

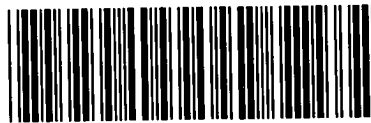
Registered number: 01186329

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

COMPANY INFORMATION

Directors	Brandon Wegner Green (resigned 2 August 2018) Gene Zamiska (appointed 2 August 2018, resigned 9 August 2019) Marc David Olin (appointed 9 August 2019)
Company secretary	Whitney Clark
Registered number	01186329
Registered office	Manor Farm High Street Dronfield Derbyshire S18 1PY
Independent auditor	Grant Thornton UK LLP Statutory Auditor, Chartered Accountants 1 Holly Street Sheffield South Yorkshire S1 2GT

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

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ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Principal activity

The Company's main activities are supporting its sister company in The Netherlands with Selling & Marketing activities on the group's products. These activities are done from multiple locations. As of 2015 we have also started up an ink production plant to serve our textile printing business. Following the acquisition of Rialco Limited we also have a second manufacturing activity being importing and manufacturing of dye powders and colour products for digital print and industrial manufacturing industries.

Business review and key performance indicators

The result for the year shows an operating profit £17,000 (2017: £5,284,000) and a turnover of £32,779,000 (2017: £26,582,000). There have been impairments against subsidiary investments in 2018 of £3,442,000 (2017: £94,000), which have significantly contributed to the year end position. The underlying operating profit before impairments was £3,459,000 (2017: £5,378,000).

In March 2017 the Company made the decision to sell off its intellectual property of Rialco, to maintain the EFI group structure worldwide. The realignment took place in May 2017.

Therefore, the Company will no longer sell directly the Rialco products to the end customers. However, we will still do the conversion process and will get a remuneration for this. As of May 2017, these products will be sold by its sister companies in The Netherlands and the USA.

Going forward the Company will still carry out sales & marketing activities and development to support the Dutch and the American company and will be remunerated for these efforts.

Further, the Company performs research and development activities for affiliated companies. The Company receives an at arm's length remuneration for this activity.

We are very pleased with the activities of our ink production facilities. We can produce high quality and demand is rising. Currently we are investigation if expanding this business would be appropriate.

On 2 October 2018, the Company acquired Escada, a leading provider of Corrugator Control systems for the packaging market. Based in the United Kingdom and with operations also in the United States, privately held Escada brings a strong reputation for innovation and vast experience in helping packaging companies to achieve greater productivity, quality and profitability. The addition of Escada's technology and expertise has enabled EFI to expand the Productivity Suite's value to sheet feeders and full corrugated box plants, to also include comprehensive control and traceability for the entire corrugation process. On 30 September 2018, the trade and assets of Escada Systems Europe Limited and Escada Innovations Limited were transferred to Electronics for Imaging United Kingdom Limited.

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Principal risks and uncertainties

The Company has maintained its established risk management process throughout the reporting period. Risks and uncertainties are assessed and formally evaluated. Actions are taken to mitigate the adverse effects of unplanned events. The Company is also required to comply with a set of internal control requirements to ensure compliance with the Internal control elements of the The Sarbanes–Oxley Act as being part of a US group.

Our key risks and uncertainties to which the business is exposed are summarized as follows:

Interest rate risk

The Company finances its operations through a mixture of inter-company accounts and retained earnings. The Company's exposure to interest rate fluctuations on its borrowings is managed on a group basis by the use of both fixed and floating facilities.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through inter-company accounts.

Currency risk

The Company is exposed to transaction and translation foreign exchange risk. This is managed on a group basis by the use of hedging arrangements.

Brexit

With the current political uncertainty, it will be hard to overlook the impact of Brexit. It is the belief of the director that even with an economic slowdown in the country caused by Brexit there are enough opportunities for the Company outside the UK and within the EFI group to compensate any shortfall. Overall, we view any potential risk caused by Brexit as a low risk, but we will be following the developments closely.

