

ELECTRONICS FOR IMAGING (EUROPE) LIMITED

FINANCIAL STATEMENTS

31ST DECEMBER 1995

Registered number: 2672991

DURRANTS

CHARTERED ACCOUNTANTS



ELECTRONICS FOR IMAGING (EUROPE) LIMITED

FINANCIAL STATEMENTS

for the year ended 31st December 1995

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ELECTRONICS FOR IMAGING (EUROPE) LIMITED**COMPANY INFORMATION****31st December 1995**

Incorporated in England on 13th December 1991

Number 2672991

CHAIRMAN E Arazi

OTHER DIRECTORS R Colla
D Avida

SECRETARY R Colla

REGISTERED OFFICE Stonebridge House
Padbury Oaks
Old Bath Road
Longford Middlesex UB7 0EW

AUDITORS Durrants
Chartered Accountants
24 Wellington Business Park
Dukes Ride Crowthorne
Berkshire
RG45 6LS

ELECTRONICS FOR IMAGING (EUROPE) LIMITED**DIRECTORS' REPORT****31st December 1995**

The directors present their report and the audited financial statements for the year ended 31st December 1995.

Principal activity

The principal activity of the company is to provide technical and marketing support for Electronics for Imaging Inc. in the colour connectivity market.

Business review

The company's balance sheet as detailed on page 5 shows a satisfactory position, with shareholders' funds amounting to £322,794.

Profit, dividends and appropriations

The results for the year are shown in the profit and loss account on page 4.

The directors do not propose payment of an ordinary dividend, the profit for the year is to be transferred to reserves.

Fixed assets

Changes in fixed assets during the year are set out in note 6 to the accounts.

Directors

The directors of the company were:

E Arazi
A Balchin (Resigned 28.4.95)
J Lazar (Appointed 28.4.95; Resigned 13.10.95)
R Colla (Appointed 28.4.95)
D Avida (Appointed 1.12.95)

None of the directors hold any shares in the company.

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 of the profit or loss of the company for that period. In preparing those financial statements the directors are required to:

- * select suitable accounting policies and apply them consistently;
- * make reasonable and prudent judgements and estimates;
- * 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 company will continue in business.

ELECTRONICS FOR IMAGING (EUROPE) LIMITED**DIRECTORS' REPORT**

(continued)

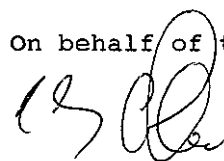
31st December 1995

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 them to ensure that the financial statements comply with the Companies Act 1985. 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.

Auditors

The Company has elected to dispense with the annual appointment of auditors. In the absence of a specific resolution to the contrary Durrants will continue in office.

On behalf of the board

A handwritten signature in dark ink, appearing to be 'R Colla', written over the typed name.

R Colla
Secretary

ELECTRONICS FOR IMAGING (EUROPE) LIMITED

AUDITORS' REPORT

Auditors' report to the members of
Electronics for Imaging (Europe) Limited

We have audited the financial statements on pages 4 - 11 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2, 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 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 error or other irregularity. 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 the company's affairs as at 31st December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

24 Wellington Business Park
Dukes Ride Crowthorne
Berkshire
RG45 6LS

Date:....3-4-96....

.....Durrants.....
Durrants

Chartered Accountants
and
Registered Auditors

ELECTRONICS FOR IMAGING (EUROPE) LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31st December 1995

	Note	1995 £	1994 £
Turnover	2	2,516,577	1,959,481
Net operating expenses			
Distribution costs		(839,962)	(518,843)
Administrative expenses		(1,511,823)	(1,308,391)
Bank deposit interest		10,995	4,467
Profit on ordinary activities before taxation	4	175,787	136,714
Taxation	5	(104,950)	(91,984)
Profit on ordinary activities after taxation retained for the year	12	<u>£ 70,837</u>	<u>£ 44,730</u>

Other movements in reserves are shown in notes 11 to 12.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1995 or 1994 other than the profit for the year.

ELECTRONICS FOR IMAGING (EUROPE) LIMITED

BALANCE SHEET

at 31st December 1995

	Note	£	1995	£	1994	£
Fixed assets						
Tangible assets	6		136,481		189,870	
Current assets						
Debtors	7	553,177		553,018		
Cash at bank and in hand		245,760		10,165		
			<u>798,937</u>		<u>563,183</u>	
Creditors: amounts falling due within one year	8	(562,624)		(501,097)		
Net current assets			236,313		62,086	
Total assets less current liabilities			372,794		251,956	
Provision for liabilities and charges	9	(50,000)		-		
			<u>322,794</u>		<u>251,956</u>	
Capital and reserves						
Called up share capital	10		2		2	
Other reserves	11	50,000		50,000		
Profit and loss account	12	272,792		201,954		
Total shareholders' funds	13	322,794		251,956		

The financial statements on pages 4 - 11 were approved by the board of directors

on . . 29.3.96

. . 1.9.96

XV D. J. Allen

ELECTRONICS FOR IMAGING (EUROPE) LIMITED**NOTES ON FINANCIAL STATEMENTS****31st December 1995****1 Accounting policies****Basis of accounting**

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

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it is entitled to the exemptions available in Section 246 to 247 of the Companies Act 1985 for small companies.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

- Short leasehold land and buildings - Over the term of the lease
- Computer equipment - over 36 months
- Office equipment - over 36 months
- Demonstration equipment - over 10 months

Leasing Commitments

Rentals paid under operating leases are charged to the profit and loss account as they are accrued.

