

Registered number: 11262659

10X BANKING TECHNOLOGY SERVICES LIMITED

UNAUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022



10X BANKING TECHNOLOGY SERVICES LIMITED

Company Information

Directors	A P Jenkins C J Hess
Company secretary	R A Given (<i>resigned 29 July 2022</i>)
Registered number	11262659
Registered office	Suite A, 5th Floor, 33 Holborn London EC1N 2HT
Bankers	HSBC 8 Canada Square London E15 5HQ
Solicitors	DLA Piper UK LLP 160 Aldersgate Street London EC1A 4HT

10X BANKING TECHNOLOGY SERVICES LIMITED

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10X BANKING TECHNOLOGY SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Principal Activities

The principal activities of 10x Banking Technology Services Limited (the "Company") are unchanged from the prior year. The Company is a wholly owned subsidiary of 10x Banking Technology Holdings Limited, the parent company of the 10x Group ("the Group"). The Company provides operating services to the rest of the Group.

Review of Business

Founded in 2016, 10x empowers banks to move from monolithic to next-generation core banking solutions delivered through the world's most comprehensive and powerful cloud native SaaS bank operating system.

With its secure, reliable, scalable, and modular core banking platform SuperCore®, 10x supports highly customizable product behaviours and accounting rules, integrates with banks' wider technology estates, and harmonizes with local and regional compliance and regulatory requirements. SuperCore is trusted by the world's leading banks to deliver products, services, and customer experiences faster and more cost-effectively than previously possible, enabling them to transform their operations, move into new markets, and unlock new revenue opportunities.

Through the course of 2022, 10x has continued its intensive platform build and development program which will continue through 2023 bringing the final major features and functionality of the platform to completion. Moreover, our financial performance demonstrates the tangible progress we have made in our platform build journey.

Following the successful launch of their banking product in late 2021, one of our foundational clients has achieved rapid growth exceeding 1 million customers as it marked its first anniversary in September 2022, and holding over £10bn in customer deposits. This achievement has served as a resounding testament to our platform's ability to adapt and grow seamlessly with our clients. We have also continued our onboarding of new clients with exciting launches planned for 2023. The confidence this success has provided in our platform sets the stage for the next phase of growth and continued innovation at 10x.

Turnover for the year was £75.1m (2021: £78.7m). The Company's operating costs were £72.6m (2021: £75.7m) and net profit was £2.5m (2021: £3.1m).

Following the Group's success with a remote first model of working during the global COVID-19 pandemic, the group has continued to pursue a remote first model and moved into premises designed for collaboration, co-working, and meeting with colleagues. In line with last year, the Group continued to leverage digital tools to assist this and found minimal impact on productivity overall. At the close of the year, net assets were £10.6m (2021: £8.1m). 10x monitors revenue, operating costs, cash and net assets as key performance indicators.

10X BANKING TECHNOLOGY SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Future developments

The 10x mission is to be the global bank operating system of choice; enabling banks to deliver products to market 10x faster at a 10x lower cost to serve and reliably underpin the service of a billion banking customers.

As 10x embarks on the next phase of its strategic journey, the focus is on expansion of the customer base in new markets underpinned by our best in class SuperCore platform, and our flexible, modular approach to product, partner and extensibility solutions enabling more banks in more markets to embark on core modernisation with 10x. This and our past successes, particularly our proven ability to scale seamlessly with customers, serve as the foundation upon which we will build our global presence.

Simultaneously, as we bring our platform build program to completion through 2023 and efficiently maintain our core platform, we are well positioned to scale appropriately and turn to profitability with growth.

Principal Risks and Uncertainties

The Company's risk management is incorporated in the Groupwide approach to risk management, based on a "three lines of defense" model; which establishes the standards, objectives and responsibilities for all material sources of risk to which 10x may be exposed. The risks are systematically identified, recorded, assessed and managed under the following key risk areas:

- Business and Strategic – risk of failure of business model;
- Client – risk of failure to achieve growth targets, failure to comply with obligations as set out in client contracts or not pricing our products competitively;
- Marketing – risks that arise from unclear / inaccurate marketing or communications to our customers and stakeholders;
- Platform - risks from software development not meeting the functional requirements (market or existing clients), delivery to timeline and budget, to software release potentially introducing defects / vulnerabilities;
- Engineering – risk of platform stability and reliability, risk of inability to scale platform to support the requirements of existing or new clients;
- Information Security – risk of client and / or customer information may be compromised or lost due to a security breach;
- Data – risk that 10x fails to comply with its obligation under privacy legislation;
- People – risk to not being able to attract and retain people with the right skills, capability, experience, including market salary inflation;
- Operational - risks that our organisational structure or governance is not optimal, and risks arising from third- parties;
- Legal and compliance – contractual and compliance risks with our suppliers and customers;
- Financial – relating to liquidity and capital risks, as well as the risks of non-compliance with laws and regulations or inaccurate forecasting or reporting; and