Failure to maintain a competitive product range

With its worldwide network within the EFI Group and constant research & development we are confident that our products can meet competition.

Financial instruments

The Company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations. The main risks arising from the Company financial instruments are interest rate risk, liquidity risk and currency risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

This report was approved by the board on 26 November 2019 and signed on its behalf.



Marc David Olin
Director

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The director presents the report and the financial statements for the year ended 31 December 2018.

Directors responsibilities statement

The directors are responsible for preparing the Strategic report, the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that he gives a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 Company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Results and dividends

The loss for the year, after taxation, amounted to £1,431 thousand (2017: profit £3,715 thousand).

The directors of the Company have proposed a dividend of £Nil in 2018 (2017: £Nil).

Directors

The directors who served during the year were:

Brandon Wegner Green (resigned 2 August 2018)
Gene Zamiska (appointed 2 August 2018)

Future Developments

The Company is still open for further growth of its portfolio either by organic growth or possible acquisitions. Brexit may have an impact on this but this is very uncertain at the moment, due to all the political issues around this.

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Going Concern

The entity is in a net liabilities position this year, primarily as the result of the sale of intangibles to a fellow group company and due to the position on group loans. Having made enquiries with the group the director is confident that group support will continue and that the Company will continue as a going concern.

The parent has provided a letter of support and will provide sufficient support to ensure that the Company has the resources to repay liabilities as they fall due. The group have agreed that group balances will not be repaid until the Company has sufficient financial resources to do so.

Disclosure of information to auditor

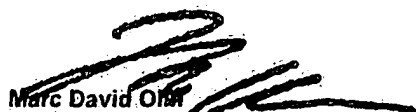
The director confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that 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 auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on 26 November 2019 and signed on its behalf.


Marc David Orr
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

Opinion

We have audited the financial statements of Electronics For Imaging United Kingdom Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of income and retained earnings, the Statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTRONICS FOR IMAGING UNITED
KINGDOM LIMITED (CONTINUED)**

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTRONICS FOR IMAGING UNITED
KINGDOM LIMITED (CONTINUED)**

Responsibilities of directors for the financial statements

As explained more fully in the Director's responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is 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.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Peter Edwards
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield

26 November 2019

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Turnover	4	32,779	26,582
Cost of sales		(13,565)	(8,616)
Gross profit		19,214	17,966
Administrative expenses		(15,868)	(15,341)
Other operating income	5	113	2,753
Impairment of investments	14	(3,442)	(94)
Operating profit	6	17	5,284
Interest payable and expenses	9	(798)	(655)
(Loss)/profit before tax		(781)	4,629
Tax on (loss)/profit	10	(650)	(914)
(Loss)/profit after tax		(1,431)	3,715
Retained earnings at the beginning of the year		(2,158)	(5,873)
(Loss)/profit for the year		(1,431)	3,715
Retained earnings at the end of the year		(3,589)	(2,158)

All activities of the company are classified as continuing.

The notes on pages 10 to 31 form part of these financial statements.

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED
REGISTERED NUMBER:01186329

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	12	7,421	-
Tangible assets	13	1,924	1,993
Investments	14	18,590	17,923
		<u>27,935</u>	<u>19,916</u>
Current assets			
Stocks	15	7,694	4,033
Debtors: amounts falling due within one year	16	7,203	8,411
Cash at bank and in hand	17	951	497
		<u>15,848</u>	<u>12,941</u>
Creditors: amounts falling due within one year	18	(40,792)	(25,613)
Net current liabilities		<u>(24,944)</u>	<u>(12,672)</u>
Total assets less current liabilities		<u>2,991</u>	<u>7,244</u>
Creditors: amounts falling due after more than one year	19	(6,159)	(8,628)
Provisions for liabilities			
Deferred tax	21	(671)	(24)
Net liabilities		<u>(2,839)</u>	<u>(1,408)</u>
Capital and reserves			
Called up share capital	25	750	750
Profit and loss account	24	(3,589)	(2,158)
		<u>(2,839)</u>	<u>(1,408)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 November 2019.


