

**Adobe Systems Europe Limited**  
(formerly Aldus Europe Limited)  
**Directors' report and financial statements**  
for the period 1 January 1994 to 25 November 1994  
Registered number 101089

8



# Adobe Systems Europe Limited

## Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors and advisers	1
Directors' report	2 - 3
Statement of directors' responsibilities	4
Auditors' report	5
Group profit and loss account	6
Group balance sheet	7
Balance sheet	8
Group cash flow statement	9
Notes	10 - 20

# Adobe Systems Europe Limited

## Directors and advisers

Directors	DJ Gray
	ACK Boyle
	Dr CM Geschke (US)
	MB Nakao (US)
	DB Pratt (US)
	Dr JE Warnock (US)
	MA Munro
Secretary	Messrs Maclay, Murray & Spens 151 St Vincent Street Glasgow G2 5NJ
Auditors	KPMG Saltire Court 20 Castle Terrace Edinburgh EH1 2EG
Registered office	151 St Vincent Street Glasgow G2 5NJ

# Adobe Systems Europe Limited

## Directors' report

The directors have pleasure in submitting their annual report and audited financial statements for the eleven month period ended 25 November 1994.

### Change of name

At an extraordinary general meeting on 3 November 1994, it was resolved to change the name of the company from Aldus Europe Limited to Adobe Systems Europe Limited. This change was registered on 15 November 1994.

### Principal activities

The principal activities of the company are the marketing, distribution, training and support of business communication computer software.

### Business review and future developments

On 31 August 1994 the shareholders of Aldus Corporation (the company's ultimate parent) agreed to a merger with Adobe Systems Inc, the merger being effective as of that date.

The new combined business entity remains committed to the development of an international company, providing a multi-product and platform product line which aids the communication of people throughout the world.

### Results and dividends

The directors do not recommend the payment of a dividend. The retained loss for the period amounted to £6,547,670 which has been transferred to reserves.

### Fixed assets

Changes in tangible assets during the period are detailed in note 9 to the financial statements.

### Share capital

On 30 June 1994 the company's share capital was increased by the issue of 300,000 ordinary shares of £1 each, fully paid, at a premium of £10 per share. The proceeds of the share issue were used to repay borrowings from the former parent company.

### Directors and directors' interests

The directors at the date of this report are as stated on page 1.

Messrs JE Warnock, CM Geschke, DB Pratt, CL Peters and MB Nakao were appointed directors on 1 October 1994. Messrs TJ Hart and CL Peters resigned as directors on 30 September 1994 and 31 January 1995 respectively. MA Munro was appointed a director on 3 May 1995.

None of the directors who held office at the period end had any disclosable interest in the shares of the company.

# Adobe Systems Europe Limited

## Directors' report *(continued)*

### Directors and directors' interests *(continued)*

The interests of Messrs DJ Gray and ACK Boyle in the common stock of Adobe Systems Inc are noted below:

	25 November 1994		31 December 1993	
	Beneficial	Options	Beneficial	Options
DJ Gray	-	138,000	-	138,000 *
ACK Boyle	-	23,000	-	23,000 *

\* interests in Aldus Corporation, the former parent company.


These options are exerciseable between 1994 and 2003.

### Auditors

On 14 October 1994 Ernst & Young resigned as auditors. KPMG Peat Marwick were appointed in their place.

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



MA Munro  
Director

25 September 1995

# Adobe Systems Europe Limited

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable the directors to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



Saltire Court  
20 Castle Terrace  
Edinburgh EH1 2EG

## Auditors' report to the members of Adobe Systems Europe Limited

We have audited the financial statements on pages 6 to 20.