From a financial instrument perspective, we have considered the following risks as required under Companies Act Sch 7.6 (1):

- Credit Risk – Considered to be low for 10x due to the global strength and size of the Group's client base;
- Price Risk – Managed through continual review exercises, and a pricing working group to ensure control and effectiveness of pricing models; and
- Liquidity and Cash-Flow Risk – Robust cash-flow monitoring allows the group to maximise resources, ensuring it is always able to meet operational commitments. The Group have raised significant funds to date from our Series C fundraise, which further reduces this risk.

10X BANKING TECHNOLOGY SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Principal Risks and Uncertainties Continued

The Group's Board of Directors defines the risk appetite for 10x and delegates management of the risk profile and the risk management framework to the Risk Management Committee.

The Risk Management Committee (RMC), supports the Group's Board Risk & Audit Committee and acts as the steering group for enterprise risk management. The RMC is responsible for:

- Setting the absolute commitment of 10x to effective risk management;
- Ensuring that key risks are properly assessed and managed;
- Providing direction and receiving assurance on the effectiveness of risk management; and
- Assigns an Executive Owner to take charge of monitoring and managing each risk category through regular detailed reviews.

10x is independently certified as compliant with ISO 27001:2013 and the AICPA, Trust Services Criteria: 2017 for Security and Availability (SOC2 Type 2).

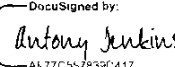
Section 172(1) Statement - Directors' statement of compliance with duty to promote the success of the Company

The Directors of 10x are committed to operating the Company in a way that promotes the success of the Company for the shareholders as a whole. The Directors work closely with the 10x Executive Committee to shape both long-term and short-term strategies, recognising that there is a need to balance the continual investment in future growth with a necessity to remain liquid and operational. 10x has continued to invest in research and development and its people to leverage growth in future years and to deliver high-quality services to our clients.

The 10x Executive Committee is committed to showing and demonstrating the culture valued by the Company, acknowledging the importance of communicating purpose and integrity throughout the entire organisation. 10x engages with its employees through regular open forums which allow the company to come together and discuss recent milestones, opportunities and challenges. During the period, the Company's leadership team strived to create an environment responsive to different cultures, groups and in all interactions with its people, partners, customers, visitors, suppliers and contractors across the communities 10x operates in. 10x recognises the importance of retaining staff members and has worked throughout 2022 to ensure that all employees feel that they are rewarded appropriately for their roles.

The Directors also work closely with the investors and clients, to keep them informed on performance and developments. Transparency is key for 10x and recognising the needs of our various stakeholders is a crucial factor that shapes our communications. Delivery is enhanced by individual client teams who are dedicated to promoting quality in our service. Similarly, 10x have a dedicated supplier management team that ensure high standards are maintained and industry best practices followed, recognising their importance in the delivery of our service and platform.

This report was approved by the board on 21 December 2023 and signed on its behalf.

DocuSigned by:

AK77C557839C417
A P Jenkins
Director

10X BANKING TECHNOLOGY SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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

Future Developments

The Company has set out the future developments in the strategic report.

Results and Dividends

The Company generated turnover of £75.1m (2021: £78.7m)

The profit for the year, after taxation, amounted to £2.5m (2021: £3.1m).

The Company had net assets as at 31 December 2022 of £11.8m (2021: £8.3m).

No dividends were paid during the financial year (2021: £Nil). The Directors do not propose the payment of a final dividend.

Going Concern

The Group's business activities together with factors likely to affect its future development, performance and position are set out in the Review of Business and Future Developments paragraphs on pages 4 and 5.

The financial statements are prepared on a going concern basis, as the directors are satisfied that the company has the resources to continue in business for the foreseeable future (which has been taken as 12 months from the date of approval of the financial statements). In making this assessment, the directors have considered the performance of the Company and the provision of continuing financial support of the Parent and its ability to provide such support.

Having made appropriate enquiries, the directors consider that the Company has the ability to remain in operation for the foreseeable future, as they have confirmed the continuing financial support and the ability to provide that support of the Parent and have therefore continued to adopt the going concern basis in preparing financial statements.