Mark David O'Connell
Director

The notes on pages 10 to 31 form part of these financial statements.

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

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

1. Company Information

Electronics For Imaging United Kingdom Limited is a private company limited by shares and incorporated in the United Kingdom. Its registered head office is located at Manor Farm, High Street, Dronfield, Derbyshire, S18 1PY.

The principal activity of the Company is the supply of IT systems, including systems design and programming services, ink production, packaged software and third party manufactured hardware to clients in the print and packaging industries.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The financial statements contain information about Electronics for Imaging United Kingdom Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its ultimate parent undertaking, Electronics for Imaging Inc, a company incorporated in the USA. The financial statements can be found at www.efi.com.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Electronics For Imaging Incorporated as at 31 December 2018 and these financial statements may be obtained from www.efi.com.

2.3 Going concern

The entity is in a net liabilities position this year, primarily as the result of the sale of intangibles to a fellow group company and due to the position on group loans. Having made enquiries with the group the director is confident that group support will continue and that the Company will continue as a going concern.

The parent has provided a letter of support and will provide sufficient support to ensure that the Company has the resources to repay liabilities as they fall due. The group have agreed that group balances will not be repaid until the Company has sufficient financial resources to do so.

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

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

2. Accounting policies (continued)

2.4 Revenue

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

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue that is not with external customers is recognised on a 'cost plus basis' and recharged to the relevant sister company.

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of income and retained earnings over its useful economic life.

Other intangible assets

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

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

Goodwill and Trade names are amortised over a useful life of 5 years.
Internally developed technology is amortised over a useful life of 6 years.
Customer relationships are amortised over a useful life of 7 years.

2.6 Tangible fixed assets

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

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

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

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Freehold property	- 40 years
Leasehold property	- over the term of lease
Equipment and motor vehicles	- 2 to 5 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and retained earnings.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in Statement of Income and Retained Earnings.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

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

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

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

2. Accounting policies (continued)

2.11 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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 payables or receivables, 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 financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow 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 Income statement.

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. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

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.

2.12 Creditors

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

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

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

2. Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Sterling (GBP).

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of income and retained earnings

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of income and retained earnings within 'other operating income'.

2.14 Finance costs

Finance costs are charged to the Statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the lease term.

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

2.16 Pensions

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

The contributions are recognised as an expense in the Statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

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

2. Accounting policies (continued)

2.17 Warranties and claims

The cost of work carried out under hardware and software warranties is charged to operating costs in the period in which it is incurred. Provision is made for claims where it is probable that a liability will arise.

2.18 Business combinations

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued, plus the costs directly attributable to the business combination. Where control is achieved in stages, the cost is the consideration at the date of each transaction.

2.19 Borrowing costs

All borrowing costs are recognised in the Statement of income and retained earnings in the year in which they are incurred.

2.20 Provisions for liabilities

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

Provisions are charged as an expense to the Statement of income and retained earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

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

2. Accounting policies (continued)

2.21 Current and deferred taxation

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

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

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

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

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

2.22 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

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

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

Management believe that the assumptions made in the preparation of the financial statements are appropriate, and that the financial statements therefore present fairly in accordance with the Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006, in all material respects, the entity's financial position and performance. However, the application of assumptions and estimates means that any selection of different assumptions would cause our reported results to differ.

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The following are the key estimates and judgements made in preparing these financial statements:

Fixed Assets

Management consider the carrying value of fixed assets (including investments) by reference to the underlying trading results, forecasts and net assets of the relevant income stream/subsidiary. Based on these judgements a suitable level of impairment is applied.

Going Concern

The parent has provided a letter of support and will provide sufficient support to ensure that the Company has the resources to repay liabilities as they fall due. The group have agreed that group balances will not be repaid until the Company has sufficient financial resources to do so. All group loans are however trading balances which are considered repayable on demand with one exception where the loan agreement states otherwise.