### *Respective responsibilities of directors and auditors*

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

### *Basis of opinion*

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### *Opinion*

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 25 November 1994 and of the loss of the group for the eleven month period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG  
Chartered Accountants  
Registered Auditors

25 September 1995

# Adobe Systems Europe Limited

## Group profit and loss account

for the eleven month period ended 25 November 1994

	Note	Eleven month period ended 25 November 1994 £	Year ended 31 December 1993 £
Turnover	2	10,084,112	16,471,736
Cost of sales		(99,564)	(4,012,884)
Gross profit		9,984,548	12,458,852
Distribution costs		(3,717,900)	(2,906,719)
Administrative expenses		(6,475,981)	(7,419,382)
Operating (loss)/profit	3	(209,333)	2,132,751
Exceptional item - restructuring costs		(6,570,000)	-
Interest receivable and similar income	4	99,267	152,480
(Loss)/profit on ordinary activities before taxation		(6,680,066)	2,285,231
Tax on (loss)/profit on ordinary activities	7	132,396	(751,493)
(Loss)/profit on ordinary activities after taxation		(6,547,670)	1,533,738
Dividends	8	-	(3,742,690)
Retained loss for the financial period	19	(6,547,670)	(2,208,952)

There are no recognised gains or losses other than the loss for the period and the profit for the preceding year.




# Adobe Systems Europe Limited

## Group balance sheet at 25 November 1994

	Note	1994 £	31 December 1993 £
<b>Fixed assets</b>			
Tangible assets	9	3,949,112	5,416,225
Intangible assets	10	143,688	122,455
		<u>4,092,800</u>	<u>5,538,680</u>
<b>Current assets</b>			
Stocks	12	1,807,663	11,598
Debtors	13	3,372,234	7,718,676
Cash at bank and in hand		435,560	3,269,146
		<u>5,615,457</u>	<u>10,999,420</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(3,902,970)</u>	<u>(7,792,552)</u>
<b>Net current assets</b>		<u>1,712,487</u>	<u>3,206,868</u>
<b>Total assets less current liabilities</b>		<u>5,805,287</u>	<u>8,745,548</u>
<b>Creditors: amounts falling due after more than one year</b>	15	-	(3,300,000)
<b>Provisions for liabilities and charges</b>	16	<u>(3,792,151)</u>	<u>(184,742)</u>
<b>Net assets</b>		<u>2,013,136</u>	<u>5,260,806</u>
<b>Capital and reserves</b>			
Called up share capital	17	355,000	55,000
Share premium	18	5,039,494	2,039,494
Profit and loss account	19	(3,381,358)	3,166,312
<b>Shareholders' funds</b>		<u>2,013,136</u>	<u>5,260,806</u>

These financial statements were approved by the board of directors on 25 September 1995 and were signed on its behalf by:

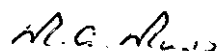
  
MA Munro  
Director

# Adobe Systems Europe Limited

## Balance sheet at 25 November 1994

	Note	1994 £	31 December 1993 £
<b>Fixed assets</b>			
Tangible assets	9	3,949,112	5,149,557
Intangible assets	10	143,688	122,455
Investments	11	50,000	50,000
		<hr/>	<hr/>
		4,142,800	5,322,012
		<hr/>	<hr/>
<b>Current assets</b>			
Stocks	12	1,807,663	4,203
Debtors	13	3,372,234	5,920,195
Cash at bank and in hand		435,560	3,210,532
		<hr/>	<hr/>
		5,615,457	9,134,930
		<hr/>	<hr/>
<b>Creditors: amounts falling due within one year</b>	14	(4,119,748)	(5,878,172)
		<hr/>	<hr/>
<b>Net current assets</b>		1,495,709	3,256,758
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		5,638,509	8,578,770
		<hr/>	<hr/>
<b>Creditors: amounts falling due after more than one year</b>	15	-	(3,300,000)
		<hr/>	<hr/>
<b>Provisions for liabilities and charges</b>	16	(3,792,151)	(184,742)
		<hr/>	<hr/>
<b>Net assets</b>		1,846,358	5,094,028
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	17	355,000	55,000
Share premium	18	5,039,494	2,039,494
Profit and loss account	19	(3,548,136)	2,999,534
		<hr/>	<hr/>
<b>Shareholders' funds</b>		1,846,358	5,094,028
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 25 September 1995 and were signed on its behalf by:



