

To the Registered Holders of American Depositary Receipts representing Ordinary and/or "A" Ordinary Shares of Rank Organisation Limited:

At the request of the Company we enclose the 1965 Annual Report and Accounts of Rank Organisation Limited which is being forwarded to you as a registered holder of American Depositary Receipts representing Ordinary and/or "A" Ordinary Shares of the Company.

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK
Depositary



The Rank Organisation Limited

Annual Report

and Accounts

for the 52 weeks

ended 26th June 1965



Make the most of your Irish holiday-

stay at the new

Silver Springs Hotel

Throughout Great Britain the number of Top Rank Motor Inns is growing apace. And soon the exemplary service for which they are becoming famous will be extended throughout Europe. One of many fine new Top Rank Inns

is the Silver Springs in Cork. With accommodation for 160 guests this delightful hotel offers you every modern comfort and typifies the high standards set for every Top Rank Motor Inn. Silver Springs has conference facilities for 200 and is ideally placed to combine business and



pleasure. Magnificent scenery, excellent bathing, and the best sea fishing in Europe only 30 minutes away, make it the perfect centre for a relaxed and enjoyable holiday.











Top Rank

MOTOR INN

Silver Springs, Tivoli, Cork, Eire.

Telephone: Cork 26762

(Accommodation at all hotels operated by Top Rank Motor Inns & Motorway Services Division may be obtained by direct booking or through leading travel agencies.)

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NOTE:

The Rank Organisation believes that advertising is of fundamental importance to the successful marketing of goods and services in this country and overseas.

The steady growth in the number of staff and shareholders has given the Annual Report & Accounts a readership comparable to that of many established journals. It therefore ranks as an advertising medium in its own right, and for this reason advertisements of some of The Rank Organisation's products and services are being carried for the first time.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Eighth Annual General Meeting of the Company will be held at The Dorchester Hotel (Ballroom Entrance, Park Lane), London, W.1, on Thursday, the 7th day of October, 1965, at 12 noon for the following purposes:—

- 1 To receive the Accounts for the 52 weeks ended 26th June, 1965, and the Reports of the Directors and Auditors.
- 2 To declare a Final Dividend on Ordinary and 'A' Ordinary Shares.
- 3 To elect Directors including Mr. William E. Jenkins who became 73 years of age on 22nd August, 1965, and Rt. Hon. Lord Mabane who became 70 years of age on 12th January, 1965.
- 4 To fix the Auditors' Fee.
- 5 To transact any other ordinary business of the Company.

By Order of the Board,
J. K. MONTGOMERIE
Secretary.

Dated this 14th day of September, 1965.

A warm invitation to attend the Annual General Meeting is extended to all shareholders whether entitled to vote or not.

Under the Company's Articles of Association the holders of Ordinary and 'A' Ordinary Shares are entitled to attend but only the holders of Ordinary Shares are entitled to vote. A member entitled to attend and vote at the above-mentioned meeting is entitled to appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a member.

Subject to the confirmation at the Annual General Meeting of the proposed Final Dividend on the Ordinary and 'A' Ordinary Shares, warrants in payment thereof will be posted on 4th November, 1965.

Directors

President

THE LORD RANK, J.P.

Chairman and Chief Executive

JOHN DAVIS

J. A. CALLUM

GRAHAM R. DOWSON

C. R. P. HAMILTON

WILLIAM E. JENKINS, C.B.E.

F. KEIGHLEY

T. A. LAW

SOL M. LINOWITZ (U.S.A.)

RT. HON. SELWYN LLOYD, C.H., C.B.E., T.D., Q.C., M.P.

J. K. MONTGOMERIE, 11 Belgrave Road, London, S.W.1

RT. HON. LORD MABANE, K.B.E.

Col. SIR LEONARD ROPNER, Bt., M.C., T.D., D.L.

RT. HON. VISCOUNT ROTHERMERE

SIR IVAN STEDEFORD, G.B.E.

JOSEPH C. WILSON (U.S.A.)

KENNETH WINCKLES, M.B.E.

G. I. WOODHAM-SMITH

Secretary and Registered Office

Bankers

NATIONAL PROVINCIAL BANK LIMITED

Auditors and Consultant Accountants PEA

PEAT, MARWICK, MITCHELL & CO.

Directors' Report

1 The Directors present the Balance Sheet of the Company and Consolidated Balance Sheet at 26th June, 1965, and Consolidated Profit and Loss Account for the 52 weeks ended that date.

	£	£
The Surplus for the 52 weeks including Non-Trading and Extraneous Items, after providing for Depreciation, Interest and Taxation and excluding interests of Outside Shareholders, was		4,910,000
Which your Directors (a) have applied (b) recommend be appropriated as follows:—		
(a) 6½% Preference Dividend for the year ended 30th June, 1965, less Income Tax	375,000	
(a) 8% Second Preference Dividend for the year ended 30th June, 1965, less Income Tax	125,000	
(a) Interim Dividend of 8% (4.80d. per share) on Ordinary and 'A' Ordinary Shares, less Income Tax	637,000	
(b) As Final Dividend of 13% (7.80d. per share) on Ordinary and 'A' Ordinary Shares, less Income Tax	1,036,000	2,173,000
Deduct Surplus retained in the Accounts of Subsidiary Companies		2,737,000 1,872,000
The Surplus retained by the Parent Company was		865,000
The Balance brought forward (after transfer of £2,105,000 to General Reserve and of £190,000 to Widows' pension		1 669 000
scheme) amounted to		1,668,000
Making an amount to be carried forward of		£2,533,000

- 2 The Capital of the Company was increased in October, 1964 to £31,500,000 by the creation of a further 6,000,000 'A' Ordinary Shares of 5/- each.
- 3 In October, 1964, £12,500,000 $6\frac{1}{2}$ % Convertible Unsecured Loan Stock 1988/93 was offered at par to the holders of the Ordinary and 'A' Ordinary Shares and to the holders of the $6\frac{3}{4}$ % Loan Stock 1977/82, 6% Loan Stock 1983/88 and the $6\frac{1}{2}$ % Loan Stock 1975/79. The issue was extremely successful, £11,945,519 of the Stock being taken up and the remainder sold for the benefit of the Company.
- 4 The acquisition of the outstanding Ordinary Shares in The Pullin Group Limited, pursuant to Section 209 of the Companies Act, 1948, was completed in December, 1964, with the result that that Company became a wholly owned subsidiary of The Rank Organisation Limited.
- 5 Holders of £909,788—6½% Convertible Unsecured Loan Stock 1977/82 exercised conversion rights between 1st October and 9th December, 1964, and were allotted 1,055,354 'A' Ordinary Shares of 5/- each in the Company in exchange.

 In the periods for conversion in 1963 and 1964, £5,431,522—6½% Loan Stock was converted (94.5% of the total in issue) and a total of 3,768,394 'A' Ordinary Shares of 5/- each in the Company were allotted in exchange.

6 During the year Mr. Dudley Saward and Mr. Earl St. John retired from the Board. Mr. Earl St. John was elected a Director of the Company in September, 1951, and was Executive Producer at Pinewood Studios from October, 1950, to June, 1964, during which time he was responsible for many successful productions.

The Rt. Hon. Selwyn Lloyd who was re-appointed a Director during the year retires in accordance with the Articles of Association and being eligible, offers himself for re-election. The Rt. Hon. Lord Mabane having attained the age of 70 retires in accordance with the provisions of the Companies Act, 1948, and his proposed re-election will be the subject of a Resolution of which special notice has been given.

Sir Leonard Ropner having attained the age of 70 retires in accordance with the provisions of the Companies Act, 1948, and has expressed his intention not to seek re-election. Sir Leonard Ropner was elected a Director of the Company in November, 1965, and the Board wish to express their appreciation for his service to the Company during his term as a Director. Mr. William E. Jenkins, Mr. Frank Keighley, Sir Ivan Stedeford, Mr. Joseph C. Wilson and Mr. Kenneth Winckles retire by rotation in accordance with the Articles of Association and being eligible offer themselves for re-election.

Mr. William E. Jenkins having attained the age of 73 his proposed re-election will be the subject of a resolution of which special notice has been given.

- 7 Messrs. Peat, Marwick, Mitchell & Co., have signified their willingness to continue in office as Auditors.
- 8 Acting upon the recommendation made by the Chairman of the Stock Exchange, the following information in regard to controlling shareholdings is given—this information was first disclosed to shareholders in the Annual Accounts in 1955.
 53% of the Ordinary Shares of The Rank Organisation Limited, representing Lord Rank's and Lady Rank's original holdings, is owned by Odeon Cinema Holdings Limited, which in its turn is owned and controlled by Film Development & Research Limited and the Trustees of the J. Arthur Rank Group Charity to whom these interests were given by Lord Rank and Lady Rank in 1953.

By Order of the Board,
J. K. MONTGOMERIE

14th September, 1965.

Secretary.

The Figures in Brief

1965	1964	
£127,147,000	£106,583,000	
15,191,000	11,326,000	
11,385,000	8,972,000	
7,587,000	5,778,000	
4,410,000	4,348,000	
1,673,000	1,477,000	
12·60d. per share	11·25d. per share	
142,890,000	114,561,000	
	£127,147,000 15,191,000 11,385,000 7,587,000 4,410,000 1,673,000 12-60d. per share	

Mr. John Davis' Statement

Dear Fellow Shareholder,

The year under review has been one of continued expansion within the Organisation. Group profits before charging interest and taxation again show a satisfactory increase, and reach a new high level, in spite of a set back in the Bush Murphy Division, to which reference was made in the Interim Statement issued on 11th March, 1965.

Our traditional cinema interests have maintained their earnings at a satisfactory level. Rank Xerox continues to stride ahead and profits from this activity are more than double those for the previous year. Our other non-cinema activities have made satisfactory progress but the benefit of our large capital expenditure programme is not yet reflected in our earnings which, in the interim, have to bear interest charges on the outlay.

On the other hand, the substantial increases in taxation imposed by the Government and the heavy burden of interest charges resulting from the high Bank Rate have had an unavoidable effect on Group Profits.

The net profit position after taxation is complicated in this year of transition from Income Tax and Profits Tax to Corporation Tax. I have endeavoured later in my statement to explain the situation.

FINANCIAL EVENTS

Expansion into new activities not associated with the cinema has been a basic principle of the Organisation in recent years and has necessitated raising considerable new capital.

As anticipated in my last report, a further issue of £12,500,000 Convertible Unsecured Loan Stock, carrying interest at $6\frac{1}{2}\%$ per annum, was made last October by way of rights to the holders of the Ordinary and "A" Ordinary Shares and the existing loan stockholders. I am pleased to say that this issue was a success.

A further opportunity arose last Autumn for the holders of the 63% Loan Stock (originally £5,750,000) to convert into "A" Ordinary Shares and £910,000 nominal of stock was converted. This leaves only £318,000 outstanding. I would remind holders of this stock that the last opportunity to convert on the basis of 110 "A" Ordinary Shares per £100 stock will be later this year between 1st October and 9th December upon giving the prescribed notice.

The first opportunity arises this year for the holders of the 6% Loan Stock 1983/88 and the $6\frac{1}{2}\%$ Loan Stock 1975/79 to convert their stock into 'A' Ordinary Shares between the 1st October and the 9th December on the following basis.

6% Loan Stock 1983/88

For every £100 Stock-66 'A' Ordinary Shares.

61 % Loan Stock 1975/79

For every £100 Stock-76 'A' Ordinary Shares.

I referred last year to the acquisition of the Pullin Group of Companies and of the Lobster Pot Group. The trading activities of both of these Groups have now been satisfactorily absorbed into the appropriate Divisions of the Organisation.

It was announced during the year that a joint scheme with the National Film

Finance Corporation had been set up to provide financial support for Independent Film Producers.

During the year a considerable amount of permanent capital has been required by Rank Xerox. The proportion applicable to Rank Precision Industries' holding, namely £1,500,000, has temporarily been provided by The Rank Organisation. Arrangements are being made for an issue of Debenture Stock to enable Rank Precision Industries to repay these funds.

The future development and success of the Organisation must be dependent on the talents of our executives and staff. In furtherance of our efforts to recruit the most able personnel available, we have improved the already significant benefits which our staff employees enjoy.

On 1st December, 1964, we inaugurated the new Widows' Pension Scheme under which widows of employees in the United Kingdom, other than those hourly paid, who die in service are entitled to a pension equivalent to one-half of that to which their husbands would have been entitled at the age of 65 under the Staff Pension arrangements.

An initial sum of £250,000 net has been set aside out of Reserves to set up a Fund to cover past service, augmented by an appropriation from current profits of £80,000. The Fund will be reviewed from year to year in the light of experience.

The proposed final dividend on the Ordinary and "A" Ordinary Shares is at the rate of 13% (7.80d. per share), as anticipated in my Interim Statement in March of this year, which, together with the interim dividend of 8% (4.80d. per share), makes a total dividend of 21% (12.60d. per share) for the year, compared with an equivalent rate of $18\frac{3}{4}\%$ (11.25d. per share) for the previous year.

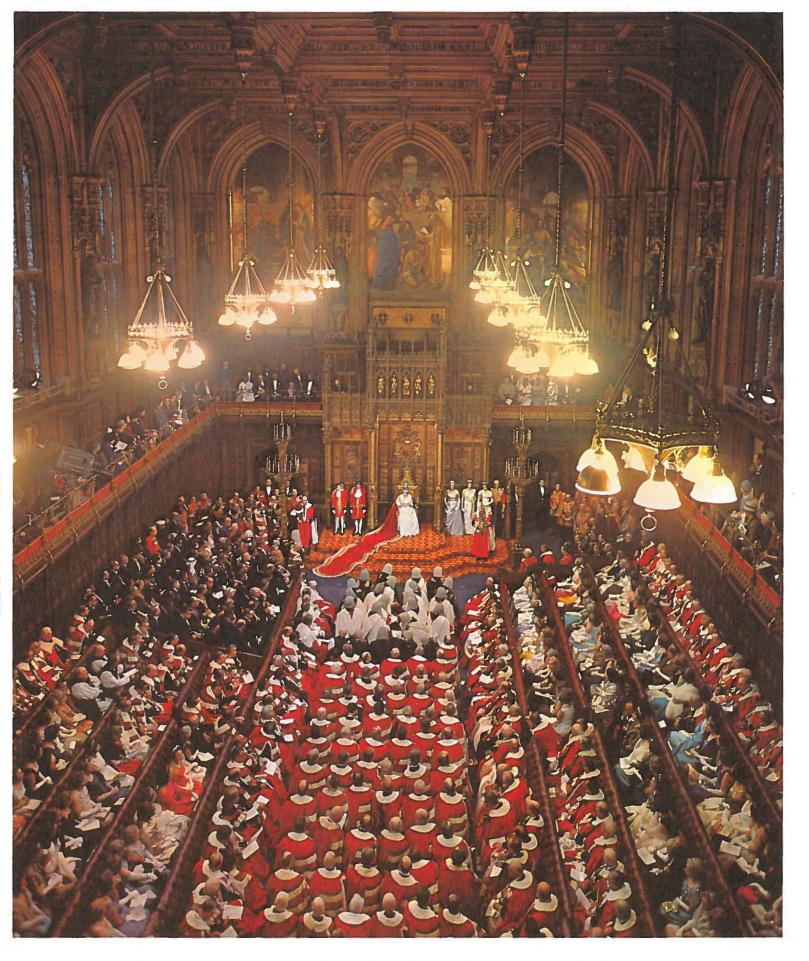
FINANCIAL ACCOUNTS

Last year the Chairman of the London Stock Exchange announced that the minimum requirements as to the disclosure of information in published accounts of quoted companies would be extended.

We have always provided considerably more information than the minimum requirements both of the Stock Exchange and the Companies Act. It has not, therefore, been necessary to amplify the information in the report this year to any significant extent. It will be seen, however, that additional particulars of Fixed Assets and of Subsidiary and Associated Companies have been provided.

Since the war, the values of properties in the United Kingdom have appreciated considerably and consequently many industrial companies have discontinued providing for depreciation of such assets in their accounts. Your Board has been giving this matter its consideration and it has decided that it would prove more realistic to make provision for depreciation only on those freehold properties which qualify for taxation industrial buildings allowances. This means that as a general rule only freehold factory premises are now subject to depreciation whilst theatres, hotels, tenpin bowls, ballrooms, ice rinks, shops and offices are not depreciated.

Leasehold properties are continuing to be amortised as previously wherever situated. The Accounts will be found on pages 57 to 68. Further financial and statistical information will be found on pages 52 to 55. This has been extended to give a more detailed breakdown of our profits and sales between activities. An extra section has been added for the benefit of our many American shareholders.



Even in a country as rich in tradition as Britain, there are few occasions to match the ceremonial splendour of the State Opening of Parliament by Her Majesty the Queen. On November 3, 1964, the event was seen on television for the first time. Three TV cameras in the House of Lords were equipped with Rank Taylor Hobson Varotal V zoom lenses. They played a part in making the coverage of this historic scene a memorable outside broadcast.

Consolidated Profit and Loss Account—Group profits before charging interest and taxation show a marked increase from £11,326,000 to £15,191,000.

Profits after providing for outside interests and after charging interest show an increase in spite of the higher cost of borrowing and the fact that an appreciable proportion of the new borrowed money is invested in activities still in the development stage.

We are proposing to transfer £2,105,000 to General Reserve, raising it to £5,000,000.

An analysis of the profits of the Organisation is shown on page 54.

Profits from our **Film Interests** have on the whole been maintained in spite of competition from other forms of entertainment.

Our **Manufacturing** activities show a marked reduction in profits due entirely to a reversal in the **Bush Murphy Division**, to which I refer later.

I am hopeful that this Division will have returned to profitability when I report to you next year, although the recent deflationary measures taken by the Government are already showing some signs of adversely affecting industry sales.

The other manufacturing operations, principally those of Rank Precision Industries, continue to progress and have this year been augmented by the companies formerly within the Pullin Group.

Once again **Rank Xerox** profits show, as anticipated, a very large increase over those for the previous year.

The profits from the section in previous reports described as 'Miscellaneous' have now become of sufficient significance to warrant further analysis. I hope that shareholders will find the additional information interesting.

Interest payable has increased considerably from £2,354,000 to £3,806,000 due principally to increased short-term borrowings by Rank Xerox and the interest payable on the latest convertible stocks.

Comparison of the profits after charging taxation with the previous year is made difficult by the fact that in 1965 the taxation charge consists largely of Corporation Tax, as compared with Income Tax and Profits Tax in the past.

The position is further complicated by the fact that dividends payable in respect of 1965 profits will be payable after deducting Income Tax at standard rate, but this Income Tax will *not* have to be paid over to the Inland Revenue, as will be the case with Income Tax deducted from dividends payable after 6th April, 1966.

In order to assist in obtaining a better appreciation of the position, I have summarised on page 14 the profit and loss accounts for 1964 and 1965.

The 1965 figures have also been notionally adjusted to reflect the payment of the preference and ordinary dividends in their gross amounts, as will be required next year. It will be seen that the amount applicable to outside shareholders increases in respect of the Income Tax on preference dividends payable to such shareholders, since in future, this Income Tax will require to be paid over to the Inland Revenue.

It should be emphasised that the "notional" figures are merely illustrative, since, during the transitional period, 1965 and 1966, the effect of the introduction of the new taxation system produces anomalies and the true position cannot be seen until the transitional period is completed.

