprey Business Systems Limited	Itec House Hawkfield Way, Whitchurch, Bristol, United Kingdom, BS14 0BL	United Kingdom	Indirect	100.00
Quilver Business Services Limited	Itec House Hawkfield Way, Whitchurch, Bristol, United Kingdom, BS14 0BL	United Kingdom	Indirect	100.00
Back2Business Limited	Itec House, Hawkfield Way, Bristol, England, BS14 0BL	United Kingdom	Indirect	100.00
Time Business Systems Limited	Itec House Hawkfield Way, Whitchurch, Bristol, BS14 0BL	United Kingdom	Indirect	100.00
Una-Stem Limited	Itec House, Hawkfield Way, Bristol, England, BS14 0BL	United Kingdom	Indirect	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

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

27 Subsidiaries

(Continued)

Company	Registered Office Address	Country of Incorporation (or residence)	Direct/ Indirect	Proportion of ownership interest (%)
Dissolved/Liquidated				
Xerox Property Services Limited	Building 4, Uxbridge Business Park, Sanderson Road, Uxbridge, Middlesex. UB8 1DH	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 Finance (Luxembourg) SARL	12, rue Leon Thyges, Luxembourg, L-2636, Luxembourg	Luxembourg	Indirect	100.00
ACS Worldwide Lending Limited	Building 4, Uxbridge Business Park, Sanderson Road, Uxbridge, Middlesex. UB8 1DH	United Kingdom	Indirect	100.00
Xerox Fabricacion S.A.U	Avenida de Aragón 330, Edificio 6, 28022, Madrid, España	Spain	Indirect	100.00
Xerox Global Services GmbH	Vorgartenstraße 206c, A - 1020 Wien	Austria	Indirect	100.00
NewField Information Technology Limited	Building 4, Uxbridge Business Park, Sanderson Road, Uxbridge, Middlesex. UB8 1DH	United Kingdom	Direct	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 (see note 15).

In December 2021 the Company sold the following XFS leasing businesses to Xerox Financial Services International Limited, a subsidiary of Xerox Holdings Corporation:

- Xerox Financial Services Finland Oy
- Xerox Italia Rental Services s.r.l
- Xerox Financial Services BV
- Veenman Financial Services B.V.
- Xerox Finance Limited
- Xerox Financial Services Sverige AB
- Xerox Financial Services Belux SRL
- Xerox Renting SL
- CREDITEX Aluguer de Equipamentos Lda.
- Xerox Finance GmbH
- Xerox Financial Services Danmark A/S
- Xerox Financial Services Canada ULC

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

28 Associates

The Company owns 46% of the share capital of Xerox India Limited. Other companies in the group hold controlling interests in Xerox India Limited.

In the year the Company received dividends totalling £Nil (2020: £Nil) from Xerox India Limited.

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 2021.

29 Related party transactions

Other transactions with related parties

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

	2021	2020
	£m	£m
Sales of goods to Xerox Holdings Corporation and its subsidiaries	55	64
	<u>55</u>	<u>64</u>
Purchases of goods from Xerox Holdings Corporation and its subsidiaries	109	166
Purchases of services from Xerox Holdings Corporation and its subsidiaries	2	2
	<u>111</u>	<u>168</u>

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

29 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties		Amounts owed from related parties	
	2021	2020	2021	2020
	£m	£m	£m	£m
XC Global Trading BV	-	3	-	-
NAGL US Operations	6	8	-	-
Xerox (Europe) Limited Dundalk	5	4	-	-
Xerox Overseas Holdings Limited	-	-	19	18
RRXIL Limited	-	-	2	2
XXFH Treasury Ops	-	-	75	41
Xerox Israel Ltd	-	-	6	7
Veenman Financial Services B.V.	-	-	19	24
Xerox Egypt SAE	-	-	8	11
Xerox Equipment Limited	16	14	-	-
Xerox Products (UK) Limited	-	-	1	1
Xerox Financial Services BV	-	-	9	-
Xerox Financial Services Belux SRL	-	-	19	-
Xerox Italia Rental Services s.r.l	-	-	29	-
Xerox Finance Limited	40	-	-	-
Other related parties	6	13	16	17
	<u>73</u>	<u>42</u>	<u>203</u>	<u>121</u>

No guarantees have been given or received.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

30	Dividends	2021 per share	2020 per share	2021 £m	2020 £m
	Amounts recognised as distributions to equity holders:				
	'A' Shares				
	Interim dividend paid	1.04	1.25	8	9
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
	'B' Shares				
	Interim dividend paid	1.04	1.25	8	9
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
	'C' Shares				
	Interim dividend paid	12.12	14.60	92	112
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
	D' Shares				
	Interim dividend paid	6.06	7.30	46	56
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Total dividends paid				
	Interim dividend paid			154	186
	Final dividend paid			-	-
				<u> </u>	<u> </u>
				154	186
				<u> </u>	<u> </u>

The directors do not recommend payment of a final dividend.

31 Events after the reporting date

Russia-Ukraine Conflict

With respect to the war in Ukraine in the first quarter 2022, the Company halted shipments to Russia when sanctions were imposed. The value of sales to the Company's Russian subsidiary was £71m in 2021 and revenue from sales to distributors in the Eurasia region was £23m. The Company holds investment in Russia of £14m which may be impaired in the future as a result of the conflict. This is a non adjusting subsequent event.

XEROX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2021**

32 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 Holdings Corporation, which is incorporated in the United States of America. Copies of the Xerox Holdings Corporation annual report and financial statements may be obtained from The Investor Relations Department, Xerox Holdings 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., Rijnzathe 12, 3454 PV De Meern, 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 Building 4, Uxbridge Business Park, Sanderson Road, Uxbridge, Middlesex, UB8 1DH.