MA Munro  
Director

# Adobe Systems Europe Limited

## Group cash flow statement for the eleven month period ended 25 November 1994

		Eleven month period ended 25 November 1994	Year ended 31 December 1993
	Note	£	£
Net cash (outflow)/inflow from operating activities	22a	(475,548)	11,621,767
Returns on investments and servicing of finance			
Dividends paid		-	(3,742,690)
Interest received		57,348	112,091
		<hr/>	<hr/>
Net cash inflow/(outflow) from returns on investments and servicing of finance		57,348	(3,630,599)
		<hr/>	<hr/>
Taxation			
UK corporation tax paid		(1,294,904)	(946,136)
		<hr/>	<hr/>
Tax paid		(1,294,904)	(946,136)
Investing activities			
Purchase of tangible fixed assets		(1,555,011)	(1,125,352)
Purchase of intangible fixed assets		(267,916)	(165,038)
Proceeds from sale of tangible fixed assets		702,445	-
		<hr/>	<hr/>
Net cash outflow from investing activities		(1,120,482)	(1,290,390)
		<hr/>	<hr/>
Net cash (outflow)/inflow before financing		(2,833,586)	5,754,642
		<hr/>	<hr/>
Financing			
Issue of new share capital		(3,300,000)	-
Repayment of borrowings		3,300,000	5,683,788
Principal repayments of finance lease obligations		-	3,859
		<hr/>	<hr/>
Net cash outflow from financing	22c	-	5,687,647
(Decrease)/increase in cash and cash equivalents	22b	(2,833,586)	66,995
		<hr/>	<hr/>
		(2,833,586)	5,754,642
		<hr/>	<hr/>

# Adobe Systems Europe Limited

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

#### *Basis of consolidation*

The group financial statements consolidate the financial statements of Adobe Systems Europe Limited and its subsidiary undertaking, Adobe Systems Direct Limited. No profit and loss account is presented for Adobe Systems Europe Limited as allowed by section 230 of the Companies Act 1985.

#### *Turnover*

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of VAT and trade discounts. Provision is made against revenue for estimated future returns and exchanges.

#### *Localisation of software*

Costs incurred in the translation of and enhancement to existing software products are capitalised in accordance with SSAP 13. On the launch of a product such costs are amortised using the straight line method over the software's estimated economic life, generally nine months.

#### *Depreciation*

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life as follows:

Freehold buildings	2.86% per annum
Computer hardware and software	33% per annum
Furniture, fittings and equipment	25% per annum
Motor vehicles	25% per annum

Freehold land is not depreciated.

#### *Stocks*

Stocks are stated at the lower of cost (first-in, first-out basis) or market (net realisable value).

#### *Deferred taxation*

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the foreseeable future calculated at the rate at which it is estimated that tax will be payable.

# Adobe Systems Europe Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### *Foreign currencies*

Transactions in foreign currency are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange ruling at the balance sheet date.

All differences on exchange are taken to the profit and loss account.

#### *Leasing*

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

#### *Pensions*

The group operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

### 2 Turnover

Turnover is attributable to the marketing, distribution, training and support of business communication computer software.

An analysis of turnover by geographical market is given below:

	1994 £	1993 £
United Kingdom	167,879	4,149,164
Elsewhere within the EU	9,916,233	12,322,572
	<hr/>	<hr/>
	10,084,112	16,471,736
	<hr/>	<hr/>

# Adobe Systems Europe Limited

## Notes (continued)

### 3 Operating (loss)/profit

*Operating (loss)/profit is stated after charging:*

	1994	1993
	£	£
Depreciation	1,164,489	902,977
Amortisation	210,077	176,819
Operating lease rentals - plant and machinery	77,376	91,739
- land and buildings	78,144	120,150
Auditors' remuneration - audit services	40,500	44,898
- non-audit services	69,460	41,410
	<u>1,630,046</u>	<u>1,378,003</u>

### 4 Interest receivable and similar income

Interest receivable	57,348	112,091
Exchange gains	41,919	40,389
	<u>99,267</u>	<u>152,480</u>

### 5 Staff costs

*The average number of employees during the period was:*

	1994	1993
	Number	Number
Finance and administration	30	29
Sales and support	34	37
Other services	40	53
	<u>104</u>	<u>119</u>

*Staff costs during the period:*

	£	£
Wages and salaries	2,356,320	3,105,733
Social security costs	204,407	240,756
Pension costs	85,935	111,480
	<u>2,646,662</u>	<u>3,457,969</u>

# Adobe Systems Europe Limited

## Notes (continued)

### 6 Directors' remuneration

	1994 £	1993 £
<i>Directors' emoluments:</i>		
Remuneration as executives	179,048	197,053
Amounts payable to third parties in respect of directors' services	175,333	114,297
	<u>354,381</u>	<u>311,350</u>

The emoluments, excluding pension contributions, of the highest paid director were £182,762 (1993: £121,675).