Relief in respect of investment allowances for 1965 amounted to £920,000 in terms of Corporation Tax calculated at 35%. The comparable figure calculated at Income Tax and Profits Tax rates of 56¼% would have been considerably more at £1,500,000. The benefit from investment allowances is clearly a significant factor in considering expenditure on fixed assets. Such a retrograde step will not encourage management to hasten the introduction of new equipment and technological developments, if existing equipment still has a useful life.

The discouragement to overseas investment arising from the provisions of the Finance Act 1965, in regard to double tax relief, will have a most damaging effect on the country's economy.

In our case, we have invested overseas during the last three years £20,000,000, as a result of which we have exported goods to the value of £32,000,000 and earned profits of £3,500,000. This has been achieved in spite of the fact that much of this capital has not reached its full earning capacity. Needless to say, exports to such subsidiaries will continue at a high level with increasing profits as our businesses further establish themselves.

Divisions of The Rank Organisation have the benefit of consulting the Women's Advisory Panel on all projects involving fashion, decor and design. This ensures that the woman's viewpoint is not overlooked, and the Panel's advice has helped to shape some of the Organisation's most successful operations. Left to right are: Mrs. Jo Pattrick, Miss Joyce Lowrie, A.R.I.B.A., Miss Molly Love, Mrs. Gaby Schreiber, F.S.I.A.



	Notional 1965	Actual 1965	Actual 1964
D 0:10	£	£	£
Profit before charging interest and taxation	15,191,000	15,191,000	11,326,000
Less Interest	3,806,000	3,806,000	2,354,000
Profit before Taxation	11,385,000	11,385,000	8,972,000
Less Taxation	3,798,000	3,798,000	3,194,000
Profit after Taxation	7,587,000	7,587,000	5,778,000
Less Outside Shareholders	2,666,000	2,578,000	1,171,000
	4,921,000	5,009,000	4,607,000
Less Non-trading items, etc.	99,000	99,000	(158,000)
Profit available	4,822,000	4,910,000	4,765,000
Dividends payable on:			
Preference Shares Less Income Tax	500,000	500,000	417,000
		4.440.000	4 040 000
Ordinary Shares	4,322,000	4,410,000	4,348,000
Less Income Tax	1,673,000	1,673,000	1,477,000
Income Tax on dividends to be	2,649,000	2,737,000	2,871,000
paid over to Inland Revenue	1,525,000	_	_
Retained profit:	1,124,000	2,737,000	2,871,000
Cover for Ordinary Dividends (excluding non-trading items)	1.4	2.7	2.8
Cover for Ordinary Dividends (excluding tax benefit of investment allowance)	1.2	2.3	2.2

It must be appreciated that the rate of Corporation Tax applicable to the profits earned in the year to June, 1965, has not yet been announced and the rate will not be known until the Budget next April. Provision has been made at the rate of 35%.

With the programme of rationalisation of our cinemas well on the way to completion, there is at present no intention to dispose of capital assets so that the new and wider Capital Gains Tax should have little effect upon us in the short term.

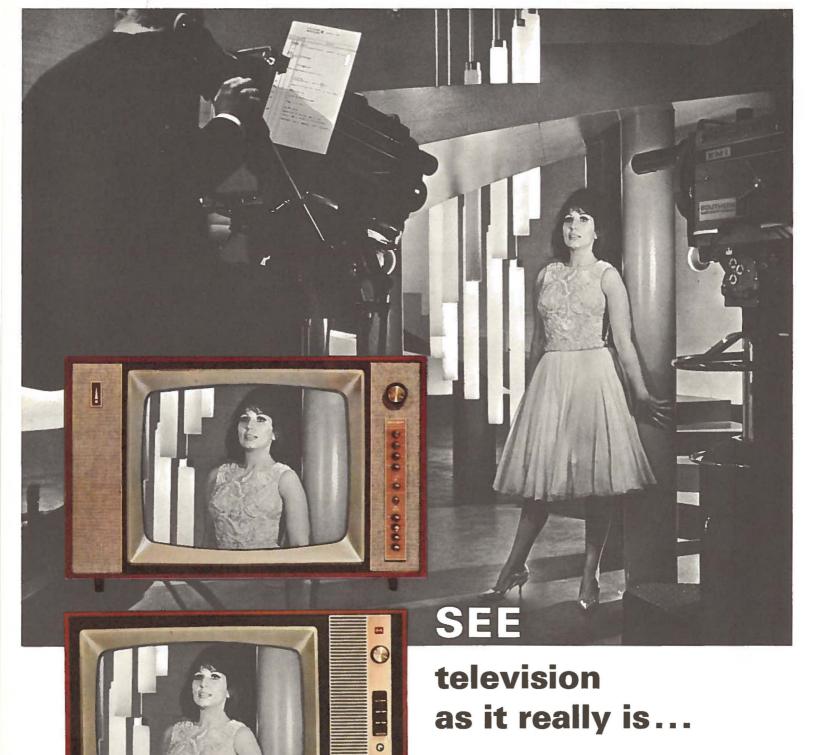
The new taxation provisions relating to entertainment expenses are, in my view, irrational and unsound. The test of allowability for tax purposes of expenditure should surely be whether it was necessarily incurred for the purpose of the trade or business. Entertainment expenses in this Organisation are strictly controlled, but considerable expenditure has to be incurred—often as the result of executives and staff devoting what might otherwise be their leisure time to the Group's interests. To disallow this normal business expenditure places an unjustified tax on industry.

Consolidated Balance Sheet—The Statement below sets out the net assets under their significant headings:—

their signment headings.	1965	1964	1963
	£	£	£
Fixed Assets less Depreciation	96,610,000	76,287,000	60,785,000
Net Current Assets	24,259,000	20,708,000	11,693,000
Trade Investments, etc.	6,473,000	5,551,000	7,367,000
Goodwill, etc.	11,429,000	9,035,000	8,014,000
Taxation provided in respect of			
deferred profit	4,119,000	2,980,000	824,000
	142,890,000	114,561,000	88,683,000
Less Loans and Deferred Liabilities	74,363,000	58,751,000	45,124,000
	68,527,000	55,810,000	43,559,000
Less Outside Shareholders' Interests	16,297,000	9,685,000	10,082,000
NT-4 A (i.e. I.e. Ji.e J:111)	F0 000 000	46 405 000	22 477 000
Net Assets (including goodwill)	52,230,000	46,125,000	33,477,000
Less Preference Share Capital	12,598,000	12,553,000	8,529,000
Equity in the Organisation	£39,632,000	£33,572,000	£24,948,000
Represented by:			
Share Capital	13,565,000	12,864,000	5,753,000
Reserves	26,067,000	20,708,000	19,195,000
	£39,632,000	£33,572,000	£24,948,000

The 8% Second Preference Share Capital shows a small increase as a result of the issue to former Preference Shareholders of The Pullin Group Limited in exchange for their shares. The issue to Pullin Ordinary Shareholders of £437,000 partly accounts for the increase in the "A" Ordinary Share Capital; the remaining shares £264,000 were issued to holders of the $6\frac{3}{4}\%$ Convertible Loan Stock as a result of conversions made last year.

The increase in **Share Premium Account** reflects the issue of shares in the Company in exchange for the whole of the share capital of The Pullin Group Limited and the conversion last year of part of the $6\frac{3}{4}\%$ Convertible Unsecured Loan Stock. Since the activities of the Pullin Group are compatible with those of Rank Precision



There are dozens of different makes of television set. But which one to rent or buy?

If you want to see television at its very best, if you want a set that will *continue* to give you a superb picture for many years to come, there's only one manufacturer that can fulfil the high standards you want—and that's Rank Bush Murphy I

With all the latest refinements (Bush and Murphy are way out in front of the rest) and with the proof of literally millions of satisfied customers, either of these television sets will give you many more years of superb viewing.

See them in action and prove it for yourself.

RENT OR BUY.....

BUSH or Murphy

RANK BUSH MURPHY A Division of The Rank Organisation

Industries Ltd., they have been transferred to that Company at net asset value and the consideration due to The Rank Organisation Ltd. has been left on loan account.

The shares of your Organisation are widely held, including a substantial number overseas. As a result of views expressed to us we secured a listing for our shares on the Amsterdam Stock Exchange with effect from 29th March, 1965.

It is our intention to make applications for listing on other European Exchanges and probably that of Canada later this year.

Personnel: You will have gathered from my Report so far, and will find greater detail under Divisional Operations, that we have had a busy year and like others in industry are faced with many problems created by circumstances beyond our own control. Such conditions throw a heavy load on the members of the executive. I am pleased to say that they, by and large, have faced up well to the problems which have arisen.

It is difficult in a report such as this to express adequate appreciation for the work which is being carried out by our senior and junior executives and employees.

I have always held the view, now more generally accepted, that the strength of a business lies in the strength of a management team who must be prepared to work long hours and to think and plan well ahead. They have done this during the year under review which has enabled us to meet rapidly changing conditions without undue strain. Our employees in all our activities at all levels have worked hard and loyally. I would like to thank them all for their efforts and for their enthusiasm.

Needless to say that in the year through which we have passed, we have been faced with many problems. I most gratefully, again, thank Mr. R. G. Leach of Peat, Marwick, Mitchell & Co., for his ever available help and practical advice. He, as usual, has been a tower of strength.

THE FUTURE

The political events which have taken place since October 1964 and the uncertainty which industry now has to face makes it extremely difficult for any Chairman to forecast the future.

High interest rates and the problems of raising new money when this is needed must operate as a brake on capital developments. Fortunately our programme of expansion was launched in more favourable conditions and is well under way. This does not mean that we intend to go ahead ignoring the general conditions that may be developing but it does present an opportunity of reviewing our expansion programmes and proceeding only with those that show a promise in these new conditions.

I regard the Organisation as being strongly based so as to make the best use of the developments that must occur in our various activities in the next few years.

Unless there is a serious deterioration in the economic position of the country, I see no reason to doubt that we shall produce increased profits next year and in the years ahead. In making this estimate I am encouraged by the improving earnings from our largely unfructified capital expenditure on activities which are designed to attract leisure money, as well as by the splendid progress of Rank Xerox.

My confidence in the successful long term future of the Organisation remains unchanged.

Yours sincerely,

JOHN DAVIS

Chairman and Chief Executive

CHAIRMAN'S REVIEW OF DIVISIONAL OPERATIONS

Once again the year has demonstrated the success of our management structure, whereby our activities are divided into Divisions, handling compatible activities, each under the control of a Managing Director whose duty it is to ensure your Board of efficient running and maximum profitability.

The success of operating by Divisional control, throws a heavy responsibility on the Managing Directors, and for that matter opens up great opportunities for them.

As you will no doubt recall, each Division has its own Management Board, which meets under my Chairmanship once a month to discuss results, problems, and plans for the future.

A further step has now been taken to strengthen this successful structure by constituting each of the Divisional Boards in such a way that certain of the executives are accorded the full status of Directors of their Division. Less senior staff have before them the opportunity to reach, on merit, the important positions now created.

The Divisional Directors, in addition to enjoying the benefit of their Director status in all their business contacts on the Organisation's behalf, have been made even more conscious of the responsibility they bear in the conduct of the affairs of their own Division. The combination of these two advantages should further enhance the already proven value of this type of organisation.

Throughout our activities, we remain sensitive to change and flexible in our approach to the constantly altering pattern of world trade and customer demand.

We take pride in claiming to be "marketing conscious." Every member of our staff is kept continuously aware of the vital role which marketing plays in the achievement of all our business goals.

Marketing begins in our earliest thinking, long before a product or service is designed and continues far beyond the moment of sale to ensure after-sales service, after-sales satisfaction and the likelihood of increased and repeated orders.

We are unceasingly vigilant in maintaining the most up-to-date marketing techniques, realising that a modern business cannot properly discharge its responsibility to the public in terms of service and to shareholders in terms of profits or to staff in terms of progressive and secure employment unless we do so.

It should not be forgotten that within this approach advertising plays an essential and indispensable role. It is the means of communicating with our customers at home and abroad and acts as an international shop window, maintaining desirable competition, constant improvement and fair trading. Advertising is part of the marketing approach, but a part often misunderstood and worthy of a special mention.

We have, during the year, continued to strengthen our marketing operation, not only in this country, but on the Continent of Europe.

Last year, I referred to our intention of appointing marketing executives in the major European countries. Such appointments have been made in France, Italy, Switzerland, and Germany. Following our policy, the posts have been filled by nationals of the countries concerned, men whose considerable business experience and wise local knowledge will reinforce our existing reputation, and provide a permanent liaison between our Divisional subsidiary companies in these territories.

This development should enable us to take advantage of the opportunities which will undoubtedly be there, in the years ahead. The results of these "pilot schemes" will

RIGHT An operator changing a 32-form outliner film in the Xeronic Computer Output Printer. France's leading accident insurance company, Mutuelle Generale Francaise Accidents, is one of the major European companies which have ordered these machines.

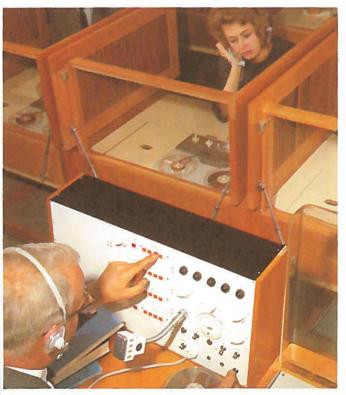
BELOW The famous Aldis Lone Ranger lamp for visual ship-to-ship signalling is among the latest additions to The Rank Organisation's range of communications equipment following the acquisition during the year of the Pullin Group, of which Aldis Bros. was a subsidiary.

LOWER LEFT Lessons with the Rank Language Laboratory are not only more exciting, but more effective for students of all ages. Education authorities overseas as well as in this country are now placing orders for the equipment. This picture shows a 16-position laboratory at the City of Westminster College of Commerce—one of many installed during the year.

LOWER RIGHT A section of the £1 million production unit which has been added to the Rank Mitcheldean Plant in Gloucestershire, for the manufacture of the Rank Xerox 813.









be closely watched, with a view to making similar arrangements in other major markets.

Perhaps it would not be inappropriate to mention that our Central Marketing Organisation is proving a first-class training ground for executives, who later take up senior appointments in the Divisions. There could be no better way of ensuring that our basic marketing philosophy permeates every aspect of the Company's operations. Three members of the staff who originally joined us as marketing executives are now Managing Directors of Divisions.

Personnel Training: The need for training of personnel at all levels is recognised. It is clearly becoming of ever-increasing importance, not only to develop particular skills and aptitudes but to show individuals how their work is related to that of their colleagues.

To meet this need we are materially increasing our training schemes throughout the Organisation. Such schemes necessarily take time to get under way effectively and to produce results.

It is my firm belief that an Organisation such as ours, with many activities closely related to work in the educational fields, should support such work. In conformity with this policy, we have recently endowed a Chair in Hotel Management at the proposed University of Surrey and the University of Strathclyde.

Whilst the courses covered by these Chairs will produce graduate students in fields in which we are vitally involved, we do not seek to be involved in any way in the manner in which the course is compiled.

I am hopeful that in the years ahead we shall be able to endow further Chairs in other fields of our activities.

FILM ACTIVITIES

The industry has continued to be faced with problems. This is in my view inevitable, as it is clear we are living in a period of leisure time revolution, where public taste changes rapidly.

I am pleased to say that there have been indications of greater stability in attendances and the quality of films which have been produced has been higher than for some considerable time.

I have said it before, and must say it again, that the Film Industry has an important part to play in satisfying the public's demand for leisure time entertainment.

It is still my view that the largest segment of the public (this is a mass medium) prefer wholesome entertainment of a type which cannot be provided with the physical limits of the television screen. They wish to enjoy this entertainment in cinemas which offer the highest standards of comfort and decor, and this is what we set out to provide.

The Monopolies Commission is considering certain aspects of the Industry under a reference to it in July, 1964. We are gladly co-operating with the Commission, and are providing them with all the information for which they ask, as we are firmly of the opinion that an impartial investigation of the Industry can be only in the public interest, for its own good, and for the long-term benefit of this Organisation.

Exhibition Domestic: I am happy to be able to report that attendances in our theatres were again stable, showing a drop of only 0.3% in comparable theatres,

RIGHT Divisions of The Rank Organisation benefit from the fundamental research facilities of the Rank Research Laboratory, headed by a leading British physicist, Dr. A. Starr.

BELOW Five years of research and a development expenditure of \$20 million by Xerox Corporation are represented in the Rank Xerox 813, "little brother" of the world-renowned 914. Introducing the machine to the United Kingdom market in October, 1964, Mr. John Davis, Chairman and Chief Executive of The Rank Organisation, said:

"This new product marks a further stage in the xerographic revolution."

Following a series of overseas launches, the 813 is rapidly establishing itself as the world's leading desk-top office copier.





against those of the previous year. But we have again felt the pressure of increases in operating costs, and as a result, were compelled to raise admission prices from January 1965 to help to maintain our standards.

Unfortunately, the Industry as a whole has not done as well as we have.

This stability was undoubtedly assisted by outstanding product which we have shown in our theatres. 'Goldfinger'—which can only be described as 'a must' for a large part of the population; the Beatles in 'A Hard Day's Night'; 'Snow White and the Seven Dwarfs' although a re-issue, an outstanding success because of its popular appeal; 'A Shot in the Dark'; 'Marnie'; 'The Train'; 'Sound of Music'; and 'Mary Poppins'.

We have increased still further the flexibility of our booking operation resulting from additional market surveys which we have carried out. The problems of communicating with a discriminating patronage are increasingly difficult, involving much thought, study and research.

Not only have we developed an increased flexible booking policy, but introduced a 'showcase' system of presenting films at an earlier date, in selected London situations.

We are satisfied that these policies will become of ever increasing importance to enable us to satisfy the widest possible market and return to producers the highest possible film earnings.

I am satisfied that the film industry worldwide, must adopt modern marketing techniques if it is to secure maximum results from the mass cinema market which has many facets.

This trend must be accepted by producers as well as circuit and theatre operators, if we are to satisfy fully the demand which exists.

The number of theatres we operate was reduced by six during the year to 329.

A completely new theatre of 892 seats in the Merrion Centre, Leeds, was opened in August, 1964.

We have completely re-modelled the Gaumont, Leicester, and the Odeon at Nottingham—creating twin theatres and a restaurant of 100 seats with function facilities. The latter cinemas are of the most advanced design, one of them being fully-automated—certainly the first such theatre in Europe, and possibly in the world.

In addition, major modernisation schemes have been effected at the Odeons in Birmingham, Kensington, Blackpool and Eglinton Toll (Glasgow).

In 1966, a rebuilt theatre will be opened at the Elephant and Castle (London), and a new one in the West End—St. Martin's Lane. New developments at Marble Arch and Swansea are under way. We hope to intensify this modernisation programme in the current year.

Our contributions to the British Film Production Fund during the Financial Year amounted to £1,737,802, being 8.28% of our gross box office receipts.