Future Earn-out Payments

Following the acquisitions of Rialco Limited, CDM Limited, Shuttleworth Business Systems Limited and Escada Innovations Limited, EFI UK Limited may be liable for future earn-out payments.

The assessment of the recognition to increase the investment in such entities is management judgement, being the time at which a payment becomes probable, in accordance with FRS 102.

Management have determined that the probable criteria is met at point of payment, or in the period prior to the payment when the calculations have been finalised and are based on the final results of the relevant entities.

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

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

4. Turnover

Analysis of turnover by country of destination:

	2018	2017
	£000	£000
United Kingdom	12,113	519
Rest of Europe	14,531	22,138
Rest of the world	6,134	3,925
	32,778	26,582

5. Other operating income

	2018	2017
	£000	£000
Rents receivable	113	76
Negative goodwill on acquisition of subsidiary	-	118
Profit on disposal of intellectual property	-	2,559
	113	2,753

6. Operating profit

The operating profit is stated after charging:

	2018	2017
	£000	£000
Depreciation of tangible fixed assets	258	163
Exchange differences	183	(232)
Other operating lease rentals	339	410
Bad debt expense	20	97
Defined contribution pension cost	548	493
Fair value movement on financial instruments (note 20)	258	102

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

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

7. Auditor's remuneration

	2018	2017
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>45</u>	<u>55</u>
Fees payable to the Company's auditor and its associates in respect of:		
Audit-related assurance services	8	-
Taxation compliance services	<u>20</u>	<u>15</u>

The audit fee relates to all UK companies in the group of companies headed by Golfline Limited.

8. Employees

Staff costs were as follows:

	2018	2017
	£000	£000
Wages and salaries	8,808	8,369
Social security costs	1,216	1,162
Cost of defined contribution scheme	548	493
	<u>10,572</u>	<u>10,024</u>

The director and all key management personnel of the Company are remunerated by other group companies.

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

	2018	2017
	No.	No.
Technical, sales & production	175	164
Administrative	15	7
Management	4	3
	<u>194</u>	<u>174</u>

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

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

9. Interest payable and similar expenses

	2018	2017
	£000	£000
Loans from group undertakings	798	657
Other interest payable		(2)
	798	655

10. Taxation

	2018	2017
	£000	£000
Corporation tax		
Current tax on profits for the year	593	903
Adjustments in respect of previous periods	153	(22)
Total current tax	746	881
Deferred tax		
Origination and reversal of timing differences	(85)	33
Adjustments in respect of prior years	(11)	-
Total deferred tax	(96)	33
Taxation on profit on ordinary activities	650	914

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

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

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018	2017
	£000	£000
(Loss)/profit on ordinary activities before tax	(781)	4,629
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(148)	891
Effects of:		
Income not taxable for tax purposes	(74)	(493)
Expenses not deductible for tax purposes	713	40
Adjustments to tax charge in respect of prior periods	153	(22)
Adjustments to tax charge in respect of prior periods - deferred tax	(11)	-
Fixed asset differences	17	14
Other timing differences leading to an increase (decrease) in taxation	-	31
Chargeable gains	-	493
Group relief	-	(40)
Total tax charge for the year	650	914

11. Exceptional items

	2018	2017
	£000	£000
Impairment of investment	3,442	94

During the year, an impairment charge of £3,442,000 has been recognised to reduce the carrying value of investments in subsidiary undertakings in line with their net asset values.

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

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

12. Intangible assets

	Intellectual Property £000	Goodwill £000	Total £000
Cost			
Additions	5,207	3,409	8,616
At 31 December 2018	<u>5,207</u>	<u>3,409</u>	<u>8,616</u>
Amortisation			
Charge for the year	663	532	1,195
At 31 December 2018	<u>663</u>	<u>532</u>	<u>1,195</u>
Net book value			
At 31 December 2018	<u><u>4,544</u></u>	<u><u>2,877</u></u>	<u><u>7,421</u></u>
At 31 December 2017	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

The additions of Intellectual property and Goodwill relate to the transfer of trade and assets of Escada Systems Europe Limited and Escada Innovations Limited. Intellectual Property comprises internally developed technology and trade names. See note 23.