Directors' emoluments, excluding pension contributions, fell within the following ranges:

	1994 Number	1993 Number
£ Nil - £ 5,000	5	1
£ 15,001 - £ 20,000	-	1
£ 70,001 - £ 75,000	1	-
£ 85,001 - £ 90,000	1	-
£ 90,001 - £ 95,000	-	1
£120,001 - £125,000	-	1
£180,001 - £185,000	1	-
	<u>8</u>	<u>4</u>

Compensation for loss of office of £186,257 was paid to a former director.

### 7 Tax on (loss)/profit on ordinary activities

	1994 £	1993 £
Corporation tax at 33% (1993: 33%) based on the result for the period	-	570,751
Prior year underprovision	52,346	-
Transfer (from)/to deferred tax	(184,742)	180,742
	<u>(132,396)</u>	<u>751,493</u>

### 8 Dividends

	1994 £	1993 £
Ordinary - interim paid	-	3,742,690
	<u>-</u>	<u>3,742,690</u>

# Adobe Systems Europe Limited

## Notes (continued)

### 9 Tangible fixed assets

Group	Freehold land and buildings £	Computer hardware & software £	Furniture fittings & equipment £	Motor vehicles £	Total £
<i>Cost</i>					
At 1 January 1994	3,452,731	2,858,270	1,303,236	367,282	7,981,519
Additions	-	1,259,670	39,100	256,241	1,555,011
Disposals	-	(2,293,197)	(366,247)	(233,039)	(2,892,483)
<b>At 25 November 1994</b>	<b>3,452,731</b>	<b>1,824,743</b>	<b>976,089</b>	<b>390,484</b>	<b>6,644,047</b>
<i>Depreciation</i>					
At 1 January 1994	202,232	1,433,091	777,904	152,067	2,565,294
Provided in the period	92,070	762,099	205,230	105,090	1,164,489
Disposals	-	(689,145)	(217,950)	(127,753)	(1,034,848)
<b>At 25 November 1994</b>	<b>294,302</b>	<b>1,506,045</b>	<b>765,184</b>	<b>129,404</b>	<b>2,694,935</b>
<i>Net book value</i>					
<b>At 25 November 1994</b>	<b>3,158,429</b>	<b>318,698</b>	<b>210,905</b>	<b>261,080</b>	<b>3,949,112</b>
At 31 December 1993	3,250,499	1,425,179	525,332	215,215	5,416,225
<b>Company</b>	<b>Freehold land and buildings £</b>	<b>Computer hardware &amp; software £</b>	<b>Furniture fittings &amp; equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<i>Cost</i>					
At 1 January 1994	3,452,731	2,325,049	1,108,982	338,336	7,225,098
Group transfers	-	533,221	194,254	28,946	756,421
Additions	-	1,259,670	39,100	256,241	1,555,011
Disposals	-	(2,293,197)	(366,247)	(233,039)	(2,892,483)
<b>At 25 November 1994</b>	<b>3,452,731</b>	<b>1,824,743</b>	<b>976,089</b>	<b>390,484</b>	<b>6,644,047</b>
<i>Depreciation</i>					
At 1 January 1994	202,232	1,065,567	656,881	150,861	2,075,541
Group transfers	-	367,524	121,023	1,206	489,753
Provided in the period	92,070	762,099	205,230	105,090	1,164,489
Disposals	-	(689,145)	(217,950)	(127,753)	(1,034,848)
<b>At 25 November 1994</b>	<b>294,302</b>	<b>1,506,045</b>	<b>765,184</b>	<b>129,404</b>	<b>2,694,935</b>
<i>Net book value</i>					
<b>At 25 November 1994</b>	<b>3,158,429</b>	<b>318,698</b>	<b>210,905</b>	<b>261,080</b>	<b>3,949,112</b>
At 31 December 1993	3,250,499	1,259,482	452,101	187,475	5,149,557