Directors

The Directors who served during the year were:

A P Jenkins
C J Hess

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the Directors have the benefit on an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

10X BANKING TECHNOLOGY SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Employees

It is core to 10x as an organisation that we treat our employees equitably, support them as far as possible, and aid their professional growth - rewarding them for great performance. Ensuring fairness begins during the hiring process, and we monitor various metrics and have various sense checks in place to ensure this is fairly & consistently applied.

Once employees join 10x, various resources are at the disposal of all employees to ensure that they have the appropriate career development and promotion opportunities.

The Group runs bi-annual employee engagement surveys to gauge engagement on a deeper level and will then communicate a list of actions to employees as follow ups. We will also ascertain engagement themes on a much more regular basis via our network of employee led action groups including our Equality, Diversity and Inclusion Committee, Black Professionals Group, Pride Network and 10x Women and Friends.

Engagement with employees

The communication flow with employees has always been key for 10x to ensure that everyone is informed and has a full understanding of the 10x business. 10x endeavours to use technology to leverage regular updates to employees, including weekly virtual Town Halls.

The priority for the Group in 2022 has been to continue to focus upon employee engagement, wellbeing and consequently productivity. 10x has invested in improving its offering on employee benefits, career development and manager development during 2022 – and this resulted in new high scores in internal employee engagement surveys. 10x will continue to focus on these areas to ensure we have a highly engaged, motivated and productive team – capable of delivering our ambitious mission

Engagement with suppliers, customers and others

The communication flow with employees has always been key for 10x to ensure that everyone is informed and has a full understanding of the 10x business. 10x has an all company Town Hall session on a weekly basis, and this is normally replicated on a smaller basis among the 3 main departments within the business; Product & Engineering, Client, Operations.

The Group runs bi-annual employee engagement surveys to gauge engagement on a deeper level, and will then communicate a list of actions to employees as follow ups. We will also ascertain engagement themes on a much more regular basis via our network of employee led action groups including our Equality, Diversity and Inclusion Committee, Black Professionals Group, Pride Network and 10x Women and Friends.

Engagement with suppliers, customers and others

Details of the Company's engagement with suppliers, customers and others in a business relationship with the company and future developments have been disclosed in the Strategic Report on pages 1-2 are included in this report by cross reference.

10X BANKING TECHNOLOGY SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Streamlined Energy and Carbon Reporting

From the perspective of the Company, the issues surrounding energy and carbon reporting are integrated with those in 10x Banking Technology Holdings Limited, its ultimate parent company, and are not managed separately. Accordingly, the streamlined energy and carbon reporting of 10x Banking Technology Holdings Limited, which includes that of the Company, is addressed in the Directors' report of the consolidated financial statements of 10x Banking Technology Limited, which does not form part of this report.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations.

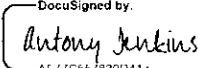
Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit and loss of the Company and the Group for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the board on 21 December 2023 and signed on its behalf.

DocuSigned by:

AF-77C557839D417
A P Jenkins
Director

10X BANKING TECHNOLOGY SERVICES LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £000's	2021 £000's
Turnover	5	75,093	78,740
Gross profit		75,093	78,740
Administrative expenses		(72,621)	(75,685)
Operating Profit	6	2,472	3,055
Profit for the financial year		2,472	3,055

There were no recognised gains and losses for 2022 or 2021 other than included in the profit and loss account.

There was no other comprehensive income in the company for 2022 or 2021. The loss show in the income statement is the loss for the year.

The notes on pages 13 to 22 form part of these financial statements.

10X BANKING TECHNOLOGY SERVICES LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2022

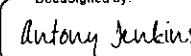
	Note	£000's	2022 £000's	£000's	2021 £000's
Fixed Assets					
Tangible Assets	10		1,148		240
			1,148		240
Current assets					
Debtors: amounts falling due within one year	11	46,347		18,006	
Cash at bank and in hand	12	1,962		7,131	
			48,309	25,137	
Creditors: amounts falling due within one year	13	(37,690)		(17,082)	
Net current assets			10,619		8,055
Total assets less current liabilities			11,767		8,295
Capital and reserves					
Called up share capital			-		-
Profit and Loss Account			11,767		8,295
			11,767		8,295

For the year ending 31 December 2022 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 December 2023.

DocuSigned by:

 AF77C5578390417
A P Jenkins
 Director

The notes on pages 13 to 22 form part of these financial statements.