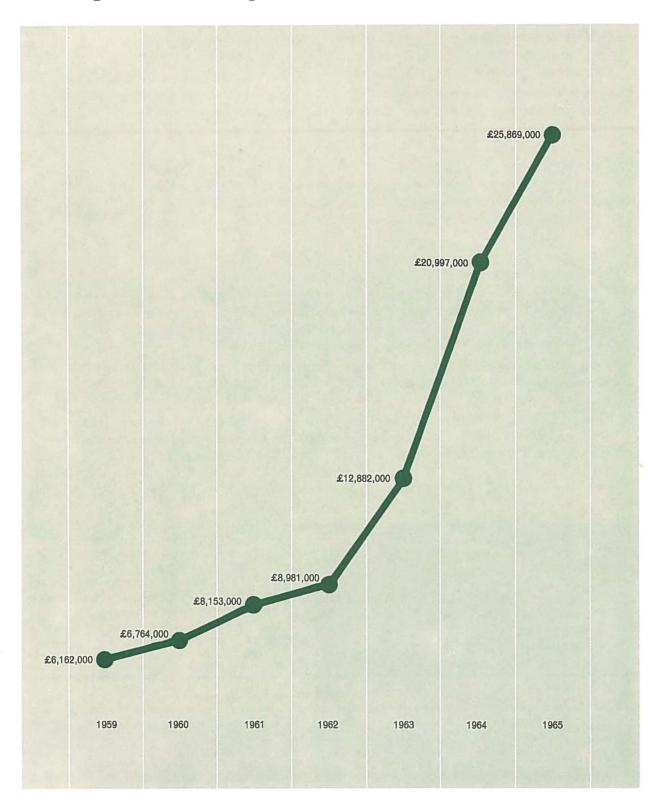
The quota set under the Films Act required us to show British films to the extent of 30% in the case of first-feature and 25% for second-feature films.

In fact, we achieved the highest percentage for many years in the playing of British films, namely 48% for first-feature and 51% for second features.

It is difficult to know at this point of time whether our achievement in the current calendar year of 1965 will be as high as 1964, as we are governed to a considerable extent by the availability of new British production. The indications at the moment

EXPORTS 1959-1965

including overseas earnings



show that, although the number of films being produced is tending to fall, their quality is rising. This is a desirable deployment of the talent and finance available.

Exhibition Overseas: Our interests have made steady progress, and through imaginative management, have done much to combat the full impact of television in their respective territories.

Film Distribution: As was to be predicted, the pattern is constantly changing worldwide. Our management is fully alive to this development and adjust their activities accordingly.

Domestic: The Organisation has continued in a high state of efficiency and enthusiasm.

Mr. H. Boodson, General Sales Manager, retired at the end of June after no less than 53 years of service with this Organisation and its predecessor Companies. The whole industry has shown its appreciation and affection for the work which he has done for the industry.

Constant efforts are being made to reduce distribution costs and to tighten up administration wherever possible.

I am glad to say that the industry has agreed further rationalisation in the physical handling of film despatch and repair. The result is that we are now handling most of the major and many of the smaller companies' film despatch on a co-operative basis, which reduces the cost of this highly expensive operation.

Plans are actively under way for further rationalisation and the merging of administrative operations between a number of other important Companies, including ourselves.

Our 'Universal' distribution arrangements continue on a happy basis, assisted by active contact with their executives, with whom we have the closest and most friendly relationships. They have in recent years materially increased their large-scale pro-



LEFT The daily courier service from Top Rank Film Processing has become a familiar sight in the high streets. Customers can rely on a speedy return of top-quality prints.

BELOW Technicians at the Derby works of the Rolls Royce Aero Division are seen using Rank Taylor Hobson precision measuring instruments to check parts of a high-pressure compressor shaft, a component of the Rolls Royce Conway jet engine.

RIGHT The Top Rank Suite, Watford—one of the many offering first class conference, banqueting and ballroom facilities.



duction programme and are delivering films of high entertainment value, for which we are grateful.

Overseas: These activities have, by and large, held their own under difficult conditions. In fact, remittances received during the year were the third highest in our history. It is encouraging to know that our trade-mark of the 'Man-with-the-Gong' continues to appear regularly on cinema and television screens wherever films are shown.

Unfortunately, in certain territories, owing to extreme nationalistic tendencies, and on occasion because of currency problems, the free importation and exploitation of films is restricted. We ceased direct activity in Burma, Cuba and Indonesia as a result.

It was encouraging to note that in the 8th Annual Report of the Federation of British Film Makers they stated:

'We would like to place on record the considerable benefits brought by the Rank Overseas Division to British films as a whole.'

Film Studios and Production:—We have continued our policy of maintaining our studios and equipment in the highest state of efficiency, installing, when necessary, new techniques, equipment, etc., so that picture-makers, whether working directly for us or as our tenants, are always provided with the best and latest facilities to enable them to carry out their art.

The result has been that during the year, 18 films have been produced in our studios, and the facilities have at times been stretched to the limit.

Included in the 18 films, four major productions of the highest quality and size have been made by our tenants: 'Goldfinger'; 'The Heroes of Telemark'; 'Those Magnificent Men in Their Flying Machines'; and 'Thunderball'.

To see the sets, both interior and exterior, which have had to be built to satisfy the





If you are going to see the Rank Xerox copier demonstrated, it's only fair to warn you that $7\frac{1}{2}$ out of 10 decide to have one

If you are content to plod along with your present system of office copying, for goodness sake stay away from a demonstration of the Rank Xerox* 914, or its smaller-volume counterpart, the 813.

Otherwise, you will be swept off your feet into a new world of dynamic inter-organisational communication, where permanent, mirror-sharp copies, produced bone-dry in seconds on to ordinary paper, raise office copying to the status of a true management tool, and set new standards of efficiency and economy in the vital business of shared information.

Not for nothing do so many executives decide to introduce xerocopying once they have found out just how far ahead Rank Xerox

are in the rationalisation of paperwork—thanks to the unbeatable combination of positive, expert advice, and the unique Rank Xerox copiers.

The advice, by the way, is free. The copiers are simply rented, involving no capital commitment.

Meanwhile our problem is : what to do with that helpless, uncommitted $\frac{1}{2}$.

*Xerox is a registered trade mark of Rank Xerox Limited.

Your business depends on shared information.



RANK XERO

A Division within the Rank Organisation, jointly owned with Xerox Corporation.

Rank Xerox (Rentais) Limited, Ref. XXX, 84-86 Gt. Portland Street, W.1. MUSeum 5010.

For the larger organisation. The Rank Xerox 914. It copies even 3D objects.

For the smaller office. The Rank Xerox 813, a newcomer that sits on a desk-top.



needs of producers, has been most exciting, and shows that we are fortunate in having working for us the best talents available in the craft grades.

This intense demand for our facilities led us to carry out material alterations and extensions, including the creation of two new fully equipped stages, additional office accommodation, new metal engineering workshops, and new garage maintenance facilities.

In addition, work has recently started on the erection of two complete new stages which will embody the most modern facilities in the world, being designed for the dual purpose role of feature production and television film production, also being available for direct live television production which may become of increasing importance in the years ahead.

Inasfar as our own productions are concerned, our policy remains unchanged—to produce films only that, in our belief, combine the creative talents and casting needed to produce an entertainment film at a cost related to the market which is available to British film producers.

I am glad to say that there is an increasing awareness of the part which this Organisation can play in world film-making, and the subsequent exploitation of the productions. The result is that there are increasing possibilities of co-production with other important interests, which I believe will increase the production possibilities of this country and add to the stability of the Industry.

It is being realised to an ever increasing extent that there is a large public for films of high entertainment value. Unfortunately to achieve this frequently means high negative cost so as to provide the ingredients which will enable films to compete on a world basis, as well as for the home market.

It is essential when considering the film content to bear in mind the increasing competition of production in major overseas markets, and in particular that of the United States.

Consequently, our own production emphasis has moved towards 'co-production' where the American partner contributes certain essential ingredients and provides distribution in the United States.

The setting up of such films involves a great deal of executive time over a considerable period. I am convinced that long term this policy will do much to solve our production problems and create films of high entertainment value with their subsequent overseas earnings.

During the year we have concluded arrangements with the National Film Finance Corporation, as a result of which we have established a financial backing scheme in which our participation is £500,000.

The Management of NFFC decides the films which will be made under this scheme by independent producers.

Such films will be distributed world-wide by The Rank Organisation and will use our studio and laboratory facilities.

I was glad to see that the more responsible elements of the Industry welcomed this development as providing further important facilities for independent film production.

Film Processing:—In my Report last year I referred to the possibility of a reduction in the number of films available for release printing, and the possible effect it would have on our activities.

I am glad to say that during the year production for both the cinema and television took an upward turn which helped considerably in maintaining the footage which we process. In addition, an increasing recognition of the quality of our work, particularly in colour, increased the volume of business which we secured from overseas territories.

Our laboratories at Denham and Acton have been maintained in first-class condition. We are always watching to ensure that we keep up to date and install the latest technical developments.

There is little doubt that the decision we made a few years ago to concentrate the processing of television film at the Olympic Plant at Acton was a wise one.

Advertising Films had another good year in selling cinema advertising to both national advertisers, and local retailers.

Demands on the services of media owners by the advertising industry become more exacting in today's competitive conditions.

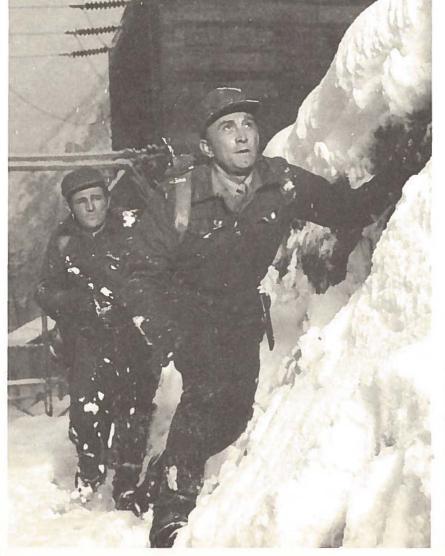
Changes have been made in the structure of the Division to ensure that the importance of this specialised advertising medium is fully appreciated by all potential users. Advertisers are becoming more and more aware of the strength of the cinema in advertising to the vital young-adult market, and in addition, the special advantage of being able to focus their advertising strength in particular areas, as required by their marketing strategy.

The demand for industrial films produced by the Division increases.

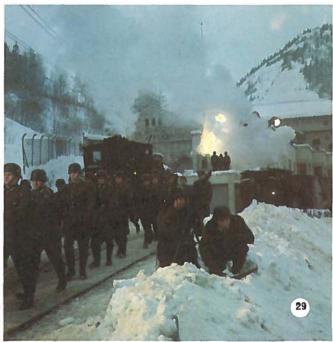
A hexagonal tower is a striking feature of the new Top Rank Motorway Service Area at Forton, Lancs., on the M.6. The Service Area is equipped with Britain's first coin-operated cafeteria serving complete meals. In the Tower Restaurant, travellers can enjoy a personal service of excellent meals, with a fine view over Morecambe Bay.







The exciting story of a small Norwegian resistance group who kept the atom bomb out of Hitler's hands is told in Anthony Mann's "The Heroes of Telemark". Starring Kirk Douglas, Richard Harris, Ulla Jacobsson and Michael Redgrave, this film is distributed by The Rank Organisation.



LEISURE SERVICE ACTIVITIES

Our interests are making steady progress.

Tenpin Bowling:—We were operating at the close of the financial year 24 Bowls, with a further five under consideration to complete our programme.

This new and entertaining sport has appeal for a wide cross-section of the population, but is developing more slowly than we originally anticipated.

In many cases, the Bowling and Ballroom activities are side by side, and to an increasing extent it has become clear that it would be logical to give responsibility for both operations to the same Managing Director. Control of the joint operation has accordingly been given to Mr. J. M. Whittle, who has so successfully developed our Ballroom activities.

Ballrooms continued to make steady progress in spite of the fact that there has been a distinct change in the public's taste in music and dancing.

I indicated a year ago that our concept of 'suites' suitable for any type of function had proved acceptable to the public. It is clear that our concept of incorporating modern decor, furnishings and fittings, coupled with other special features, has been of particular appeal, with the result that the new suites which we opened during the year have been immediately successful, and are adding to our profitability.

Those in their second year of operation achieved even higher levels of turnover and profit, in which catering played an important part.

Currently, six suites and 21 ballrooms are operating. Four additional suites will open in 1965/1966, whilst a further seven are in varying stages of construction, and/or planning.

On the other hand, three of the older ballrooms were transferred to Theatre Division for full-time Bingo.

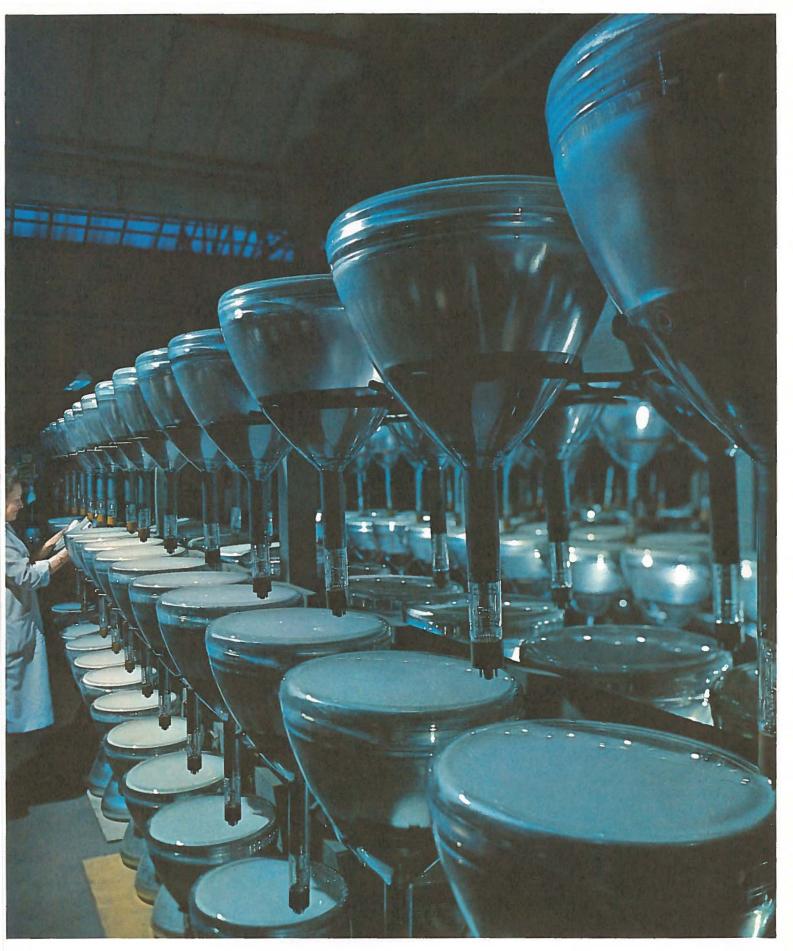
In September 1965 we will be completing Britain's first combined entertainment centre at Southampton, which will cater for dancing, ice-skating, bowling, banqueting, private functions and conferences. This will be followed in October by the progressive opening of a similar centre at Brighton, where the whole operation will be housed in a single building.

Motor Inns and Motorway Services:—The long-term development of this operation is proceeding according to plan and falls basically under three main headings:

- (a) Motorway Service Areas
- (b) Motor Inns and Hotels in this country and in Europe and
- (c) Holiday Inns primarily overseas at attractive locations.

The activities and scope of the Division have increased considerably during the year following a planned five-year development which we are confident, when completed, will make a satisfactory contribution to profits.

Motorway Service Areas are in full operation at Forton and Knutsford on the M.6, and at Farthing Corner on the M.2. The Service Area at Aust on the M.4, which will overlook the magnificent new Severn Bridge is due to open in June 1966, whilst work on Hilton Park on the M.6 will commence shortly and is scheduled to open in the Spring of 1967.



These cathode ray tubes are destined not for television sets, but for some of the most sophisticated applications of modern electronics in science and engineering.

Tubes from the Sidcup factory of Rank Audio Visual play a vital part, for example, in the navigational systems which have brought a new safety factor to travel in the congested air and sea lanes of the world.



overnight to satisfy changing public tastes. Can bricks and mortar keep pace?

One look at the Rank cinemas tells you that they not only reflect the spirit of our own age, but also look forward to exciting developments in the years to come. And at the heart of these forward looking designs and decor, there lies the advanced equipment that can meet all conceivable needs for many years ahead. This is the Rank cinema of the 60's-a cinema designed and equipped to satisfy millions of people-and to keep them satisfied.



ODEON MERRION CENTRE, LEEDS



ODEON LEICESTER - AUDITORIUM



GAUMONT BIRMINGHAM - AUDITORIUM



ODEON PRESTON - FOYER



THE RANK ORGANISATION— THEATRE DIVISION

The volume of business handled at these modern 'coaching houses' is enormous and has a substantial growth potential.

The following Motor Inn units are due to open or have opened on the dates indicated:

Name	City	Number of Beds	Opening Date
Great Danes	Maidstone	172	Open
South County	Dublin	156	Open
Silver Springs	Cork	144	Open
Anglers	Egham	22	Acquired 1964 (for re-building)
Brampton	Brampton (Northamptonshire)	34	July, 1965
Bridgford *	Nottingham	180	May, 1966
	Derby	164	Late 1966
Five Bridges *	Gateshead	200	March, 1966
Merrion *	Leeds	140	January, 1966
Unicorn *	Bristol	282	March, 1966
	* Lease	đ	
The third section	covers Holiday Inns at:		
Sol e Mar	Albufeira (Portugal)	134	Open
Trident	Kinsale (a deep-sea fishing inn i the Republic of Ireland)	80 n	Open
Romazzino	Sardinia	200	August, 1965
Medano	Tenerife (Canary Islands)	136	Open
Coylumbridge (Hotel)	Coylum Bridge (Scotland)	226	November, 1965
Coylumbridge (Hostel)	Coylum Bridge (Scotland)	280	November, 1965

The design of this last unit is, we believe, unique in that it includes not only a hotel but a hostel section which will enable young people to enjoy sporting holidays at low cost in pleasant surroundings.

As part of our programme, other sites have been secured both in the United Kingdom and in Europe. Our plans are progressing satisfactorily, but will, or may be, influenced by the general present economic and political situation.

When the initial plan has been fully developed, we shall have a network of hotels/motor inns (many equipped with conference facilities) across Europe, primarily based on the trunk roads so situated that they will be linked one to the other to facilitate the travelling businessmen and/or tourists.

We shall be, I believe, in the unique position of being the only large operation in Europe (and we include this country when speaking of Europe) able to offer a bathroom or a shower with every bedroom. Our policy is to satisfy a ready demand for good accommodation facilities in the middle price bracket.

Such a development programme throws a great weight of responsibility and effort on the top executive of the Division, which has been materially strengthened during the year to enable it to deal with the load of work as it develops.

It is inevitable during this development period that the Division does not contribute to our overall profits, but we are satisfied that it will make a material contribution in the years ahead.

Perhaps I should mention that 'holiday taking' is still in its infancy in this and many other countries, whilst it is our belief that tourism is even more in its infancy in spite of the large figures currently involved. It is my belief that over the years ahead people will think less and less in the terms of distance between two points, but more and more in the terms of cost and time. I am sure that tourists will be looking ever further afield for their relaxation and to help them to gain further knowledge of the world.

It is therefore strange to me to see, as compared with other countries, how little successive Governments have done to support tourism by way of loans or subsidies to hoteliers to enable them to modernise or build new facilities. Many countries are doing this to an ever increasing extent, and thus securing the material currency benefits which arise from tourism.

Top Rank Home and Leisure Service operates over 170 shops engaged in the retailing and renting of television, radio and home appliances and has made much progress in recent months.

Further expansion is planned. We are well placed to take advantage of the public's current preference for renting their television receivers and have already a substantial number of rental customers and a growing retail business.