# Adobe Systems Europe Limited

## Notes (continued)

### 10 Intangible fixed assets

Group and company		Software localisation costs £
<i>Cost</i>		
At 1 January 1994		262,281
Additions		267,916
Written off		(63,517)
At 25 November 1994		466,680
<i>Amortisation</i>		
At 1 January 1994		139,826
Provided in the year		210,077
Written off		(26,911)
At 25 November 1994		322,992
<i>Net book value</i>		
At 25 November 1994		143,688
At 31 December 1993		122,455

### 11 Investment in subsidiary undertaking

	1994 £	1993 £
Investment in subsidiary	50,000	50,000

The company owns 100% of the ordinary share capital of Adobe Systems Direct Limited (formerly Aldus U.K. Limited), registered in Scotland. The company did not trade during the period.

### 12 Stocks

	Group		Company	
	1994 £	1993 £	1994 £	1993 £
Raw materials and consumables	195,544	11,598	195,544	4,203
Finished goods	1,612,119	-	1,612,119	-
	1,807,663	11,598	1,807,663	4,203

# Adobe Systems Europe Limited

## Notes (continued)

### 13 Debtors

	Group		Company	
	1994	1993	1994	1993
	£	£	£	£
Trade debtors	911,983	1,761,813	911,983	-
Amounts owed by parent and fellow subsidiary undertakings	1,627,089	4,650,291	1,627,089	4,650,291
Corporation tax recoverable	661,187	1,086,587	661,187	1,086,587
Prepayments	171,975	219,985	171,975	183,317
	<u>3,372,234</u>	<u>7,718,676</u>	<u>3,372,234</u>	<u>5,920,195</u>

### 14 Creditors: amounts falling due within one year

	Group		Company	
	1994	1993	1994	1993
	£	£	£	£
Trade creditors	348,599	391,155	348,599	238,965
Amounts due to parent and fellow subsidiary undertakings	1,617,036	3,541,704	1,617,036	2,402,933
Amount due to subsidiary undertaking	-	-	216,778	-
Corporation tax	300,023	1,967,981	300,023	1,802,021
Other taxes and social security costs	151,497	202,606	151,497	178,499
Other creditors	70,941	20,471	70,941	20,471
Accruals	1,414,874	1,668,635	1,414,874	1,235,283
	<u>3,902,970</u>	<u>7,792,552</u>	<u>4,119,748</u>	<u>5,878,172</u>

### 15 Creditors: amounts falling due after more than one year

	Group		Company	
	1994	1993	1994	1993
	£	£	£	£
Loan from parent company	-	3,300,000	-	3,300,000
	<u>-</u>	<u>3,300,000</u>	<u>-</u>	<u>3,300,000</u>

# Adobe Systems Europe Limited

## Notes (continued)

### 16 Provisions for liabilities and charges

#### Group and company

	Restructuring £	Deferred taxation £	Total £
At beginning of period	-	184,742	184,742
Provided during period	6,570,000	-	6,570,000
Utilised in period	(2,777,849)	-	(2,777,849)
Transferred to profit and loss account	-	(184,742)	(184,742)

<b>At end of period</b>	<b>3,792,151</b>	<b>-</b>	<b>3,792,151</b>
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#### Analysis of deferred taxation:

	1994 £	1993 £
Accelerated capital allowances	-	211,743
Short term timing differences	-	(27,001)
	-	184,742

### 17 Share capital

	1994 £	1993 £
<i>Authorised:</i>		
Ordinary shares of £1 each	500,000	500,000
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	355,000	55,000

On 30 June 1994 the company's share capital was increased by the issue of 300,000 fully paid ordinary shares of £1 each at a premium of £10 per share. The proceeds of the share issue were used to repay parent company borrowings.