10X BANKING TECHNOLOGY SERVICES LIMITED

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

	Called up share capital	Profit & Loss Account	Total equity
	£000's	£000's	£000's
At 1 January 2022	-	8,295	8,295
Comprehensive income for the year			
Profit for the year	-	2,472	2,472
Total comprehensive income for the year	-	2,472	2,472
Share based payment charge	-	1,000	1,000
At 31 December 2022	-	11,767	11,767

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

	Called up share capital	Accumulated Losses	Total equity
	£000's	£000's	£000's
At 1 January 2021	-	4,053	4,053
Comprehensive income for the year			
Loss for the year	-	3,055	3,055
Total comprehensive income for the year	-	3,055	3,055
Share based payment charge	-	1,187	1,187
At 31 December 2021	-	8,295	8,295

The notes on pages 13 to 22 form part of these financial statements.

10X BANKING TECHNOLOGY SERVICES LIMITED

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

1. General information

10x Banking Technology Services Limited is a private company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information Page.

2. Statement of compliance

The financial statements of 10x Banking Technology Services Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

3. Summary of significant accounting policies

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.

a. Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The financial statements are presented in Sterling, which is the functional currency of the company.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

b. Going concern

The Group's business activities together with factors likely to affect its future development, performance and position are set out in the Review of Business and Future Developments paragraphs on pages 4 and 5.

The financial statements are prepared on a going concern basis, as the directors are satisfied that the company has the resources to continue in business for the foreseeable future (which has been taken as 12 months from the date of approval of the financial statements). In making this assessment, the directors have considered the performance of the Company and the provision of continuing financial support of the Parent and its ability to provide such support.

Having made appropriate enquiries, the directors consider that the Company has the ability to remain in operation for the foreseeable future, as they have confirmed the continuing financial support and the ability to provide that support of the Parent and have therefore continued to adopt the going concern basis in preparing financial statements.

10X BANKING TECHNOLOGY SERVICES LIMITED

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

c. Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions.

The Company has taken advantage of the following exemptions in its financial statements:

- From preparing a statement of cash flows, on the basis that it is a qualifying entity;
- From the financial instrument disclosures, required under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures of the ultimate parent undertaking 10x Future Technologies Holdings Limited;
- From disclosing related party transactions and balances with wholly owned group companies (FRS 102 paragraph 33.1 A);
- From disclosing share-based payment arrangements, required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23, concerning its own equity instruments, as the Company financial statements are presented with the consolidated financial statements and the relevant disclosures are included therein; and
- From disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

d. Revenue recognition

The Company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the group retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the group's revenue stream have been met, as described below.

Revenue represents the value of work performed for customers and is measured net of value added tax, other sales taxes and trade discounts. Revenue comprises of Management Fees received for the provision of operating services to the rest of the Group.

e. Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

i. Current Taxation

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

10X BANKING TECHNOLOGY SERVICES LIMITED

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

e. Taxation Continued

ii. Deferred Tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

f. Employee Benefits

The Company provides a range of benefits to employees, including a defined contribution pension plan and an employee share option scheme.

i. Defined contribution pension plan

The Company operates two country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in Pension liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

ii. Share-based payments

The grant by the Parent of options and shares over its equity instruments to the Company's employees is treated as capital contribution from the Parent. The fair value of employees services received, measured by reference to the grant date fair value, is recognised over the vesting period as an expense in the Statement of comprehensive income, with a corresponding credit as an increase in capital contribution from the Parent.

The Company has no cash-settled arrangements.

10X BANKING TECHNOLOGY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2022

g. Tangible Fixed Assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold Improvements	Over the period of the lease
Furniture, Fixtures and Equipment	3 – 5 years
Computer and IT Equipment	1 – 3 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

h. Cash and cash equivalents

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank.

i. Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors, separate disclosure is necessary to understand the effect of the transactions on the Company financial statements.

j. Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

10X BANKING TECHNOLOGY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2022

j. Financial instruments continued

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a. Critical judgements in applying the Company's accounting policies

No critical judgements have been made in applying the Company's accounting policies.

b. Critical accounting estimates and assumptions

No critical accounting estimates and assumptions have been made that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. Turnover

	2022	2021
	£000's	£000's
Management Fee Income	75,093	78,740
	<u>75,093</u>	<u>78,740</u>

6. Operating Profit

The operating profit is stated after charging:

	2022	2021
	£000's	£000's
Depreciation of tangible fixed assets	377	424
Consultants and Contractors	11,560	15,850
(Profit)/Loss on disposal of tangible fixed assets	(4)	40
Exchange differences	26	54
Other operating lease rentals	82	84
Share based payments	<u>1,000</u>	<u>1,187</u>