Pensions

The company has a defined contribution pension scheme. The cost of the contributions made by the company to the scheme are charged to the profit and loss account as incurred.

2 Turnover

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities, entirely within the United States, stated net of value added tax.

ELECTRONICS FOR IMAGING (EUROPE) LIMITED

NOTES ON FINANCIAL STATEMENTS

31st December 1995

3 Directors and employees

	1995 £	1994 £
Staff costs including directors' emoluments		
Wages and salaries	579,024	457,021
Social security costs	57,864	50,786
Pension costs	27,051	24,438
Compensation for loss of office	20,532	-
	<u>684,471</u>	<u>532,245</u>
	Number	Number
Average number employed		
Distribution liason and sales support	4	4
General management	1	2
Administration staff	2	1
Marketing staff	2	3
Technical support	2	1
	<u>11</u>	<u>11</u>
Directors	£	£
Directors' emoluments		
Executive salaries	75,658	58,375
Compensation for loss of office	20,532	-
	<u>96,190</u>	<u>58,375</u>
The emoluments of directors were as follows:		
Highest paid director	<u>52,562</u>	<u>58,375</u>
	No. of directors	
Other directors		
£40,001 - £45,000	<u>1</u>	<u>-</u>

ELECTRONICS FOR IMAGING (EUROPE) LIMITED

NOTES ON FINANCIAL STATEMENTS

31st December 1995

4 Operating profit

	1995 £	1994 £
Operating profit is stated after crediting		
Interest receivable	10,995	4,467
Profit on sale of assets	15,777	25,200
	<u> </u>	<u> </u>
and after charging		
Staff costs (note 3)	684,471	532,245
Auditors' remuneration	3,000	3,000
	<u> </u>	<u> </u>
Depreciation of tangible fixed assets (note 6)		
owned assets	90,310	130,336
	<u> </u>	<u> </u>

5 Taxation

	1995 £	1994 £
Corporation tax on profit on ordinary activities at 33% (1994 33%)	104,950	67,693
Under provision in earlier years	-	24,291
	<u> </u>	<u> </u>
	104,950	91,984
	<u> </u>	<u> </u>

6 Tangible fixed assets

Cost or valuation	Office Equipment £	Computer Equipment £	Demonstration Equipment £	Short Leasehold £	Total £
1st January 1995	128,143	154,724	88,718	22,895	394,480
Additions	2,276	13,948	39,653	-	55,877
Disposals	(31,356)	(46,631)	(67,273)	-	(145,260)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
31st December 1995	99,063	122,041	61,098	22,895	305,097
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation					
1st January 1995	32,625	85,864	84,532	1,589	204,610
Charge for year	22,103	38,271	25,289	4,648	90,310
Disposals	(23,356)	(35,677)	(67,273)	-	(126,306)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
31st December 1995	31,372	88,458	42,548	6,237	168,614
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book amount					
31st December 1995	67,691	33,583	18,550	16,657	136,481
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
1st January 1995	95,518	68,860	4,186	21,306	189,870
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

ELECTRONICS FOR IMAGING (EUROPE) LIMITED

NOTES ON FINANCIAL STATEMENTS

31st December 1995

7 Debtors

	1995 £	1994 £
Amounts falling due within one year		
Amounts owed by group undertakings	487,630	457,199
Other debtors	26,985	61,043
Prepayments and accrued income	38,562	34,776
	<u>553,177</u>	<u>553,018</u>

8 Creditors: amounts falling due within one year

	1995 £	1994 £
Bank overdraft	-	82,866
Trade creditors	66,183	17,426
Amounts owed to group undertakings	191,160	4,544
Corporation tax	94,195	89,246
Other taxation and social security	14,867	-
Accruals and deferred income	196,219	307,015
	<u>562,624</u>	<u>501,097</u>

9 Provision for liabilities and charges

	1994 £	Profit and loss account £	Other movements £	1995 £
Marketing provision	-	(50,000)	-	(50,000)

10 Called up share capital

	1995 Number of shares	£	1994 Number of shares	£
Authorised				
Ordinary shares	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Allotted called up and fully paid				
Ordinary shares	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

ELECTRONICS FOR IMAGING (EUROPE) LIMITED

NOTES ON FINANCIAL STATEMENTS

31st December 1995

11 Capital Contribution

	1995 £
Capital contribution	50,000

The capital contribution is a non returnable introduction of funds by Electronics for Imaging Inc., the company's holding company.

12 Profit and loss account

	1995 £
1st January 1995	201,954
Retained profit for the year	70,837
31st December 1995	272,791

13 Reconciliation of movements in shareholders' funds

	1995 £	1994 £
Profit for the financial year	70,837	44,730
Net addition to shareholders' funds	70,837	44,730
Opening shareholders' funds	251,956	207,226
Closing shareholders' funds	322,793	251,956

14 Capital commitments

The company had no capital commitments at 31st December 1995 (1994 - £Nil).

15 Ultimate parent undertaking

The company's ultimate parent undertaking at the balance sheet date was Electronics for Imaging Inc., a company incorporated in the USA.

ELECTRONICS FOR IMAGING (EUROPE) LIMITED

NOTES ON FINANCIAL STATEMENTS

31st December 1995

16 Guarantees and other financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due:-

	1995 Land and Buildings £	1995 Other £	1994 Land and Buildings £	1994 Other £
Within one year	40,186	37,767	40,186	61,881
Within two to five years	106,135	17,715	146,321	44,740
	<u>146,321</u>	<u>55,482</u>	<u>186,507</u>	<u>106,621</u>