### 18 Share premium

Group and company	£
At beginning of period	2,039,494
Issue of share capital	3,000,000
<b>At end of period</b>	<b>5,039,494</b>

# Adobe Systems Europe Limited

## Notes (continued)

19	Profit and loss account	Group £	Company £
	At beginning of period	3,166,312	2,999,534
	Loss for the period	(6,547,670)	(6,547,670)
		<hr/>	<hr/>
	At end of period	(3,381,358)	(3,548,136)
		<hr/>	<hr/>

20	Reconciliation of movements in shareholders' funds	1994 £	1993 £
	(Loss)/profit for the financial period	(6,547,670)	1,533,738
	Dividends	-	(3,742,690)
		<hr/>	<hr/>
		(6,547,670)	(2,208,952)
	New share capital subscribed	3,300,000	-
		<hr/>	<hr/>
	Net reduction in shareholders' funds	(3,247,670)	(2,208,952)
	Opening shareholders' funds	5,260,806	7,469,758
		<hr/>	<hr/>
	Closing shareholders' funds	2,013,136	5,260,806
		<hr/>	<hr/>

## 21 Operating lease commitments Group and company

The commitments under non-cancellable operating leases are as follows:

	1994		1993	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	23,790	-	7,097
In the second to fifth years inclusive	-	35,664	-	76,668
Over five years	125,150	-	120,150	-
	<hr/>	<hr/>	<hr/>	<hr/>
	125,150	59,454	120,150	83,765
	<hr/>	<hr/>	<hr/>	<hr/>

# Adobe Systems Europe Limited

## Notes (continued)

### 22 Notes to the cash flow statement

(a) *Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operating activities:*

	1994 £	1993 £
Operating (loss)/profit	(209,333)	2,132,751
Exchange gains	41,919	40,389
Depreciation	1,164,489	902,977
Amortisation	210,077	176,819
Movement on restructuring provision	(2,777,849)	-
Movement on withholding tax provision	-	(151,244)
Write off of intangible fixed assets	36,606	-
Loss on disposal of tangible fixed assets	1,155,190	60,362
(Increase)/decrease in stocks	(1,796,065)	5,011,595
Decrease in debtors	3,921,042	1,679,771
(Decrease)/increase in creditors	(2,221,624)	1,768,347
	<hr/>	<hr/>
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(475,548)</b>	<b>11,621,767</b>
	<hr/>	<hr/>

(b) *Analysis of changes in cash and cash equivalents during the period:*

	1994 £	1993 £
<i>Cash at bank:</i>		
At beginning of period	3,269,146	3,202,151
Net cash (outflow)/inflow	(2,833,586)	66,995
	<hr/>	<hr/>
<b>At end of period</b>	<b>435,560</b>	<b>3,269,146</b>
	<hr/>	<hr/>

(c) *Analysis of changes in financing during the period:*

	Share capital (including share premium) £	Loans £
At 1 January 1993	2,094,494	8,983,788
Net cash outflow	-	(5,683,788)
	<hr/>	<hr/>
At 1 January 1994	2,094,494	3,300,000
Net cash inflow/(outflow)	3,300,000	(3,300,000)
	<hr/>	<hr/>
At 25 November 1994	5,394,494	-
	<hr/>	<hr/>

# Adobe Systems Europe Limited

## Notes (continued)

### 23 Directors' interests

During the year the company entered into a number of transactions in the ordinary course of business with McQueen Limited of which DJ Gray was a shareholder.

The value of transactions with this company was as follows:

	McQueen Limited £
Purchases	<u>67,038</u>

In addition during the year, the company entered into various agreements with McQueen Limited, whereby the company has retained McQueen for the provision of certain localisation, technical and computer support services. The minimum level of payment for these services over three years is £10.0 million.

The company has guaranteed obligations under operating leases for facilities used by McQueen in the provision of the afore-mentioned services. The remaining aggregate contingent liability for non-payment of rent, through September 1999, is approximately £1.4 million.

### 24 Parent undertaking

The parent undertaking of Adobe Systems Europe Limited is Adobe Systems Inc, a company incorporated in the USA.

Copies of the group financial statements can be obtained from the Investor Relations Department, Adobe Systems Inc, 1585 Charleston Road, PO Box 7900, Mountain View, California 94039-7900, USA.