10X BANKING TECHNOLOGY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2022

7. Employees

Staff Costs, including Directors' remuneration, were as follows:

	2022	2021
	£000's	£000's
Wages and salaries	36,866	38,599
Social Security costs	5,104	4,716
Share based payments	1,000	1,187
Costs of defined contribution scheme	2,027	1,711
	<u>44,997</u>	<u>46,213</u>

The average monthly number of employees, including Director's, during the year was as follows:

	2022	2021
	No.	No.
Central	51	55
Client	33	19
Product & Engineering	285	286
	<u>369</u>	<u>360</u>

8. Directors' Remuneration

	2022	2021
	£000's	£000's
Directors' emoluments	986	748
Company contributions to defined contribution pensions schemes	-	7
	<u>986</u>	<u>755</u>

During the year retirement benefits were accruing to no Director (2021: 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £500,000 (2021: £386,132).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £Nil. (2021: £Nil).

10X BANKING TECHNOLOGY SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2022****9. Taxation**

	2022	2021
	£000's	£000's
Corporation Tax		
Adjustments to tax charge in respect of previous periods	(328)	(12)
	(328)	(12)
Total Current Tax	(328)	(12)
Deferred Tax	328	12
Total Deferred Tax	328	12
Taxation on loss on ordinary activities	-	-

10X BANKING TECHNOLOGY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2022

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 – lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000's	2021 £000's
Profit on ordinary activities before tax	2,471	3,055
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	470	580
Effects of:		
Expenses not deductible for tax purposes	19	117
Capital allowances for year in excess of depreciation	(43)	(12)
Adjustments to tax charge in respect of previous periods	(328)	(12)
Remeasurement of deferred tax for changes in tax rates	(49)	(79)
Movement on unrecognised deferred tax asset	540	4
Group relief surrendered	(608)	(598)
Total tax credit for the year	-	-
Factors that may affect future tax charges		

The UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining reducing at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

10X BANKING TECHNOLOGY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2022

10. Tangible Fixed Assets

	Leasehold Improvements	Furniture, Fixtures and Equipment	Computer and IT Equipment	Total
	£000's	£000's	£000's	£000's
Cost				
At 1 January 2022	53	29	1,367	1,449
Additions	570	188	524	1,282
Disposals	-	-	(12)	(12)
At 31 December 2022	623	217	1,879	2,719
Accumulated Depreciation				
At 1 January 2022	44	24	1,140	1,208
Charge for the year	38	19	320	377
Disposals	-	-	(14)	(14)
At 31 December 2022	82	43	1,446	1,571
Net book value				
At 31 December 2022	541	174	433	1,148
At 31 December 2021	9	4	227	240

11. Debtors	2022	2021
	£000's	£000's
Trade debtors	1	7
Amounts owed by group undertakings	41,564	14,207
Other debtors	146	22
Prepayments	3,366	3,000
VAT Receivable	1,270	770
	46,347	18,006

An impairment loss of £Nil (2021: Nil) was recognised against trade debtors.

10X BANKING TECHNOLOGY SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2022**

12. Cash and cash equivalents	2022	2021
	£000's	£000's
Cash at bank and in hand	1,962	7,131
	1,962	7,131

13. Creditors: Amounts falling due within one year	2022	2021
	£000's	£000's
Trade Creditors	3,635	1,373
Amounts owed to group undertakings	28,877	11,427
Other Taxation and Social Security	3,138	1,670
Pension Liability	267	1
Accrued Expenses	1,773	2,611
	37,690	17,083

14. Share capital	2022	2021
Allotted, called up and fully paid		
10 (2021: 10) Ordinary shares of £0.10 each	1	1

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

15. Reserves**Profit and loss account**

Includes all current & prior periods retained profits & losses.

16. Pension Commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £267,413 (2021: £1,711,490). Contributions totaling £Nil (2021: £604) were payable to the fund at the reporting date and are included in creditors.

17. Related party transactions

The immediate and ultimate parent undertaking is 10x Banking Technology Holdings Limited. The address of the registered office is Suite A, 5th Floor, 33 Holborn, London, EC1N 2HT where consolidated Group financial statements can be obtained.

The Company has taken advantage of the exemption under paragraph 1A of Section 33 of FRS 102 from disclosing transactions between the wholly owned members of the same group.

18. Controlling party

The controlling party is A P Jenkins by virtue of his controlling interest in the parent company.