In January, 1965, Mr. John Parkin was appointed Managing Director of the Division. Mr. Parkin was formerly in the Central Marketing Department of the Organisation.

The likely ending of Resale Price Maintenance, and the present credit squeeze, pose additional challenges to the Division, but we are confident this Division will be a useful contributor to our profits.

The Relay side has made further progress and new networks are now in operation in Aberdeen and Roberttown in Yorkshire. We are widening the scope of our operations to provide facilities for communal aerial installations, background music, paging and public address systems and closed-circuit television.

We have a 37.5% interest in **Southern Television.** A record profit was made during the year ended October 1964 of approximately £800,000 after taxation. It is doubtful if this level of profitability can be anticipated in the current year when the full effects will be felt of the increased rental charges for facilities provided by the Independent Television Authority, and the new levy based on advertising receipts which came into effect on July 30th, 1964.

Our fellow shareholders and ourselves are determined that the Company's programme output shall not suffer either in quality or quantity.

The allocation for programming has been increased considerably and a number of other measures designed to expand and to invigorate the station's well-regarded creative activities, have been taken.

As a further demonstration of our faith in the future of the Industry, a considerable sum of money has been invested in the purchase of new equipment for the Studios at Southampton and at Dover, and for extensions to these buildings. The result will be greater scope in programming and better accommodation for the staff.

During the year the Company played a major part in two events of unique historical

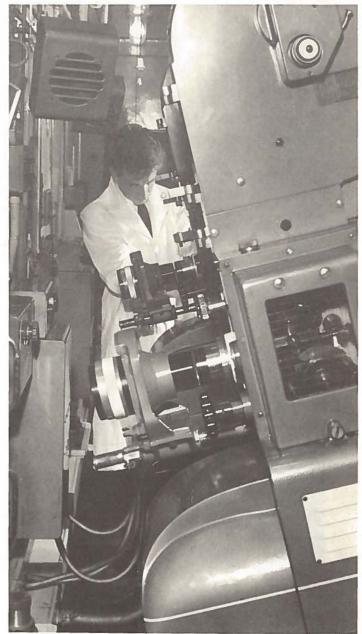


ABOVE Young women are playing a leading role in India's industrial revolution. The nimble fingers of these girls are helping to speed production at the rapidly expanding factories of Rank Bush Murphy's Indian associates, Murphy India Limited and Mulchandani Electrical and Radio Industries Limited.

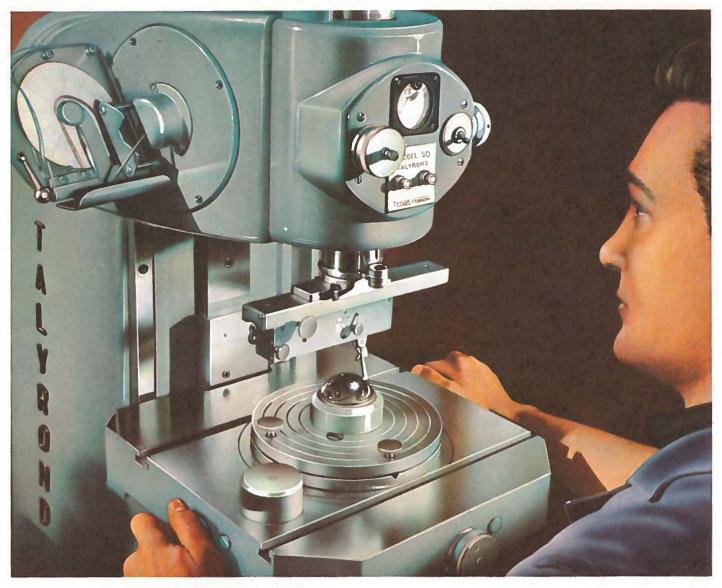
RIGHT The cinema projectionist of today has joined the ranks of the white-coated technicians. Automation has relieved him of many tedious tasks, such as the frequent changing of carbon arcs, and ensured that the audience enjoys the highest standards of film production.

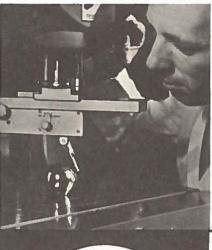
BELOW By the end of 1966, the healthy and relaxing sport of bowling will have become truly national in scope. Every town and city in Britain with a population of 100,000 or more will have its own Bowl.

The 28-lane Doncaster Bowl, seen here, is one of five opened by The Rank Organisation during the year, bringing the Organisation's total to 24.





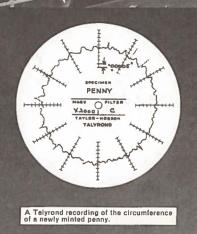




WHEN IS A MILLIONTH OF AN INCH NINE MILES?

By ordinary standards, a millionth of an inch seems pretty small beer. But in the exacting world of science and technology, it takes on a very different meaning. An error of a millionth of an inch could mean a rocket missing the moon by nine miles. The smoothness of tubes carrying blood in heart-lung machines must be measured in millionths of an inch to avoid minute surface irregularities which make blood congeal. Certain bearings in huge jet engines must be round to within millionths of an inch to prevent highly destructive vibration. Talysurf, Talyrond, Talylin, these are the names of three remarkable instruments made by Rank Taylor Hobson to measure surface smoothness, roundness and straightness within such fantastically small limits. They are at the heart of the research and industry that strives to increase our knowledge and achieve better products.





MEASURING IN MILLIONTHS

RANK TAYLOR HOBSON

A Division of The Rank Organisation LEICESTER HOUSE, LEE CIRCLE, LEICESTER.

Telephone: Leicester 23801

importance. The first of these was the coverage of the State Funeral of the late Sir Winston Churchill. The second was the inaugural transmission by the Early Bird satellite.

The Company has been successful in gaining a wider audience for many of its programmes. During the year to June, 1965, over 67 hours of its work were networked through one or more of the 'major' ITV stations, and over 143 hours were screened by other regional stations.

The regional audience has grown steadily since the Company's inception, so that by June last Southern Television programmes can now be received by over a million homes in the area, containing more than three million people. This is an increase of over 500% since the Company commenced transmission in 1958.

Pay Television:—We, in association with Rediffusion Limited, entered into a partnership through 'Choiceview'.

A licence was secured to carry out an experiment in Leicester. After very careful consideration, we mutually agreed not to proceed with this experiment, as we reached the conclusion that so many restrictions had been placed upon it, that it would be difficult to gain knowledge and experience from which future commercial decisions could be taken.

The cost of our participation in this venture over the past few years was less than £200,000, which has been fully provided.

Audio Visual—This Division has, to a considerable extent, changed its character in recent years and today largely factors goods made by other Divisions within the Organisation and from other sources.

It has become during the year the largest distributor of photographic equipment in the United Kingdom. This has been achieved by developing the latest marketing techniques leading to steady, overall expansion of sales, and the acquisition during the year of the photographic equipment business of the former Pullin Optical Company.

The Division's new section, Pullin Photographic, operates in competition with Rank Photographic, both units having their own marketing and sales forces.

Despite an unsettled market, Rank Photographic has had continued success with the range of Bell and Howell 8 mm. cine equipment and Asahi Pentax and Mamiya cameras, to which has now been added the Carl Braun 'Paximat' amateur slide projectors.

The Asahi Pentax 'Spotmatic' 35 mm. single lens reflex camera, which we launched in April of this year, has been particularly well received in the upper price range of the market.

Products marketed by Pullin Photographic extend throughout the photographic equipment price range and include the famous Nikon, Olympus Pen and Konica cameras, Kino Bauer 8 mm. cine equipment, Linhof tripods, Bronica professional cameras and the Akai range of hi-fi and stereo tape recorders.

Both Pullin Photographic and Rank Photographic put emphasis on first-class aftersales service and competitive pricing. They lead the British market with new and interesting products, and we are confident of further increasing our share of the business when the present economic difficulties are sufficiently eased to allow of real development.

In the field of Education we have expanded with considerable success. Last year our

Film Library announced its largest educational programme ever, including 65 new 16 mm. teaching films—all for the first time designated 'Rank Education Films'—57 educational film strips, over 50 8 mm. concept films and audio visual language courses.

There has been a rapid growth in the use of training films by British industry, and this will be increased still further by the provisions of the Industrial Training Act.

The first full year's marketing of The Rank Language Laboratory system has seen 36 installations completed, 14 of them overseas. We anticipate growing use of this new form of instruction.

Bell & Howell 'Filmosound' 16 mm. projectors again enjoyed another satisfactory year. The educational product range was further increased by the successful introduction of the Technicolor 800 series of 8 mm. casette projectors, and Rank Aldis filmstrip and slide projectors.

Sales of auditorium seating, carpeting and floor coverings and draperies all increased. The Contracts Department is adding new agencies to its range, including Farfisa electronic organs for home and professional use.

Rank Studio Equipment introduced the outstanding new 'silent operation' Arriflex 16 mm. camera, and the Gemini 16 mm. television film recording equipment which represents a considerable advance in its field.

Rank Electronic Tubes had markedly increased sales this year and is extending its factory for greater production of all types of special cathode ray tubes and photoelectric cells.

MANUFACTURING AND MARKETING ACTIVITIES

Bush Murphy:—It became clear by the end of 1964 that the climate of opinion in the industry was changing from the optimism which existed at the beginning of that year. Public reaction to BBC 2 had proved apathetic and the stimulus given to consumer demand for television receivers was far below original expectations, with the result that industry stocks were rising. The added complication of U.H.F. has been unhelpful both in the domestic market and in relation to exports.

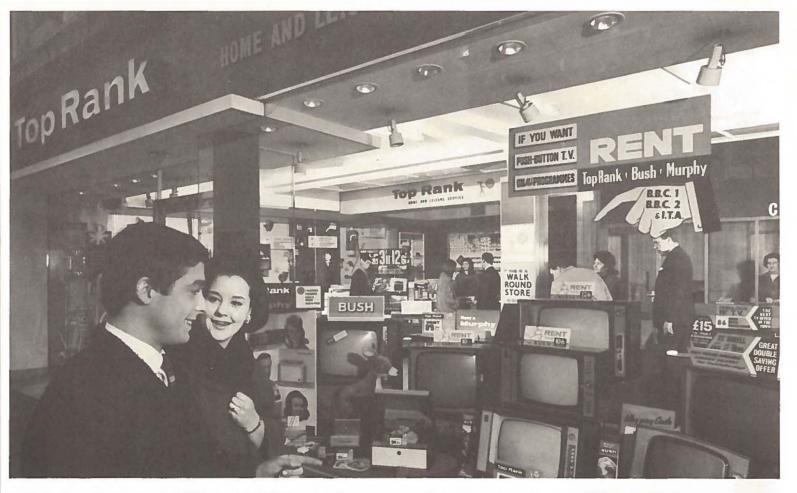
This position was aggravated following the change of Government last October. It was obvious that the new Government did not feel under any obligation to ratify its predecessors' policy in relation to television broadcasting.

It proposed to review the whole field of broadcasting policy, including the question of the introduction of additional television programmes in black-and-white and colour.

Unfortunately the practical effect of this is that the industry's activities are once again in a state of flux as they were during the period covered by the deliberations of the Pilkington Committee.

This major situation coupled with financial stringency, possible deflation, the unknown effect of the Resale Prices Act, the continued growth in the import of radio receivers from low-cost countries, added up to a period of uncertainty in the minds of the public and created a cautious mood within the industry.

Unhappily, management of the Division failed to appreciate that among the changes which were being experienced by the trade generally, rapid growth in the rental section of the market had materially reduced the value of the retail sector on which the Division had traditionally concentrated.







TOP With the granting of relay franchises in the Royal Boroughs of Windsor and Aberdeen, Top Rank Home and Leisure Service now provides interference-free sound and vision in 35 towns and cities. Seen here is the Division's shop and showroom at Kingston-upon-Thames, Surrey, which is one of nearly 200 throughout the country offering the finest selection of television sets, radios and domestic appliances for rental or sale.

LEFT No need to bother with blinds when a daylight screen and projector are being used in the classroom or lecture hall. Here, a Sister Tutor at a Birmingham training hospital is operating an Aldis projector to illustrate a lecture on anatomy.

RIGHT Not a model spacecraft, but a giant screw and screwdriver for use in a television commercial produced by Advertising Films Division.

Fortunately, we were not over-stocked. But the effect, which I reported in the Interim Statement published in March this year, was severe and a great disappointment.

In the financial year 1964, the Division's trading profit before taxation was £931,000, as compared with a loss in the current financial year of £605,000. Drastic changes in the management have been made and the situation is again under control.

A complete appraisal of our factory facilities, and rationalisation of certain procedures, will lead to an important reduction in production costs. Such extensive rationalisation has, however, cost us a considerable sum during the year. But some time will elapse before the Division can recover to the point where it will make its full contribution to Group profits.

The products of the Division are held in high regard by both the trade and the public. The new range which has recently been introduced, has been well received.

Mr. C. C. Moore, who has been Assistant Managing Director of Bush for many years, although due for retirement, agreed to take charge as Chief Executive during this critical period and we are much indebted to him for his very considerable efforts.

In July this year, Mr. J. P. Collis, who has been so successful in developing the activities of the Audio Visual Division, was appointed Managing Director designate.

I mentioned a year ago that comparative tests were taking place between the three **colour** systems which are available.

A meeting of the European television interests took place in Vienna earlier this year. Unfortunately, no agreement was reached on the adoption of a common European system.

The present Postmaster General has so far not announced a decision as to which system should be adopted in this country. It seems likely as a result that the public will not have the opportunity of seeing the added appeal which colour gives to television entertainment for some time ahead.

Whatever decision is taken, we are in a position to go into active production and marketing of the product.

On the other hand, our **Overseas Manufacturing Investments** have continued to make steady progress.

During the year, some of my colleagues and I visited India, so that we would have an opportunity of meeting with our two Indian partners on the spot, Mr. R. L. Mulchandani and Mr. D. D. Lakhanpal.

At the same time I had the pleasure of opening the new factory of Mulchandani Electrical and Radio Industries Limited, at Thana.

Our investments in Mulchandani Electrical and Radio Industries Limited, ably led by Mr. R. L. Mulchandani, and in Murphy India Limited, ably led by Mr. D. D. Lakhanpal, are developing on sound lines. We are delighted that, backed with our help, advice and research facilities, these Indian interests run essentially by Indian management, are expanding well, and are helping to employ many thousands of Indian people.

It is perhaps unfortunate that the Indian Government does not seem to realise that there is a considerable desire for overseas interests to extend their activities in India, if they were permitted to maintain their ratio of equity interest in an expanding business. It appears to me that India can never progress economically at the speed which the population needs, without massive support from foreign capital.

Our interest in Bush (Ireland) Ltd., a Company run by nationals of that country, has

still further improved its position in the market, despite intensive price competition.

Rank Cintel:—The activities of this Division had been under close review for considerable time as it had not been a profitable operation in recent years.

After careful examination we came to the conclusion that it could not be made profitable owing to its lack of size. Consequently, we transferred part of its activities which were compatible with products to other Divisions and the balance mainly in the Avionics Section we sold to Elliott Brothers (London) Limited.

The decision was obviously a right one, but the explanation in my view is interesting, namely that in the highly specialised conditions under which industry works today it is necessary to be of substantial size if viable results are to be produced, coupled with an adequate research and development programme.

Rank Taylor Hobson:—The year has been an active one of expansion, acquisition, consolidation and re-equipment, embodying into its activities the Aldis Bros. lens and projector factory at Birmingham, the Pullin measuring instrument factory at Acton and the major Pullin factory at Brentford.

Much work has been necessary in carrying out effective re-organisation involving the introduction of modern systems of management and control which we believe will lead, in the future, to increased efficiency and lower costs.

Overseas, we acquired a major interest in the Albion Optical Company of Los Angeles, a lens marketing operation, and the Albion Optical Company of Canada, now re-named Rank Taylor Hobson (Canada) Limited. A marketing subsidiary was formed in July, 1964 in Italy. It is hoped in the coming year other subsidiaries will be formed.

The Division's lens exports continue to represent more than half of the national lens exports.

The Division comprises seven factories, four overseas companies and employs some 3,500 people. Its work primarily is the manufacture of high quality lenses, measuring instruments, specialist machine tools, servo components and systems and recording meters.

We know that the best field for developing sales of these products, which are highly technical, lies overseas, and in the ability of these companies to do a first-class marketing job in their territories. Such activities are expensive and can only be justified, or perhaps better put, 'carried' by a large operation.

The expansion which has taken place within this Division during the past year provides a firm basis for expansion in sales which will justify our heavy expenditure on research and development.

As a result of all our efforts we have achieved a substantial increase in production, some 35% on lenses and 20% on measuring instruments.

On the other hand, the order intake of lenses and instruments during the year increased by 54%, creating an all-time record, whilst the proportion of overseas orders increased by 65%.

Some 65% of all lenses and measuring instruments are sold overseas.

The Varotal 5 10-1 television zoom lens continues to be a leader in world markets and represents the highest achievement in the eyes of broadcast users. The recently introduced fully-servoed version of this lens and its derivatives were received enthusiastically at the recent N.A.B. Exhibition in Washington.

We are intensifying the rate of expansion of research and development, but we can



A most exciting market place for advertisers

The cinema is that market...and the most effective way to reach it is through the door of 11 Hill Street to the Rank Advertising Films Division.

Behind this door we offer a completely comprehensive service to advertisers - from the creation of a National or Local cinema campaign to the production of TV commercials or short films in colour. That often misused word 'unique' aptly describes the work of the Rank Advertising Films Division. We have great confidence in the continued growth of the cinema as an advertising medium. Better and better feature films are reaching the screen. more and more money is being spent on modernisation; this background makes the cinema a most exciting market place for advertisers.

Food for thought about



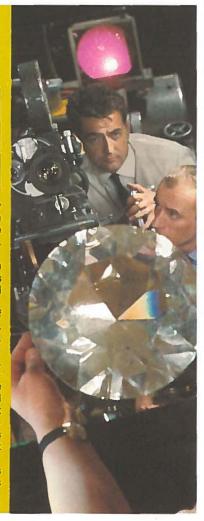
- 1 Two-thirds of the 375 million yearly cinema audience are young adults who go to the cinema once a fortnight on average.
- 2 They include all socio-economic walks of life; they have a high purchasing power; they are in the market for a very wide range of goods and services.
- 3 The cinema screen is your product's first class ticket to these Young Adult buyers. Virtually all will see your advertising film. No other medium can make this promise.



and about



- 1 Our media unit consists of many specialists who, in conjunction with your Agency, plan and execute cinema advertising campaigns, nationally or locally
- 2 We also furnish expert advice on Dealer Films, giving local stockists the power and prestige of national advertising.
- 3 Our production unit consists of many specialised groups-cartoon, graphics, opticals, live action, model animation and photoanimation-all under the same roof.
- 4 This means that if your film requires more than one technique (and many do), the skills involved are married creatively and not mechanically, because the specialists involved work together. This also ensures immediate contact with those making your film.
- 5 Our Short Films Group makes documentary and sponsored films over a wide range of subjects.





The complete service for advertising films

THE RANK ORGANISATION · ADVERTISING FILMS DIVISION

11 Hill Street, London, W.1. Telephone Grosvenor 6353

never overlook the severe limitation factor of the shortage of people with appropriate skills and techniques.

RANK XEROX

The tremendous growth of Rank Xerox Limited has continued in all aspects of its activities, including profitability.