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

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

13. Tangible fixed assets

	Freehold property £000	Leasehold property £000	Equipment & Motor Vehicles £000	Total £000
Cost				
At 1 January 2018	1,439	120	868	2,427
Additions	-	122	5	127
Transfers intra group	-	28	52	80
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	1,439	270	925	2,634
Depreciation				
At 1 January 2018	74	64	296	434
Charge for the year on owned assets	34	51	173	258
Transfers intra group	-	5	13	18
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	108	120	482	710
Net book value				
At 31 December 2018	<hr/> <hr/> 1,331	<hr/> <hr/> 150	<hr/> <hr/> 443	<hr/> <hr/> 1,924
At 31 December 2017	<hr/> <hr/> 1,365	<hr/> <hr/> 56	<hr/> <hr/> 572	<hr/> <hr/> 1,993

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

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

14. Fixed asset investments

	Investments in subsidiary companies £000
Cost	
At 1 January 2018	29,590
Additions	4,109
At 31 December 2018	33,699
Impairment	
At 1 January 2018	11,667
Charge for the period	3,442
At 31 December 2018	15,109
Net book value	
At 31 December 2018	18,590
At 31 December 2017	17,923

Investment additions represent the increase in the cost of investment of Escada Innovations Limited through an earn-out payment of £1.875m and adjustment to purchase price of £575k.

Further investment additions relate to earn-out payments of £1.659m on investments in Shuttleworth Business Systems Limited and Rialco Limited. This has subsequently been fully impaired in the year.

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

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

14. Fixed asset Investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Prism Group Holdings Limited	Holding Company	Ordinary	100%
Shuttleworth Business Systems Limited	Dormant	Ordinary	100%
EFI (New Zealand) Limited*	Dormant	Ordinary	100%
Prism Software (Australia) Pty Limited*	IT Systems	Ordinary	100%
Prism Software Australia 2003 Pty Limited*	Dormant	Ordinary	100%
Rialco Limited	Dormant	Ordinary	100%
Escada Innovations Limited	Manufacture of computers and peripheral equipment	Ordinary	100%
Escada Systems (Europe) Limited*	Manufacture of computers and peripheral equipment	Ordinary	100%
Escada Systems Limited*	Dormant	Ordinary	100%

All subsidiaries are held directly other than those marked *.

15. Stocks

	2018	2017
	£000	£000
Raw materials and consumables	7,694	4,033

There has been no impairment or provision against stock held at the year end.

Stocks recognised as an expense through cost of sales during the year was £8,702k (2017: £7,827k).

16. Debtors

	2018	2017
	£000	£000
Trade debtors	242	171
Amounts owed by group undertakings	6,047	7,267
Other debtors	346	963
Accrued income	375	-
Financial instruments	193	10
	7,203	8,411

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

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

16. Debtors (continued)

Amounts owed by group undertakings are repayable on demand.

Trade debtors are stated after a provision of £30k (2017: £90k).

17. Cash and cash equivalents

	2018 £000	2017 £000
Cash at bank and in hand	951	497
Less: bank overdrafts	(76)	(87)
	<u>875</u>	<u>410</u>

18. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Bank overdrafts	76	87
Trade creditors	1,072	1,831
Amounts owed to group undertakings	33,025	22,442
Corporation tax	434	254
Other taxation and social security	167	120
Other creditors	3,402	155
Accruals and deferred income	2,589	622
Financial instruments	27	102
	<u>40,792</u>	<u>25,613</u>

Amounts owed to group undertakings are repayable on demand.

Financial instruments comprise forward foreign currency exchanged contracts.

Included within accruals is £2m in relation to earn out payments which management consider to be probable.