A year ago, I reported that 15,470—914s had been placed to June, 1964. This figure has now increased to 25,690 and in addition 5,103—813 installations have been made, so that in all, at the end of the financial year, 30,793 installations had been made, against my prediction of 30,000.

Some 70% of these installations are in countries overseas. A similar proportion of our total revenue is earned in these markets.

During the year we established further subsidiary companies in South Africa, Hong Kong, Finland and Portugal. We now have our own operations in 16 overseas countries. All these activities have progressed well during the year. A large proportion of them have more than doubled their revenue, as compared with the previous year.

The most significant development during the year has been the successful introduction of the new smaller copier, the 813. This involved an immense amount of detailed international planning and staff training.

It was launched in the United Kingdom in the Autumn of 1964 and received an enthusiastic reception.

In the main European companies, it was introduced in the Spring of this year, again being received enthusiastically. The remaining overseas subsidiaries will be handling the 813 by this Autumn.

The introduction of this machine has taken us into a wider and more competitive area of the market. I am glad to say that we have found that the main effect of competitive activity has been to increase the general interest shown in modern copying methods. The result—we are increasing our market share in a market which is itself expanding.

We have established ourselves as leaders in this field, and are confident that our position will not only be maintained, but strengthened. The words 'xerography', 'Xerox', 'Rank Xerox', and 'xerocopy' are now well known to the businessman throughout the world.

We realised some years ago that to achieve this position it was necessary for us to have the best possible equipped sales and service forces in all territories. We believe that we have largely achieved our objective, and over the years have built up a vast store of knowledge of all aspects of the copying business. This enables us not only to improve our own operation, but to give the fullest possible assistance to all our customers.

To achieve our objectives, coupled with the vast rate of expansion, it has been necessary during the year to make big increases, yet again, in staff and physical facilities involving an increase in personnel during the year (exclusive of those engaged on machine manufacture) of over 33%—more than half being employed overseas.

During the last five years, our staff has increased five-fold. This rapid growth has necessitated the expansion of our considerable staff training and management development facilities, which we regard as one of the most important aspects of the Company's development, and the basis for future expansion.

The year has been a busy one in the acquisition of properties in Paris, Milan, Brussels, Madrid, Zurich, Helsinki, Stockholm and in 41 other situations the expansion of our business has made it necessary for us to provide much larger premises and/or additional ones.

In Paris, our subsidiary recently moved into new headquarter offices. A new centre is being built at Aulnay-sous-Bois to provide a French national warehouse distribution, service centre, and training school.

In Italy, our subsidiary moved into its new million pound headquarter building in the Andrea Costa, Milan, in June.

In Brussels, a new building and training school has been built in the Rue Belliard.

In Madrid, a new combined headquarter distribution centre, service centre, and training school is being built.

We have over 100 branch offices in our territory.

Copyflo and Standard Xerox:—Copyflo machines continue to make good progress in a wide variety of applications. For example, Sud Aviation is reproducing engineering drawings for the Concord project by the use of four machines, whilst on the other hand, the British Aircraft Corporation were users of these machines, so that it is now possible for the two companies to exchange engineering information both ways across the channel, on microfilm and printed by xerography.

We mounted a successful exhibition in Moscow last year and received further large orders for Copyflo machines and for Standard Xerox master-making equipment.

Manufacturing:—The year has seen yet a further material expansion of the production facilities at Mitcheldean. Our factory is now wholly devoted to the production of Rank Xerox copiers.

The output of 914s has been running at a consistently high level throughout the year. The 813 came into production early last Autumn. Production is now steadily increasing to cater for the evergrowing demand. The net effect has been that the Plant has increased its output by over 50% during the year.

In September 1964, work started on an adjoining site of approximately $21\frac{1}{2}$ acres. By the early summer of 1966, a further production building of 100,000 square feet and a service building of 10,000 square feet will be ready for occupation. The production building will be used for the manufacture of the Rank Xerox model 2400 copier on which engineering work has been going on for many months at an ever increasing pace.

At Elstree, it has been necessary to expand our facilities to meet the demands for consumable items, such as plates, drums and powders.

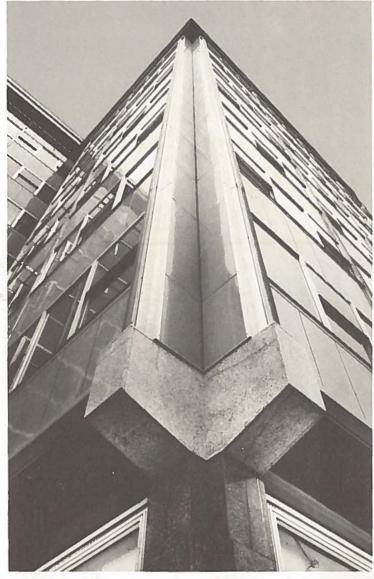
Work on completion of the new consumables Plant at Venray in Holland, is up to schedule. The Plant will come into operation at the end of this year, and will supply consumable products to our consumers within the European Common Market.

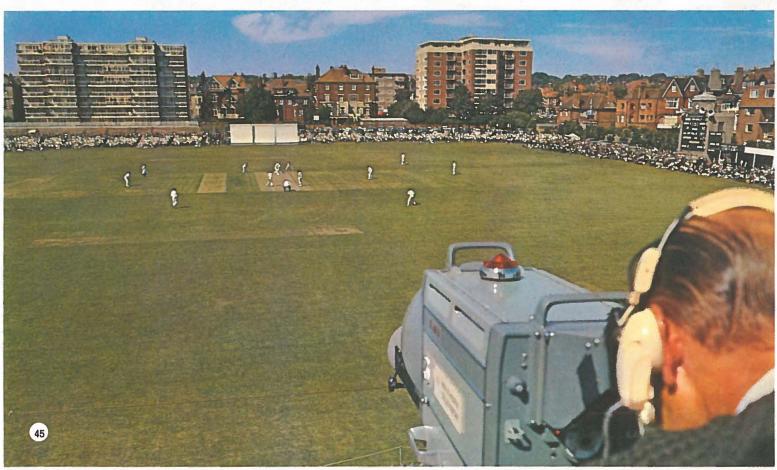
RIGHT A striking view of the Milan headquarters of Rank Xerox, Italy, opened in June this year. The 9-storey building has a total floor space of 87,180 sq. ft., including a 1,615 sq. ft. showroom and offices for the Italian representatives of the Rank Taylor Hobson Division.

LEFT To design and install this fine new lecture and demonstration theatre at Port Sunlight, Rank Audio Visual Division co-operated with the Civil Engineer's Department of Unilever Merseyside Limited. A revolving stage and a portable control console are among the many modern features.

BELOW Australia v Sussex – one of the high-lights of the cricket season, covered by a Southern Television Outside Broadcast Unit at Hove, and networked to other parts of the country. A Rank Taylor Hobson Varotal lens on the camera brought viewers superb close-up action pictures of this exciting match.







This family will never pay a television repair bill*

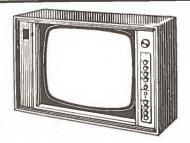


*It's not that they're dishonest. They can refuse to pay repair bills and still stay on the right side of the law. They rent a set from Top Rank Home and Leisure Service.

All repairs and replacements are free.
Immediate service if anything goes wrong.
Three-channel viewing, push-button tuning and the most advanced design-features available today—or tomorrow!



- Famous name sets to choose from
- Every model selected for outstanding design and reliability
- Free home demonstration
- Free indoor aerial (where suitable)
- Service within 24 hours by skilled engineers
- And no repair bills ever



TOP RANK 19" TV Weekly Rental (Reducing) 8/9 deposit £10.17.6d. With the rapid growth of the size of the business, we are increasingly able to make use of varied and up-to-date techniques for increased efficiency and improved services to our customers.

For example, all spares are now prepacked within the factory, using the most modern automatic skin packaging equipment. This skin packaging protects the spares against atmospheric conditions during the transit and storage, minimising the amount of handling needed when the goods are dealt with in our subsidiary company's warehouse.

New Developments:—Under our arrangements with the Xerox Corporation, we benefit from their vast research and development programme. Evidence of the stress which they lay upon this aspect of their business was the opening of a new three-storey 100,000 square feet research laboratory, at Webster, at the end of 1964. Their research and engineering staff total 1,200 people, with an annual expenditure in the region of £10 million.

As many people already know, Xerox has announced the latest major product developed in their laboratory, the 2400.

The 2400 is the first reproduction system designed to eliminate the arbitrary division which hitherto existed between copying and short-run duplicating. It is, I believe, an outstanding technical development which will be of major value to commercial and industrial undertakings. This machine will be manufactured at Mitcheldean for our territories. We anticipate that deliveries will start late in 1966.

Patents:—Our patent position has been closely protected, in close co-operation with the Xerox Corporation. Two hundred and forty-five new patent applications were filed during the year, with the result that by the end of the year, Rank Xerox owned some 500 patents, with a large number of outstanding importance, and spread across some 30 countries.

Fuji-Xerox:—A manufacturing and marketing company which we own jointly with the Fuji Photo Company in Japan, has made progress during the year to March 1965, in that it more than doubled its revenue and increased the number of 914 installations to 2,300, showing for the first time a trading profit.

The Company now employs some 700 people, exclusive of those engaged in manufacturing. There are indications that it will expand on similar lines to our operations in other countries.

You will have gathered from what I have already said that the enthusiasm which I and my colleagues have for this joint venture with the Xerox Corporation, depicts a success story which can be best summarised in figures.

Period Ended June	Sales/Rental Income	Profits after Interest but before Taxation
	£	£
1965	26,933,000	6,965,000
1964	14,971,000	2,760,000
1963	6,464,000	907,000
1962	2,599,000	(46,000)
1961	1,130,000	30,000

RANK XEROX LIMITED

Consolidated Balance Sheet—The Statement below sets out the net assets under their significant headings:—

	1965	1964	1963
	£	£	£
Fixed Assets (including rental equipment) less Depreciation	30,332,000	18,338,000	7,013,000
Net Current Assets	8,403,000	4,874,000	2,028,000
Trade Investments, etc.	397,000	198,000	99,000
Goodwill, etc.	248,000	320,000	254,000
Taxation provided in respect of deferred profit	4,118,000	2,980,000	824,000
	43,498,000	26,710,000	10,218,000
Less Loans and Deferred Liabilities	20,993,000	15,436,000	6,058,500
	22,505,000	11,274,000	4,159,500
Less Outside Shareholders' Interests	87,000	31,000	9,000
Net Capital in Rank Xerox Limited	£22,418,000	£11,243,000	£4,150,500
Represented by:			
Share Capital	14,410,000	6,800,000	2,938,000
Shareholders' Loans	3,000,000	3,000,000	937,500
Reserves	5,008,000	1,443,000	275,000
	£22,418,000	£11,243,000	£4,150,500

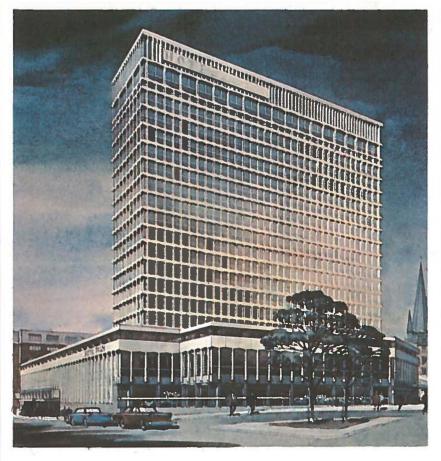
In spite of the great increase in profits each year, you will appreciate that to expand a business at this speed creates heavy demands for capital. Considerable bank credits have been arranged, but the more permanent capital for buildings, plant, equipment, stores, etc., must be provided by the shareholders.

It may be helpful if I remind you of the basis upon which the shareholders provide additional finance, namely 50% through the 'A' and 'B' shares and 50% through the 'C' and 'D' shares.

The profits are split equally between the 'A' and 'B' share capital up to a sum equal to half of the combined 'A' and 'B' capital called the Datum Line which stood at £4,377,500 at June last. The balance is then allocated two-thirds to Xerox—the 'C' shares, and one-third to Rank—the 'D' shares.

The position of the Issued Share Capital at the 26th June, 1965, was:-

Shares	'A'	'В'	,C,	,D,
Rank Organisation including Rank Precision Industries Limited		4,377,500		1,885,100
Xerox Corporation	4,377,500		3,770,200	



Holidaymakers and other travellers can now enjoy Top Rank service at a growing number of hotels and motor inns in the United Kingdom and abroad. Their locations range from the secluded beauties of Tenerife to the magnificent Central London site of the projected 19-storey, 405-bedroom hotel at Lancaster Gate, overlooking Hyde Park.

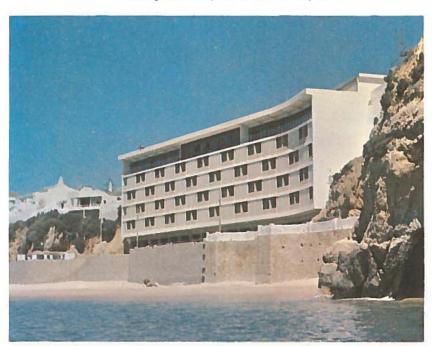
ABOVE Artist's impression of the projected hotel at Lancaster Gate, due to open in 1967.

TOP RIGHT The luxurious heated swimming pool in the new wing at the Great Danes Hotel, Maidstone.

RIGHT The Hotel Medano, Tenerife, Canary Islands.

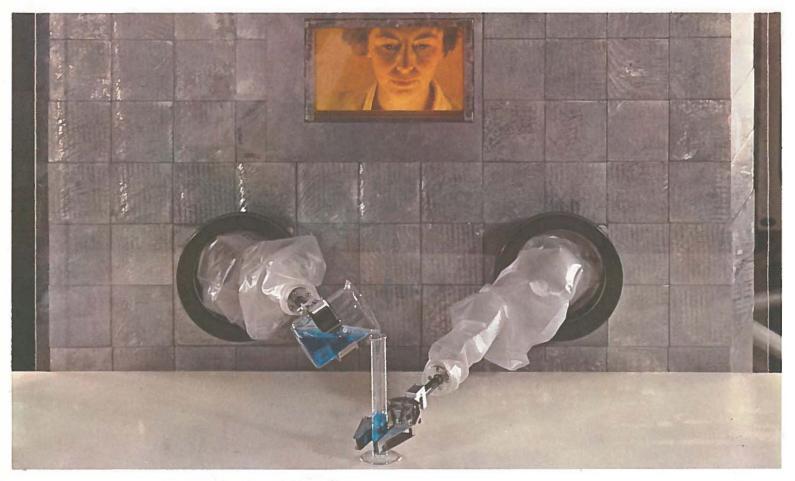
BELOW Hotel Sol e Mar, Albufeira, Portugal.

BOTTOM RIGHT Artist's impression of the Coylumbridge Hotel, Aviemore—a fine centre for ski-ing and walking in the Cairngorms. It opens in November, 1965.



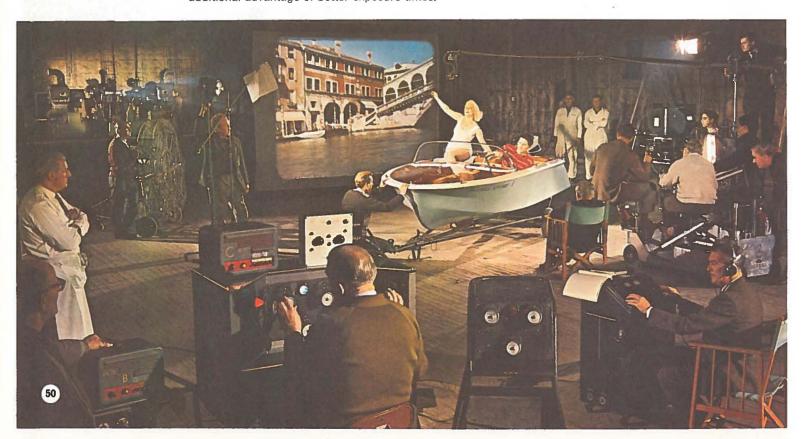






ABOVE The effective use of radio-active substances would raise serious problems in modern industry but for remote handling equipment such as this, marketed by Bush Murphy and exported to many parts of the world. The Division also manufactures and markets a range of nuclear reactor control instruments and items for radiation measurement.

BELOW An important advance in production techniques has been achieved at Pinewood Studios with the installation of a new system of rear projection – the only one of its kind outside Hollywood. Known as the triple-head rear projection unit with Vistavision Gates, it sets new standards in picture definition and has the additional advantage of better exposure times.



In spite of the material increase in profits, we restricted our dividend distribution to a sum not much more than we paid a year ago, partly having regard to the provisions of the Finance Act of 1965 and partly to the cash requirements of the expanding business.

I am confident that this activity will continue to grow at a very fast rate and subject to unforeseen political or economic developments I anticipate that a further 7,500 914s and 17,500—813s, in all 25,000 machines, will be installed in the current financial year.

I referred a year ago to the ingredients that make up a successful partnership, namely mutual understanding and respect. I am glad to say that during the year, the close and cordial relationship which we have with our friends, Mr. Joseph C. Wilson, and Mr. Sol Linowitz of the Xerox Corporation, has continued. What is more important, there has been an increasing interchange of personnel at all levels between Rochester and England, which has led to this respect and understanding increasing in depth.

To me, personally, this relationship is one of the most rewarding, and here I am not referring to financial rewards but to the equally important ones of personal regard and affection.