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

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

19. Creditors: Amounts falling due after more than one year

	2018 £000	2017 £000
Amounts owed to group undertakings	4,939	8,628
Other creditors	220	-
	<u>5,159</u>	<u>8,628</u>

Amounts owed to group undertakings classified as more than 1 year are held at a market rate of interest.

20. Financial instruments

	2018 £000	2017 £000
Financial assets		
Trade debtors - amortised cost	242	171
Amounts owed by group companies - amortised cost	6,047	7,267
Other debtors - amortised cost	346	963
Cash and cash equivalents - amortised cost	951	497
Financial assets measured at fair value through profit and loss	<u>193</u>	<u>10</u>
Financial liabilities		
Trade creditors - amortised cost	(1,072)	(1,831)
Bank overdraft	(76)	(87)
Amounts owed to group companies - amortised cost	(37,964)	(31,070)
Other creditors - amortised cost	(3,622)	(155)
Accruals - amortised cost	(2,589)	(622)
Financial liabilities measured at fair value through profit and loss	<u>(27)</u>	<u>(102)</u>

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

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

21. Deferred taxation

	2018 £000	2017 £000
At beginning of year	(24)	18
Charged to the profit or loss	(96)	(33)
Arising on business combinations	(551)	-
Utilised in year	-	(9)
At end of year	(671)	(24)

The provision for deferred taxation is made up as follows:

	2018 £000	2017 £000
Accelerated capital allowances	(645)	(33)
Short term timing differences	(26)	9
	(671)	(24)

22. Contingent asset and liability

In respect of prior period acquisitions, the Company may be required to make future maximum earn out payments as follows:

Escada Innovations Limited - £1,875,000
CDM Limited - £566,000
Rialco Limited - £1,500,000

As these have not been determined as probable and the expected payment cannot be reliably estimated for future periods, the maximum payment has been disclosed but no provision has been made in these financial statements.

23. Business combinations

On 30 September 2018 the trade and assets of Escada Systems Europe Limited and Escada Innovations Limited, subsidiary undertakings, were transferred to Electronics for Imaging United Kingdom Limited.

At the point of transfer, the combined carrying values of assets and liabilities transferred were:

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

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

23. Business combinations (continued)

	Book value £000	Fair value £000
Tangible fixed assets	62	62
Intangible fixed assets	8,616	8,616
Debtors	273	273
Bank	19	19
Stock	1,038	1,038
Creditors	(400)	(400)
Corporation tax	(346)	(346)
Deferred tax	(743)	(743)
	<u>8,519</u>	<u>8,519</u>

After the transfer of trade and assets from Escada Systems Europe and Escada Innovations, an intercompany balance of £8,519,100 was owed to Escada Systems Europe and Escada Innovations.

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

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

24. Reserves

Profit & loss account

Includes all current and prior period retained profits and losses.

25. Share capital

	2018 £000	2017 £000
Allotted and fully paid		
750,000 (2017 - 750,000) Ordinary shares of £1.00 each	750	750

26. Pension commitments

The Company provides pensions on a defined contribution basis and in the period made employer contributions amounting to £548,000 (2017: £493,000).

27. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £000	2017 £000
Not later than 1 year	487	309
Later than 1 year and not later than 5 years	726	683
	1,213	992

Operating lease charges for the year amounted to £339,000 (2017: £410,000).

28. Related party transactions

As a wholly owned subsidiary, the Company is exempt from disclosing transactions within the group under section 33 of FRS 102.

ELECTRONICS FOR IMAGING UNITED KINGDOM LIMITED

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

29. Controlling party

The Company is a subsidiary undertaking of Radius Solutions Limited. The smallest and largest group in which the results will be consolidated is that headed by Electronics for Imaging Inc. incorporated in the United States of America.

On 15 July 2019, the shareholders of Electronics for Imaging Inc (the ultimate parent company at the time) approved the acquisition by an affiliate of Siris Capital Group, LLC.

Consolidated financial statements can be obtained from www.efi.com.