Ten Year Financial Review

	1965	1964	1963	1962
Profits				
Profit before interest payable and taxation	£15,191	£11,326	£8,370	£6,617
Interest Payable	3,806	2,354	2,062	1,647
Profit before Taxation	11,385	8,972	6,308	4,970
Taxation based thereon	3,798	3,194	2,751	2,614
Profit after Taxation	7,587	5,778	3,557	2,356
Outside Shareholders of Subsidiaries	2,578	1,171	618	450
	5,009	4,607	2,939	1,906
Non-Trading and Extraneous Items	(99)	158	3	91
	£4,910	£4,765	£2,942	£1,997
Appropriation				
Net Dividends of Parent Company				
Preference	£500	£417	£327	£218
Ordinary	1,673	1,477	969	795
Additions to Reserves, etc.	2,737	2,871	1,646	984
	£4,910	£4,765	£2,942	£1,997
Capital Employed				
Ordinary Share Capital and Reserves	£39,632	£33,572	£24,948	£21,012
Preference Share Capital	12,598	12,553	8,529	8,529
Future Taxation	4,103	6,045	4,471	3,831
Outside Shareholders of Subsidiaries	16,297	9,685	10,082	8,909
Loan Capital	41,469	29,192	23,307	23,776
Short Term Advances	23,088	17,910	8,203	3,202
Bank Loans and Overdrafts	5,703	5,604	9,143	4,510
	£142,890	£114,561	£88,683	£73,769
Represented by:				
Fixed Assets	£96,610	£76,287	£60,785	£48,919
Goodwill	11,429	9,035	8,014	5,566
Subsidiary not consolidated		<u> </u>	-	4,800
Investments	6,473	5,551	7,367	6,290
Net Current Assets	24,259	20,708	11,693	8,194
Taxation on unrealised inter Group Profits	4,119	2,980	824	
	£142,890	£114,561	£88,683	£73,769

£ figures in thousands

1961	1960	1959	1958	1957	1956
£6,451	£5,122	£4,088	£2,993	£5,821	£6,375
1,369	1,119	1,103	1,212	913	839
5,082	4,003	2,985	1,781	4,908	5,536
2,732	1,962	1,788	1,558	3,135	3,433
2,350	2,041	1,197	223	1,773	2,103
1,048	1,322	1,027	467	1,035	1,241
1,302	719	170	(244)	738	862
(138)	25	182	440	630	373
£1,164	£744	£352	£196	£1,368	£1,235
£101	£101	£98	£95	£95	£95
441	230	154	64	159	136
622	413	100	37	1,114	1,004
£1,164	£744	£352	£196	£1,368	£1,235
£13,119	£9,792	£9,438	£9,140	£9,107	£7,672
2,750	2,750	2,750	2,750	2,750	2,750
3,640	2,851	2,425	2,946	4,021	4,694
17,378	21,657	21,197	20,069	19,964	20,741
18,454	15,826	15,758	16,274	16,969	14,966
2,977	_	_			_
6,880	6,060	6,742	7,165	5,440	4,049
£65,198	£58,936	£58,310	£58,344	£58,251	£54,872
£45,248	£44,144	£44,477	£46,168	£47,379	£44,243
5,061	1,528	1,332	1,359	1,374	2,098
_			_	_	_
6,214	5,888	6,031	4,939	4,373	3,934
8,675	7,376	6,470	5,878	5,125	4,597
	_	_	parelli.	_	_
£65,198	£58,936	£58,310	£58,344	£58,251	£54,872

Analysis of Sales and Profits

Sales		196	5	1964	4	196	3	196	2	196	1
British Isles	Sales	£	%	£	%	£	%	£	%	£	%
Overseas (mainly Canada)	Exhibition:										
Film Production and Distribution	British Isles	28,713	22.6	28,654	26.9	26,161	29.4	27,133	<i>37</i> · <i>5</i>	28,226	38.4
Film Studios and Laboratories	Overseas (mainly Canada)	5,106	4.0	4,753	4.5	3,785	4.3	3,239	4.4	3,601	4.9
Manufacturing	Film Production and Distribution	10,622	8.4	10,639	10.0	9,463	10.6	9,124	12.6	10,115	13.8
Rank Xerox 26,933 21-2 14,971 14-0 6,464 7-2 2,599 3-6 1,130 1-6 6 Rank Audio Visual—Wholesale 6,821 5-4 5,638 5-3 2,540 2-9 1,756 2-4 1,707 2-4 1 2-4 1,707 2-4 1 2-4 1,707 2-4 1 2-4 1,707 2-4 1 2-4 1,707 2-4 1,707 2-4 1 2-4 1,707 2-4	Film Studios and Laboratories	4,070	3.2	3,713	3.4	4,058	4.6	3,979	5·5	3,822	5.2
Rank Audio Visual—Wholesale 6,821 5-4 5,638 5-3 2,540 2-9 1,756 2-4 1,707 2-4 Tenpin Bowling, Dancing, Dance Clubs and Bingo 7,181 5-6 6,185 5-8 4,493 5-0 2,675 3-6 1,502 2-0 Motor Inns and Motorway Services 4,638 3-6 1,451 1-3 351 0-3 7-6 0-1 4 — Home and Leisure Services 7,206 5-7 6,565 6-2 4,233 4-8 2,513 3-5 1,836 2-5 Sundries including Advertising Films 1,834 1-4 1,678 1-6 2,043 2-3 2,847 4-0 3,607 4-9 127,147 100-0 106,583 100-0 89,012 100-0 72,439 100-0 73,428 100-0 Profits Exhibition: 871 1-	Manufacturing	24,023	18.9	22,336	21.0	25,421	28.6	16,498	22.8	17,878	24.3
Tempin Bowling, Dancier Clubs and Bingo 7,181 5-6 6,185 5-8 4,493 5-0 2,675 3-6 1,502 2-0	Rank Xerox	26,933	21.2	14,971	14.0	6,464	7.2	2,599	3.6	1,130	1.6
Clubs and Bingo 1,181 5-6 6,185 5-8 4,493 5-0 2,675 3-6 1,502 2-0 Motor Inns and Motorway Services 7,206 5-7 6,565 6-2 4,233 4-8 2,513 3-5 1,836 2-5 Sundries including Advertising Films 1,834 1-4 1,678 1-6 2,043 2-3 2,847 4-0 3,607 4-9 Profits Exhibition: British Isles 0verseas (mainly Canada) 330 2-1 383 3-4 266 3-2 114 1-7 6-9 1-1 Film Production and Distribution 174 1-1 449 4-0 396 4-7 181 2-7 513 7-9 Film Studios and Laboratories 530 3-5 508 4-5 593 7-1 574 8-6 495 7-6 Rank Audio Visual—Wholesale 1-1 1-1 210 1-8 115 1-3 7-9 1-7 7-6 1-2 Tenpin Bowling, Dancing, Dance Clubs and Bingo 817 5-4 988 8-7 7-33 8-8 632 9-6 373 5-8 Motor Inns and Motorway Services (98) (0-6) (147) (1-2) (1-2) (1-2) (1-2) (1-2) (1-2) (1-2) Dividends and Interest Receivable (see below) Dividends and Laboratories 15 9 6 5 4 Film Studios and Laboratories 15 9 6 5 4 Rank Xerox 29 10 6 -	Rank Audio Visual—Wholesale	6,821	5.4	5,638	<i>5</i> ·3	2,540	2.9	1,756	2.4	1,707	2.4
Motor Inns and Motorway Services		7,181	5.6	6,185	5.8	4,493	5.0	2,675	3.6	1,502	2.0
Home and Leisure Services 7,206 5.7 6,565 6.2 4,233 4.8 2,513 3.5 1,836 2.5 Sundries including Advertising Films 1,834 1.4 1,678 1.6 2,043 2.3 2,847 4.0 3,607 4.9 Profits	Motor Inns and Motorway Services		3.6		1.3		0.3		0.1		_
1,834 1-4 1,678 1-6 2,043 2-3 2,847 4-0 3,607 4-9 127,147 100-0 106,583 100-0 89,012 100-0 72,439 100-0 73,428 100-0 Profits Exhibition:	Home and Leisure Services	7,206	5.7		6.2	4,233	4.8	2,513	3.5	1,836	2.5
Profits Exhibition: Spritish Isles	Sundries including Advertising Films	1,834	1.4	1,678	1.6	2,043	2.3	2,847	4.0	3,607	4.9
Exhibition: British Isles Overseas (mainly Canada) Overseas (mainly Canada) Signary Si		127,147	100.0	106,583	100.0	89,012	100.0	72,439	100.0	73,428	100.0
Exhibition: British Isles Overseas (mainly Canada) Signary Canada	Profits			1							
British Isles 3,356 22·1 3,394 30·0 3,014 36·0 3,613 54·4 3,559 54·8	Exhibition:			i e							
Overseas (mainly Canada) 330 2·1 383 3·4 266 3·2 114 1·7 69 1·1 Film Production and Distribution 174 1·1 449 4·0 396 4·7 181 2·7 513 7·9 Film Studios and Laboratories 530 3·5 508 4·5 593 7·1 574 8·6 495 7·6 Manufacturing (234) (1·5) 975 8·6 1,084 13·0 566 8·5 1,007 15·5 Rank Xerox 8,219 54·1 3,366 29·7 1,097 13·1 29 0·5 33 0·5 Rank Audio Visual—Wholesale 171 1·1 210 1·8 115 1·3 72 1·1 76 1·2 Tenpin Bowling, Dancing, Dance Clubs and Bingo 817 5·4 988 8·7 733 8·8 632 9·6 373 5·8 Motor Inns and Motorway Services (98) (0·6) (147) <t< td=""><td></td><td>3.356</td><td>22.1</td><td>3,394</td><td>30.0</td><td>3.014</td><td>36.0</td><td>3.613</td><td>54.4</td><td>3.559</td><td>54.8</td></t<>		3.356	22.1	3,394	30.0	3.014	36.0	3.613	54.4	3.559	54.8
Film Production and Distribution 174 1.1 449 4.0 396 4.7 181 2.7 513 7.9 Film Studios and Laboratories 530 3.5 508 4.5 593 7.1 574 8.6 495 7.6 Manufacturing (234) (1.5) 975 8.6 1,084 13.0 566 8.5 1,007 15.5 Rank Xerox 8,219 54.1 3,366 29.7 1,097 13.1 29 0.5 33 0.5 Rank Audio Visual—Wholesale 171 1.1 210 1.8 115 1.3 72 1.1 76 1.2 Tenpin Bowling, Dancie Clubs and Bingo 817 5.4 988 8.7 733 8.8 632 9.6 373 5.8 Motor Inns and Motorway Services (98) (0.6) (147) (1.3) (11) (0.1) 2 — — — Home and Leisure Services 207 1.4 (112) (1.0) 37 0.4 (151) (2.3) (42) (0.6) Sundries including Advertising Films 321 2.1 238 2.1 61 0.7 144 2.2 (272) (4.2) Dividends and Interest Receivable (see below) Profits before charging interest and taxation 15,191 100.0 11,326 100.0 8,370 100.0 6,646 100.0 6,484 100.0 Dividends and Interest Receivable: Exhibition: British Isles 243 127 127 120 69 Overseas (mainly Australasia) 317 331 250 285 271 Film Production and Distribution 29 44 39 28 16 Film Studios and Laboratories 15 9 6 116 87 65 A Manufacturing and Wholesale 155 96 116 87 65 Rank Xerox 29 10 60 457 441 345 248	Overseas (mainly Canada)								1.7		
Manufacturing (234) (1.5) 975 8.6 1,084 13.0 566 8.5 1,007 15.5 Rank Xerox 8,219 54.1 3,366 29.7 1,097 13.1 29 0.5 33 0.5 Rank Audio Visual—Wholesale 171 1.1 210 1.8 115 1.3 72 1.1 76 1.2 Tenpin Bowling, Dancing, Dance Clubs and Bingo 817 5.4 988 8.7 733 8.8 632 9.6 373 5.8 Motor Inns and Motorway Services (98) (0.6) (147) (1.3) (11) (0.1) 2 — — — — Home and Leisure Services (98) (0.6) (147) (1.3) (11) (0.1) 2 —	Film Production and Distribution	174	1.1	449	4.0	396	4.7	181	2.7	513	7.9
Rank Xerox 8,219 54·1 3,366 29·7 1,097 13·1 29 0·5 33 0·5 Rank Audio Visual—Wholesale 171 1·1 210 1·8 115 1·3 72 1·1 76 1·2 Tenpin Bowling, Dancing, Dance Clubs and Bingo 817 5·4 988 8·7 733 8·8 632 9·6 373 5·8 Motor Inns and Motorway Services (98) (0·6) (147) (1·3) (11) (0·1) 2 — </td <td>Film Studios and Laboratories</td> <td>530</td> <td>3.5</td> <td>508</td> <td>4.5</td> <td>593</td> <td>7.1</td> <td>574</td> <td>8.6</td> <td>495</td> <td>7.6</td>	Film Studios and Laboratories	530	3.5	508	4.5	593	7.1	574	8.6	495	7.6
Rank Audio Visual—Wholesale 171 1·1 210 1·8 115 1·3 72 1·1 76 1·2 Tenpin Bowling, Dancing, Dance Clubs and Bingo 817 5·4 988 8·7 733 8·8 632 9·6 373 5·8 Motor Inns and Motorway Services (98) (0·6) (147) (1·3) (11) (0·1) 2 — — — — Home and Leisure Services 207 1·4 (112) (1·0) 37 0·4 (151) (2·3) (42) (0·6) Sundries including Advertising Films 321 2·1 238 2·1 61 0·7 144 2·2 (272) (4·2) Dividends and Interest Receivable (see below) 1,398 9·2 1,074 9·5 985 11·8 870 13·0 673 10·4 Dividends and Interest Receivable: Exhibition: British Isles 243 127 127 120 69 Overseas (mainly Australasia) 317 331 250 285 271 Film Production and Distribution 29 44 <t< td=""><td>Manufacturing</td><td>(234)</td><td>(1.5)</td><td>975</td><td>8.6</td><td>1,084</td><td>13.0</td><td>566</td><td>8.5</td><td>1,007</td><td>15.5</td></t<>	Manufacturing	(234)	(1.5)	975	8.6	1,084	13.0	566	8.5	1,007	15.5
Tenpin Bowling, Dancing, Dance Clubs and Bingo	Rank Xerox	8,219	54.1	3,366	29.7	1,097	13.1	29	0.5	33	0.5
State Stat	Rank Audio Visual—Wholesale	171	1-1	210	1.8	115	1.3	72	1.1	76	1.2
Motor Inns and Motorway Services (98) (0.6) (147) (1.3) (11) (0.1) 2 — — — — — — — — — — — — — — — — — — —		817	5.4	988	8.7	733	8.8	632	9.6	373	5.8
Home and Leisure Services 207 1.4 (112) (1.0) 37 0.4 (151) (2.3) (42) (0.6)	_		(0.6)		(1.3)		(0.1)		_	_	_
Sundries including Advertising Films 321 2·1 238 2·1 61 0·7 144 2·2 (272) (4·2) Dividends and Interest Receivable (see below) 1,398 9·2 1,074 9·5 985 11·8 870 13·0 673 10·4 Profits before charging interest and taxation 15,191 100·0 11,326 100·0 8,370 100·0 6,646 100·0 6,484 100·0 Dividends and Interest Receivable: Exhibition: 87 69	Home and Leisure Services		1.4					(151)	(2.3)	(42)	(0.6)
Profits before charging interest and taxation 15,191 100·0 11,326 100·0 8,370 100·0 6,646 100·0 6,484 100·0 Dividends and Interest Receivable: Exhibition: Textification: Textificati	Sundries including Advertising Films	321	2.1			61	0.7	144	2.2	(272)	
15,191 100·0 11,326 100·0 8,370 100·0 6,646 100·0 6,484 100·0	Dividends and Interest Receivable (see below)	1,398	9.2	1,074	9.5	985	11.8	870	13.0	673	10.4
Exhibition: 243 127 127 120 69 Overseas (mainly Australasia) 317 331 250 285 271 Film Production and Distribution 29 44 39 28 16 Film Studios and Laboratories 15 9 6 5 4 Manufacturing and Wholesale 155 96 116 87 65 Rank Xerox 29 10 6 — — Miscellaneous (mainly Television) 610 457 441 345 248	Profits before charging interest and taxation	15,191	100.0	11,326	100.0	8,370	100.0	6,646	100.0	6,484	100.0
British Isles 243 127 127 120 69 Overseas (mainly Australasia) 317 331 250 285 271 Film Production and Distribution 29 44 39 28 16 Film Studios and Laboratories 15 9 6 5 4 Manufacturing and Wholesale 155 96 116 87 65 Rank Xerox 29 10 6 — — Miscellaneous (mainly Television) 610 457 441 345 248	Dividends and Interest Receivable:										
Overseas (mainly Australasia) 317 331 250 285 271 Film Production and Distribution 29 44 39 28 16 Film Studios and Laboratories 15 9 6 5 4 Manufacturing and Wholesale 155 96 116 87 65 Rank Xerox 29 10 6 — — Miscellaneous (mainly Television) 610 457 441 345 248	Exhibition:			r.							
Film Production and Distribution 29 44 39 28 16 Film Studios and Laboratories 15 9 6 5 4 Manufacturing and Wholesale 155 96 116 87 65 Rank Xerox 29 10 6 — — Miscellaneous (mainly Television) 610 457 441 345 248	British Isles	243		127		127		120		69	
Film Studios and Laboratories 15 9 6 5 4 Manufacturing and Wholesale 155 96 116 87 65 Rank Xerox 29 10 6 — — Miscellaneous (mainly Television) 610 457 441 345 248	Overseas (mainly Australasia)	317		331		250		285		271	
Manufacturing and Wholesale 155 96 116 87 65 Rank Xerox 29 10 6 — — Miscellaneous (mainly Television) 610 457 441 345 248	Film Production and Distribution	29		44		39		28		16	
Rank Xerox 29 10 6 — — Miscellaneous (mainly Television) 610 457 441 345 248	Film Studios and Laboratories	15		9		6		5		4	
Miscellaneous (mainly Television) 610 457 441 345 248	Manufacturing and Wholesale	155		96		116		87		65	
· · · · · · · · · · · · · · · · · · ·	Rank Xerox	29		10		6		_			
1,398 1,074 985 870 673	Miscellaneous (mainly Television)	610		457		441		345		248	
		1,398		1,074		985		870		673	

Information per each Ordinary and "A" Ordinary Share

(For the convenience of our many American stockholders this information is also shown in dollars)

Sterling	1965 pence	1964 pence	1963 pence	1962 pence	1961 pence
Net Profit after Taxation (excluding non-trading and extraneous items)	19.9	19·5	13∙6	9.5	10.6
Dividends less tax	7.4	6.9	5·1	4.6	4.0
Cash Flow	57.7	49.3	29.8	20.2	28.2
Net Assets	175·3	156∙6	130·1	118·2	116-4
U.S. Dollars	cents	cents	cents	cents	cents
(exchange rate \$2.80 = £1)					
Net Profit after Taxation (excluding non-trading and extraneous items)	23·2	22.8	15.9	11.1	12.4
Dividends less tax	08.6	08.0	05.9	05.2	04.6
Cash Flow	67-2	57.4	35.0	23.6	32.9
Net Assets	204.4	182.7	151.8	137.9	135.8
Miscellaneous Information				f fion	res in thousands
Depresiation of Fixed Assets					
Depreciation of Fixed Assets	£8,157	£5,543	£3,833	£2,573	£2,273
Retained Profits	£8,157 4,879	£5,543 5,027	£3,833 1,890	£2,573 1,018	£2,273 902
-			•	**	
Retained Profits	4,879	5,027	1,890	1,018	902
Retained Profits Cash Flow	4,879	5,027	1,890	1,018	902
Retained Profits Cash Flow Expenditure on Fixed Assets	4,879 £13,036	5,027 £10,570	1,890 £5,723	1,018 £3,591	902 £3,175
Retained Profits Cash Flow Expenditure on Fixed Assets Freehold Land and Buildings	4,879 £13,036 £5,604	5,027 £10,570 £4,880	1,890 £5,723 £2,692	£3,591 £2,240	902 £3,175 £1,298
Retained Profits Cash Flow Expenditure on Fixed Assets Freehold Land and Buildings Leasehold Land and Buildings	£13,036 £5,604 3,128	5,027 £10,570 £4,880 1,802	£5,723 £2,692 1,313	£3,591 £2,240 1,110	902 £3,175 £1,298 690
Retained Profits Cash Flow Expenditure on Fixed Assets Freehold Land and Buildings Leasehold Land and Buildings Plant, Vehicles and Equipment	£13,036 £5,604 3,128 6,960	£10,570 £4,880 1,802 5,623	£5,723 £2,692 1,313 3,296	£3,591 £2,240 1,110 2,789	£3,175 £1,298 690 1,953
Retained Profits Cash Flow Expenditure on Fixed Assets Freehold Land and Buildings Leasehold Land and Buildings Plant, Vehicles and Equipment	£13,036 £5,604 3,128 6,960 13,970	£10,570 £4,880 1,802 5,623 11,514	£5,723 £2,692 1,313 3,296 5,286	£3,591 £2,240 1,110 2,789 1,216	£3,175 £1,298 690 1,953 957
Retained Profits Cash Flow Expenditure on Fixed Assets Freehold Land and Buildings Leasehold Land and Buildings Plant, Vehicles and Equipment	£13,036 £5,604 3,128 6,960 13,970	£10,570 £4,880 1,802 5,623 11,514	£5,723 £2,692 1,313 3,296 5,286	£3,591 £2,240 1,110 2,789 1,216	£3,175 £1,298 690 1,953 957
Retained Profits Cash Flow Expenditure on Fixed Assets Freehold Land and Buildings Leasehold Land and Buildings Plant, Vehicles and Equipment Equipment on or for Rental	£13,036 £5,604 3,128 6,960 13,970 £29,662	5,027 £10,570 £4,880 1,802 5,623 11,514 £23,819	£5,723 £2,692 1,313 3,296 5,286 £12,587	1,018 £3,591 £2,240 1,110 2,789 1,216 £7,355	902 £3,175 £1,298 690 1,953 957 £4,898
Retained Profits Cash Flow Expenditure on Fixed Assets Freehold Land and Buildings Leasehold Land and Buildings Plant, Vehicles and Equipment Equipment on or for Rental Exports including overseas earnings	£13,036 £5,604 3,128 6,960 13,970 £29,662	£4,880 1,802 5,623 11,514 £23,819	£5,723 £2,692 1,313 3,296 5,286 £12,587	1,018 £3,591 £2,240 1,110 2,789 1,216 £7,355	902 £3,175 £1,298 690 1,953 957 £4,898
Retained Profits Cash Flow Expenditure on Fixed Assets Freehold Land and Buildings Leasehold Land and Buildings Plant, Vehicles and Equipment Equipment on or for Rental Exports including overseas earnings Number of Employees	£13,036 £5,604 3,128 6,960 13,970 £29,662	£4,880 1,802 5,623 11,514 £23,819	£5,723 £2,692 1,313 3,296 5,286 £12,587	1,018 £3,591 £2,240 1,110 2,789 1,216 £7,355	902 £3,175 £1,298 690 1,953 957 £4,898
Retained Profits Cash Flow Expenditure on Fixed Assets Freehold Land and Buildings Leasehold Land and Buildings Plant, Vehicles and Equipment Equipment on or for Rental Exports including overseas earnings Number of Employees Number of Shareholders:	£13,036 £5,604 3,128 6,960 13,970 £29,662 £25,869 47,159	£4,880 1,802 5,623 11,514 £23,819 £20,997 45,463	£5,723 £2,692 1,313 3,296 5,286 £12,587 £12,882 40,698	1,018 £3,591 £2,240 1,110 2,789 1,216 £7,355	902 £3,175 £1,298 690 1,953 957 £4,898 £8,153 32,413

Accounts

Pages	58–59	Consolidated Profit and Loss Account
	60–61	Consolidated Balance Sheet
	62–63	Balance Sheet
	64–67	Notes on the Accounts
	68	Penort of the Auditors

The Rank Organisation Limited

Consolidated Profit and Loss Account for the 52 weeks ended 26th June, 1965

	Schedule Reference	£	1964 £
Trading Profit before charging depreciation		21,950,000	15,795,000
Depreciation: Buildings and Plant (Notes 6 & 7 page 65)		2,944,000	2,492,000
Rental Equipment		5,213,000	3,051,000
		8,157,000	5,543,000
		13,793,000	10,252,000
Dividends and Interest receivable	A	1,398,000	1,074,000
		15,191,000	11,326,000
Interest payable	В	3,806,000	2,354,000
Profit before Taxation		11,385,000	8,972,000
Taxation based thereon	C	3,798,000	3,194,000
		7,587,000	5,778,000
Outside Shareholders' Share of Subsidiaries' Profits (includin Xerox Corporation's proportion—£2,277,000—of Rank	g		
Xerox profits)		2,578,000	1,171,000
Profit for the Period (after taxation) attributable to Shareholders in The Rank Organisation Limited	the	5,009,000	4,607,000
Non-Trading and Extraneous Items, excluding amounts attributable to Outside Shareholders	D	Loss 99,000	Profit 158,000
Balance of Profit available for Appropriation			
(of which £3,038,000 is dealt with in the accounts of			
The Rank Organisation Limited)		£4,910,000	£4,765,000
Dividends less income tax of The Rank Organisation Limited	1.		
6½% Cumulative Preference	•	375,000	354,000
8% Second Cumulative Preference		125,000	63,000
Ordinary and 'A' Ordinary	E	1,673,000	1,477,000
		2,173,000	1,894,000
Profit retained			
Subsidiaries The Rank Organisation Limited		1,872,000 865,000	1,357,000 1,514,000
		£4,910,000	£4,765,000

Schedules

			1964
A	Dividends and Interest Receivable	£	£
	Trade Investments Bank and other Deposits, etc.	1,065,000 333,000	880,000 194,000
		£1,398,000	£1,074,000
B	Interest Payable		
	Debentures and other Fixed Loans	2,018,000	1,278,000
	Bank Loans and Overdrafts	302,000	313,000
	Short Term Advances, etc.	1,486,000	763,000
		£3,806,000	£2,354,000
C	Taxation		
	United Kingdom, after benefit from Investment Allowances of £920,000 (1964 £1,200,000) of which £200,000 (1964 £250,000) is applicable to outside shareholders.		
	Corporation Tax (assumed rate—35%)	2,471,000	
	Profits Tax	221,000	760.000
	Income Tax	Cr. 270,000	769,000 1,897,000
	Heolite 14/	2,422,000	2,666,000
	Overseas	1,376,000	528,000
	O 1010000	£3,798,000	£3,194,000
		200,100,000	20,194,000
D	Non-Trading and Extraneous Items		
	Terminal Losses (after taxation relief of £156,000—1964 £78,000)	291,000	134,000
	Loss on Sale of Fixed Assets (1964 Profit, after transfer to Capital	454.000	70.1
	Reserve £1,500,000) Stamp Duty and Formation Expenses written off	151,000 136,000	(234,000) 153,000
	Amounts written off Goodwill	36,000	30,000
	Experimental Expenditure on Pay Television	00,000	00,000
	Provision made		250,000
	Provision released	(250,000)	_
	Expenditure written off (after taxation relief of £15,000)	83,000	_
	Provisions for taxation no longer required	(250,000)	(396,000)
	Profit on Redemption of Debenture Stocks Miscellaneous Items	(125,000)	(75,000)
	Miscellaneous Items	23,000	36,000
		95,000	(102,000)
	Profit (1964 loss) attributable to outside shareholders	4,000	(56,000)
		Loss £99,000	Profit (£158,000)
E	Dividends on Ordinary and 'A' Ordinary Shares		
	Interim 4.8d. per share paid on 54,260,000 shares	637,000	591,000
	(1964—9d, per share on 25,728,000 shares)		551,555
	Final 7.8d. per share proposed on 54,260,000 shares (1964—6.75d. per share on 51,456,000 shares)	1,036,000	886,000
		£1,673,000	£1,477,000
F	Remuneration of Directors of The Rank Organisation Limited		41,111,000
	Fees	37,000	22,000
	Other Emoluments	97,000	33,000 77,000
	Olioi Eliotalionio	£134,000	£110,000
	Pension to Past Director in respect of executive services	£1,000	
			£1,000
	Compensation for loss of office	£14,000	_
G	Remuneration of Auditors		
9	The Rank Organisation Limited	7,000	4 000
	Subsidiary Companies (including £42,000 overseas)	128,000	4,000 104,000
	wassand combanies (managing a salass o sarassa)	£135,000	£108,000
		201001000	£100,000

The Rank Organisation Limited

Consolidated Balance Sheet at 26th June, 1965

Consolidated Balance Sheet at 20th Jt	ine, 1905		19	64
	£	£	£	£
Issued Share Capital of The Rank Organisation Limited (Note 2)				
61% Cumulative Preference Shares of £1 each	9,996,000		9,996,000	
8% Second Cumulative Preference Shares of £1 each	2,602,000		2,557,000	
Ordinary Shares of 5/- each	3,788,000		3,788,000	
'A' Ordinary Shares of 5/- each	9,777,000	26,163,000	9,076,000	25,417,000
Capital Reserves (Note 3)				
Share Premium Account	6,790,000		3,940,000	
Other Capital Reserves	1,895,000	8,685,000	1,851,000	5,791,000
Revenue Reserves (Note 3)				
General Reserves	7,201,000		5,107,000	
Profit and Loss Account				
The Rank Organisation Limited	2,533,000		3,963,000	
Subsidiaries	7,648,000	17,382,000	5,847,000	14,917,000
Issued Share Capital and Reserves				
Attributable to Members of				
The Rank Organisation Limited		52,230,000		46,125,000
Amounts Set Aside for Future Taxation		4,103,000		6,045,000
Outside Shareholders' Interest in Net Assets of Subsidiaries				
(Other than Goodwill, Patents and Trade Marks)		16,297,000		9,685,000
		72,630,000		61,855,000
Loan Capital and Borrowed Money				
Convertible Unsecured Loan Stocks (Note 4)				
62 %—1977/82	318,000		1,228,000	
6% —1983/88	10,000,000		10,000,000	
6½%—1975/79	500,000		_	
$6\frac{1}{2}\%$ —1988/93	12,500,000			
Debenture Stocks, Secured Notes, Mortgages and Other Loans (Note 5)	18,151,000		17,964,000	
	41,469,000		29,192,000	
Short Term Advances and Acceptance Credits—mainly financing equipment on rental (Secured £4,361,000) and amounts due under extended Credit Agreements (including Hire Purchase				
£500,000)	23,088,000	70 260 000	17,910,000	E2 700 000
Bank Loans and Overdrafts (Secured £4,580,000)	5,703,000	70,260,000	5,604,000	52,706,000
	£	142,890,000		E114,561,000

			1964		
	£	£	£	£	
Fixed Assets (Note 6)					
Land, Buildings and Plant	71,206,000		59,352,000		
Equipment on or for Rental	25,404,000	96,610,000	16,935,000	76,287,000	
	The same				
Goodwill, Patents and Trade Marks (Note 8)		11,429,000		9,035,000	
Trade Investments (Note 9)		6,419,000		5,134,000	
Cash in Hands of Trustees for					
Debenture Stockholders		54,000		417,000	
		114,512,000		90,873,000	
Current Assets					
Film Productions (Note 10)	4,206,000		5,736,000		
Stocks and Work in Progress (Note 11)	18,883,000		17,069,000		
Debtors and Prepayments	22,264,000		15,999,000		
Short Term Deposits	1,750,000		_		
Cash at Bank and in Hand	5,323,000		5,281,000		
	£52,426,000		£44,085,000		
Deduct: Liabilities and Provisions (Other than borrowed money)					
Creditors, Expenses Accrued and Provisions (Note 12)	19,716,000		18,503,000		
Taxation					
United Kingdom Corporation Tax due 1st January, 1967	3,563,000		_		
Current Taxation (including income tax accrued	0,000,000				
to date)	3,263,000		3,448,000		
Dividends					
Shareholders in the Company	1,281,000		1,140,000		
Outside Shareholders of Subsidiaries	344,000		286,000		
	£28.167.000	24,259,000	£23,377,000	20,708,000	
		.,,			
		4440.000		0.000.000	
Taxation on unrealised Inter-Group Profits (Note 13)		4,119,000		2,980,000	
	£	142,890,000	4	E114,561,000	

Notes relating to this Balance Sheet appear on Pages 64 to 67.

The Rank Organisation Limited Balance Sheet at 26th June, 1965

					1964
	£ Authorised	£ Issued and Fully Paid	£	£	£
Share Capital (Note 2)		rully raid			
6½% Cumulative Preference Shares of £1 each	10,000,000	9,996,000		9,996,000	
8% Second Cumulative Preference Shares of £1 each	3,000,000	2,602,000		2,557,000	
Ordinary Shares of 5/- each	4,000,000	3,788,000		3,788,000	
'A' Ordinary Shares of 5/- each	14,500,000	9,777,000	26,163,000	9,076,000	25,417,000
	£31,500,000				
Capital Reserves (Note 3)			1		
Share Premium Account		6,790,000		3,940,000	
Profits on sales of Fixed Assets to Sub	sidiaries	787,000		849,000	
Other Capital Reserves		957,000	8,534,000	957,000	
					500 5 00 100 500 500 500
December (Nets 2)					
Revenue Reserves (Note 3)		E 000 000		0.005.000	
General Reserve		5,000,000	7 700 000	2,895,000	
Profit and Loss Account		2,533,000	7,533,000	3,963,000	6,858,000
			42,230,000		38,021,000
Amount Set Aside for Future Taxati	on		71,000	v .	102,000
Loan Capital and Borrowed Money					
Convertible Unsecured Loan Stocks (N	Note 4)				
63%—1977/82		318,000		1,228,000	
6% —1983/88		10,000,000		10,000,000	
6\frac{1}{2}\%-1975/79		500,000		-	
6½%—1988/93		12,500,000		-	
Debenture Stock, Secured Notes, Mort Other Loans (Note 5)	gages and	3,918,000		3,852,000	
		27,236,000		15,080,000	
Bank Loans and Overdrafts (Secured)		3,186,000	30,422,000	2,829,000	17,909,000
			000 000	, i	
			£72,723,000		£56,032,000

			1:	964
	£	£	£	£
Fixed Assets				
Land, Buildings and Plant—at cost Less: Depreciation	12,266,000	10,990,000	9,000,000	7,863,000
Trade Investments (Note 9)		1,591,000		601,000
Cash in Hands of Trustees for Debenture Stockholders		32,000		32,000
Subsidiaries (Note 9)				
Shares at or under cost	32,873,000		26,804,000	
Amounts owing by Subsidiaries including dividends receivable	27,326,000		20,850,000	
	60,199,000		47,654,000	
Less: Amounts owing to Subsidiaries	2,164,000	58,035,000	1,614,000	46,040,000
		70,648,000		54,536,000
Film Productions (Note 10) Stock Debtors and Prepayments Taxation Recoverable Short Term Deposits Cash at Bank and in Hand	1,693,000 224,000 463,000 385,000 1,750,000 701,000		1,722,000 126,000 260,000 — 1,484,000	
	£5,216,000		£3,592,000	
Deduct: Liabilities and Provisions (Other than borrowed money) Creditors, Expenses Accrued and Provisions (Note 12) Current Taxation (including income tax accrued to date)	1,863,000		773,000 235,000	
Dividends Preference Shares—half year to 30th June, 1965 Proposed on Ordinary and 'A' Ordinary Shares	245,000 1,036,000		254,000 886,000	
	£3,245,000	1,971,000	£2,148,000	1,444,000
Pre-Opening Expenses carried forward		104,000		52,000
$\left\{ \begin{array}{c} \text{RANK} \\ \text{JOHN DAVIS} \end{array} \right\}$				
		£72,723,000		£56,032,000
Notes relating to this Balance Sheet appear on Pages 64 to 67. The Auditors' Report appears on Page 68.				

NOTES forming part of the Consolidated Accounts and Balance Sheet of The Rank Organisation Limited on pages 58—63

- 1 Exchange Rates—Unrestricted foreign currencies have been converted at mid-market rates ruling at 26th June, 1965, and certain restricted currencies at or below official rates. The surplus arising from the net appreciation in overseas currency figures of fixed and current assets after deducting liabilities, has been adjusted in the Goodwill figure.
- 2 Gaumont British—The shares issued by the Company under a Scheme of Arrangement approved by the Court in December, 1961, for the acquisition of the Issued Share Capital of Gaumont British Limited not then owned within the Group were treated as having been issued at their nominal value of £5,868,000. The excess of the book value of the net tangible assets attributable to the shares so acquired over the consideration amounted to £2,465,000 and is included in Group Revenue Reserves.

3 Movements in Reserves

The Group	Share Premium Account £	Other Capital Reserves £	General Reserves £	Profit & Loss Accounts Subsidiaries £
Balances at 27th June, 1964	3,940,000	1,851,000	5,107,000	5,847,000
Transfer to Widows' Pension Scheme (Note 12)				(38,000)
Premium on Shares issued less expenses	2,850,000			
Transfer from Profit and Loss Account			2,105,000	
Profit retained		44,000	(11,000)	1,839,000
Balances at 26th June, 1965	£6,790,000	£1,895,000	£7,201,000	£7,648,000
The Company	Share Premium Account £	Profits on sales of Fixed Assets to Subsidiaries	General Reserve £	Profit & Loss Account £
Balances at 27th June, 1964	3,940,000	849,000	2,895,000	3,963,000
Transfer to Widows' Pension Scheme (Note 12)				(190,000)
Premiums on Shares issued less expenses	2,850,000			
Transfer to General Reserve			2,105,000	(2,105,000)
Sundry items		(62,000)		
Profit retained				865,000
Balances at 26th June, 1965	£6,790,000	£787,000	£5,000,000	£2,533,000

4 Convertible Unsecured Loan Stocks—Each £100 of stock is convertible into 'A' Ordinary Shares at the stockholders' option on the following terms:—

	Number	r of 'A' Ora	inary Shar	es per £100	Stock
	1965	1966	1967	1968	1969
63 %-1977/82 Exercisable between 1st October and 9th December	110				
6% —1983/88 Exercisable between 1st October and 9th December	66	62	60		
6½ %—1975/79 Exercisable between 1st October and 9th December	76	73	70	68	65
6½ %—1988/93 Exercisable between 15th October and 15th November			50	46	42

5 Debenture Stocks, Secured Notes, Mortgages and Other Loans

	1965		1964	
The Group	Average rate of Interest	£	Average rate of Interest	£
Repayable by annual sinking funds or by instalments				
Final redemption dates after 1980	4.8%	9,244,000	4.5%	9,331,000
Final redemption dates 1967 to 1980	4.9%	8,645,000	4.8%	8,424,000
Repayable by 1967 or at short notice	6.5%	262,000	5.6%	209,000
		£18,151,000		£17,964,000

Certain Debenture Stocks are repayable at final redemption at 101% and 102% but having regard to the repayment of these stocks out of their annual sinking funds, the amount of any such premium is not likely to be material.

	The Company				1965 £	1964 £
	5% Debenture Stock, repayable at par by 23 equal half yea 4½% Promissory Notes (secured) repayable by 6 yearly insta	1,064,000	1,156,000			
	the halance in 1971				2,400,000	2,600,000
	Short Term Advance				300,000	_,000,000
	Other Loans (including Mortgages £72,000)				154,000	96,000
	Commercial				101,000	
					£3,918,000	£3,852,000
6	Fixed Assets			-		
•	FIAGU ASSESS	Freehold Land and Buildings	Leasehold Land and Buildings	Plant Vehicles & Equipment	Equipment on or for Rental	Total
	The Group	£	£	£	£	£
	**************************************			-		-
	Cost at 27th June, 1964	34,966,000	18,327,000	30,085,000	24,345,000	107,723,000
	New Subsidiaries	1,193,000	271,000	1,290,000	85,000	2,839,000
	Additions	5,604,000	3,128,000	6,960,000	13,970,000	29,662,000
	Disposals	(1,833,000)	(848,000)	(1,669,000)	(775,000)	(5,125,000)
	Cost at 26th June, 1965	39,930,000	20,878,000	36,666,000	37,625,000	135,099,000
	Depreciation Provision at 27th June, 1964	6,669,000	3,533,000	13,824,000	7,410,000	31,436,000
	New Subsidiaries	31,000	48,000	629,000	10,000	718,000
	Charge for Period	236,000	369,000	2,339,000	5,213,000	8,157,000
	Disposals	(367,000)	AV OUR CLOSE AND ADDRESS OF	\$100 BERREL SIGNORDS	4304 40 4104 4204 4004 4004	(1,822,000)
	Depreciation Provision at 26th June, 1965	6,569,000	3,729,000	15,970,000	12,221,000	38,489,000
	Net Book Value at 26th June, 1965	£33,361,000	£17,149,000	£20,696,000	£25,404,000	£96,610,000

The net book value of Leasehold Land and Buildings at 26th June, 1965 includes £4,698,000 in respect of leases with less than 50 years to run.

	Cost £	Depreciation £	Net £	1964 £
Theatres, Film Studios and Laboratories and Equipment	52,665,000	18,388,000	34,277,000	33,606,000
Ballrooms, Tenpin Bowls, Motor Inns and Motorway Service Areas	17,296,000	1,718,000	15,578,000	9,684,000
Retail and Relay Premises and Equipment	5,039,000	1,102,000	3,937,000	3,372,000
Manufacturing and other Commercial Premises, Plant and Equipment	22,474,000	5,060,000	17,414,000	12,690,000
	97,474,000	26,268,000	71,206,000	59,352,000
Equipment on or for Rental	37,625,000	12,221,000	25,404,000	16,935,000
	£135,099,000	£38,489,000	£96,610,000	£76,287,000

7 Depreciation of Fixed Assets

The Directors consider that it is no longer necessary to provide for depreciation of those freehold properties situated in the United Kingdom on which no claim to Industrial Buildings Allowances for taxation purposes arises including theatres, hotels, tenpin bowls, dance halls, ice rinks, shops and offices and accordingly such depreciation has been discontinued as from 28th June, 1964; the amount of such depreciation charged against the Group's profits for the 52 weeks ended 27th June, 1964 was £158,000.

Other fixed assets are depreciated on a straight line basis having regard to estimated useful life and residual value.

8 Goodwill, Patents and Trade Marks are stated at cost and include pre-opening expenses and the net excess of the cost of shares in Subsidiaries over the net book value of the net tangible assets at dates of acquisition less amounts written off and are after deducting the proportion applicable to Outside Shareholders of Subsidiaries.

9 Subsidiary Companies and Trade Investments

Subsidiary Companies		Nature of Principal	Count		Percentage of Equity Capital	
Brief details of the principal subsidiary companies are as follows:—	(Operations	Opera	ition	owned	
Gaumont British Limited	Film :	Exhibition	United k	Lingdom	100%	
A. Kershaw & Sons Limited	(see (l	b) below)	,,	,,	80%	
Odeon Associated Theatres Limited	Film	Exhibition	39	99	100%	
Odeon Properties Limited	59	**	99	99	100%	
Odeon Theatres (Canada) Limited	99	**	Canada		100%	
Rank-Bush Murphy Limited	Manu	ıfacture	United k	Kingdom	100%	
Rank Film Distributors Limited	Film !	Distribution	33	22	100%	
Rank Precision Industries Limited (see (a) and (b) below)	Manu	ıfacture	**	99	92%	
Rank Television and General Trust Limited	Film S	Studios	"	**	100%	
Rank Xerox Limited	Xerog	graphy		(see (a)	below)	
Regency Holdings Limited	T.V.]	Retail &				
	Renta	ıl	United K	Cingdom	100%	

(a) Rank Xerox Limited operates in the United Kingdom, Europe, Asia, Africa and Australasia through Subsidiary Companies and Branches and also in Japan through a 50% owned Associated Company.

The issued ordinary capital of Rank Xerox Limited at 26th June 1965 consisted of 4,377,500 A shares, 4,377,500 B shares, 3,770,200 C shares and 1,885,100 D shares, all of £1 each. The A and C shares are owned by the Xerox Corporation (incorporated in the U.S.A.). The B and D shares are owned within The Rank Organisation Group, 50% of both these classes of shares being held by Rank Precision Industries Limited and the remaining 50% being held by The Rank Organisation Limited and its wholly owned subsidiary Gaumont British Limited. The holders of the B shares are entitled to appoint a majority of the Directors.

The holders of the A and B shares are entitled pari passu to the profits of the Rank Xerox Group up to a maximum annual sum (fixed in relation to the A and B capital subscribed) amounting at 26th June, 1965, to £4,377,500 before charging taxation. The holders of the C and D shares are entitled pari passu to any excess of profits of each year over and above such maximum annual sum. Of the consolidated profits after taxation of the Rank Xerox Group for the 52 weeks ended 26th June, 1965, £1,766,000 is attributable to The Rank Organisation Group and £2,226,000 to Xerox Corporation.

(b) A. Kershaw & Sons Limited holds 43% of the Preference and 40% of the Ordinary Share Capital of Rank Precision Industries Limited.

Trade Investments			Total		
	U.K.	Overseas	1965	1964	
The Group	£	£	£	£	
Quoted (Xerox Corporation)					
At cost (Market value £50,000, 1964 £48,000)	_	34,000	34,000	34,000	
At par value (Market value £1,840,000, 1964 £1,563,000)		13,000	13,000	13,000	
Unquoted—at cost less £134,000 written off (uncalled liability £284,000)					
Theatre Operating	65,000	3,967,000	4,032,000	4,048,000	
Film Producing and Distributing	48,000	90,000	138,000	138,000	
Television and others	1,501,000	701,000	2,202,000	901,000	
	£1,614,000	£4,805,000	£6,419,000	£5,134,000	

The investments in Xerox Corporation comprise 37,500 Common Shares of \$1 par value each and \$93,800 of 4% Convertible Subordinated Debentures. The gross income receivable therefrom amounted to £8,000 in 1965 (1964 £1,000).

The other principal trade investment is a 37.6% holding in Southern Television Limited, a commercial television company operating in the South of England. Its issued share capital consists of 99,999 Ordinary Shares of £1 each fully paid; at 30th October, 1964, the date of the latest audited accounts, the undistributed profit amounted to £503,000 of which £189,000 was attributable to the holding by The Rank Organisation Group.

	1965	1964
The Company	£	£
Quoted (Xerox Corporation)		
At cost (Market value £25,000, 1964 £24,000)	17,000	17,000
At par value (Market value £920,000, 1964 £782,000)	7,000	7,000
Unquoted—at cost less £60,000 written off (uncalled liability £170,000)	1,567,000	577,000
	£1,591,000	£601,000

10	Film Productions	The	Group	The C	ompany
		1965	1964	1965	1964
		£	£	£	£
	Released Films at estimated recoverable value	3,852,000	4,404,000	1,610,000	1,312,000
	Unreleased and Uncompleted Films and Interests at cost	609,000	1,650,000	196,000	619,000
	Story Rights, Scenarios and Pre-Production Expenditure at cost <i>less</i> amounts written off	145,000	82,000	137,000	41,000
	Less: Provisions for possible losses on Unreleased	4,606,000	6,136,000	1,943,000	1,972,000
	Films and for Contingencies	400,000	400,000	250,000	250,000
		£4,206,000	£5,736,000	£1,693,000	£1,722,000

11 Stocks and Work in Progress

Subject to the inclusion of an element of profit on certain long term contracts, stocks and work in progress are valued at the lower of cost and net realisable value on consistent bases. Cost includes where appropriate a proportion of overheads.

12 Creditors, Expenses Accrued and Provisions include Provisions for Widows' non-contributory pensions under a scheme inaugurated in December 1964, as follows:

Transferred from Reserves attributable to:	The Group €	The Company £
The Company	190,000	190,000
Subsidiaries	38,000	_
Outside Shareholders	22,000	
Charged against trading profits	80,000	60,000
	£330,000	£250,000

The Directors intend to review from time to time the adequacy of these provisions.

13 Taxation on unrealised Inter-Group Profits arises from sales of equipment by Rank Xerox Limited to its Subsidiary Companies. Such profits and the taxation attributable thereto have been excluded from the Consolidated Profit and Loss Account.

14 Contingent Liabilities

The Group

There are Contingent Liabilities in respect of (a) Distribution Guarantees with independent film producers, other Guarantees, etc., amounting in aggregate to approximately £1,100,000 (1964 £2,800,000), (b) a substantial claim against an overseas Subsidiary for local taxation which is disputed, (c) a claim under a legal action against an overseas subsidiary which is disputed and (d) customs duties under negotiation in certain overseas territories.

The Company

There are Contingent Liabilities in respect of Distribution Guarantees and Guarantees of Advances to Subsidiaries and Associated Companies amounting in aggregate to approximately £10,500,000 (1964 £11,400,000).

15 Capital Commitments

There are commitments for Capital Expenditure by the Group of approximately £7,600,000 (1964 £7,000,000) and by the Company of approximately £3,900,000 (1964 £4,300,000).

16 The Standing Rent Charge in respect of leasehold land and buildings at 26th June, 1965, is at the rate of approximately £2,900,000 per annum.

Report of the Auditors to the Members of The Rank Organisation Limited

We have audited the annexed Balance Sheet and have obtained all the information and explanations

which we considered necessary. Proper books have been kept and the Balance Sheet is in agreement

therewith.

We have examined the annexed Consolidated Balance Sheet and Consolidated Profit and Loss Account.

The accounts of certain of the Subsidiary Companies have been audited by other firms.

In our opinion the Balance Sheet and the Consolidated Accounts comply with the requirements

of the Companies Act, 1948, and give respectively a true and fair view of the Company's affairs at

26th June, 1965, and so far as concerns the members of the Company, a true and fair view of the

state of affairs and of the profit of the Group.

11, Ironmonger Lane, London, E.C.2.

PEAT, MARWICK, MITCHELL & CO.,

14th September, 1965.

Chartered Accountants.



Some facts about

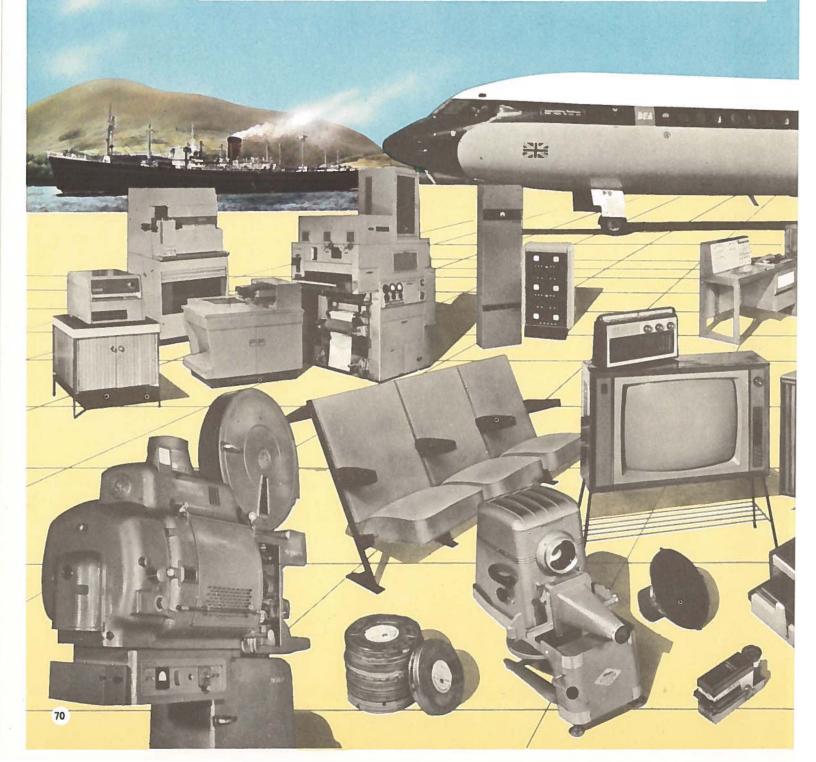
The Rank Organisation

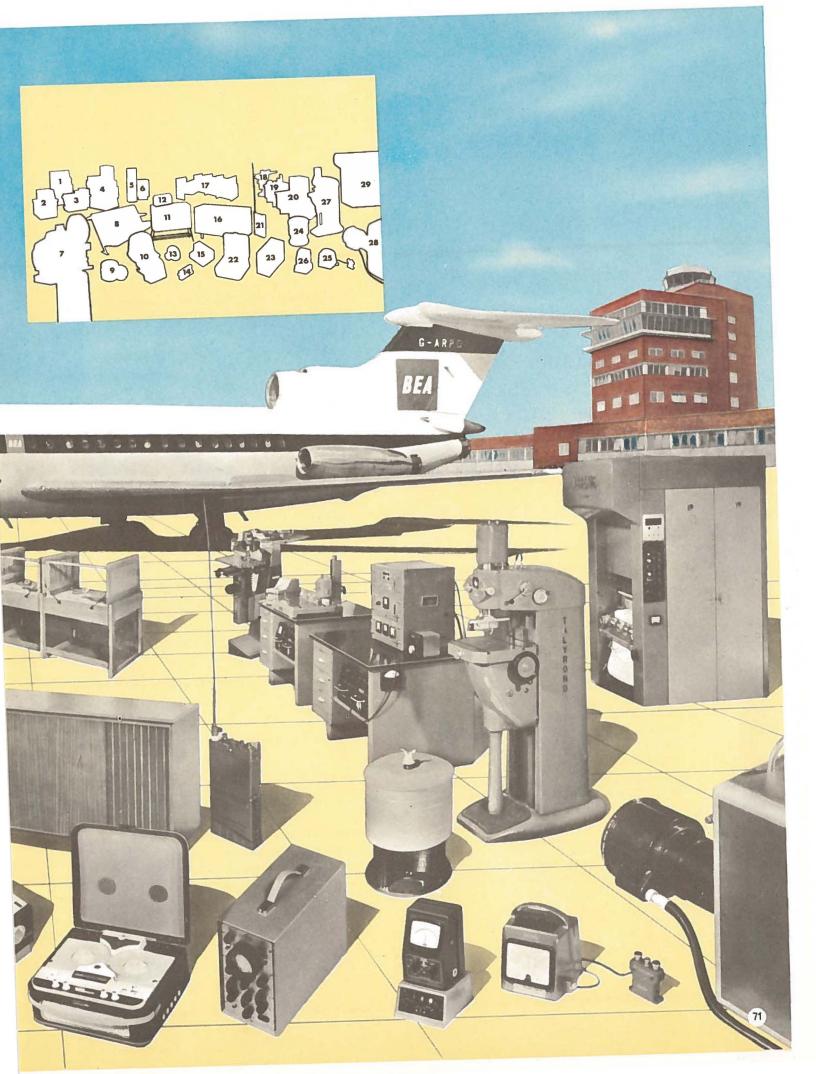
The Rank Organisation Abroad

The Rank Organisation has more than trebled its overseas sales in the past five years. Goods bearing the Man-with-the-Gong symbol are sent to every major market of the world—and sold! Some of the best-known of the products are shown below (See numerical key at right):

1 Rank Xerox 1824 Printer. 2 Rank Xerox 813 Office Copier. 3 Rank Xerox 914 Office Copier. 4 Rank Xerox Copyflo. 5 Rank Bush Murphy VHF trunk radio equipment. 6 Rank Bush Murphy nuclear reactor instrumentation. 7 Cinemeccanica 35 mm./70 mm. cinematograph projector. 8 Rank Audio Visual contract seating. 9 World Film Distribution and Rank Film Library. 10 Rank Aldis epivisor. 11 Bush 23" television set. 12 Bush transistor radio. 13 Wharfedale loudspeaker. 14 McArthur pocket microscope. 15 Aldis amateur slide projector. 16 Bush radiogram. 17 Rank Language Laboratory. 18 Rank Taylor Hobson Model 'K' engraving machine. 19 Rank Taylor Hobson Talysurf 4. 20 Rank Taylor Hobson Talyrond reference computer. 21 Rank Bush Murphy A41 military walkie-talkie equipment. 22 Top Rank tape recorder. 23 Rank Bush Murphy electro-cardioscope. 24 Rank Bush Murphy ground zero indicator unit. 25 Rank Taylor Hobson Talyvel. 26 Rank Taylor Hobson Mitronic. 27 Rank Taylor Hobson Talyrond 51. 28 Rank Taylor Hobson Varotal V T.V. lens. 29 Xeronic Computer Output Printer.

Salesmen of The Rank Organisation travel millions of miles each year in aircraft such as the B.E.A. Trident seen below.





Products and Services

FILMS

ADVERTISING

DISTRIBUTION:

Cinema commercials for national, regional and local advertisers

PRODUCTION UNIT:

Producers of Cinema and Television Commercials Specialised Groups for:

cartoon live action model animation opticals photo animation

THE SHORT FILMS GROUP:

Producers of Industrial and Short Sponsored Films

DISTRIBUTION

WORLD FILM DISTRIBUTION—OVERSEAS—The only worldwide film distribution organisation outside the United States, handling the productions of many British, American and other foreign producers in addition to Rank Organisation films.

WORLD FILM DISTRIBUTION—U.K.—Distributes British, American and other foreign films, in addition to Rank Organisation productions, throughout the U.K. and Eire. Produces and distributes weekly 'Look at Life' colour magazine film series.

RANK FILM LIBRARY—Leading European distributor of 16 mm. educational, training and entertainment films.

FEATURE

Production of feature and second-feature films and television film series, principally at Pinewood Studios.

Available at Pinewood for outside producers: 10 film stages covering 100,000 sq. ft. Outdoor 'lot' of 66 acres. 50 departments with 1,000 skilled technicians and craftsmen, covering all aspects of film production.

MAGAZINE

Production and distribution of weekly 'Look at Life' colour magazine film series.

PROCESSING

Colour and black-and-white film processing at Denham Laboratory

Black-and-white film processing at Acton Laboratory

Total capacity for film processing of over 5½ million feet weekly.

LEISURE

ENTERTAINMENT AND CATERING

BINGO & SOCIAL CLUBS:

42 full-time Bingo clubs, in addition to part-time operations

CATERING:

all kinds, ranging from theatre restaurants to banqueting suites

CINEMAS:

about 350 theatres in U.K. over 600 theatres overseas, controlled or operated in partnership

DANCING:

Top Rank Dancing operates 30 suites, offering ballroom, banqueting and conference facilities

There are also 16 Top Rank Studios and Dance Clubs

Holiday Inns

Ice Rinks

Independent Television (37% interest in Southern

Television)

Motor Inns

Motorway Service Areas

Petrol and servicing facilities

TENPIN BOWLING:

24 Top Rank Bowling Centres currently in operation

LEISURE GOODS AND SERVICES

CAMERAS

Asahi Pentax

Konica

Mamiya

Nikon 35 mm. single lens reflex cameras and accessories

Olympus Pen half-frame cameras

CINE CAMERAS AND PROJECTORS

Bell & Howell 8 mm.

Kino Bauer 8 mm.

Electronic organs by Farfisa

High-Fidelity speakers by Wharfedale Wireless

Home movie films (sound and silent) in Movie-pak and

Movie-packette 8 mm. and 16 mm.

Photographic accessories by Rank Elektra

Piped radio and television by Top Rank Relay

Radiograms by Bush and Murphy

Radios by Bush and Murphy

Record players by Bush and Murphy

Screens for projection of films, slides and filmstrips

Slide projectors and accessories, including the Aldis, Carl Braun 'Paximat' and Rank Hylite series Tape Recorders by Bush Radio and Akai Television sets by Bush and Murphy

TOP RANK COIN OPERATED LAUNDRIES: 14 in operation

TOP RANK FILM PROCESSING:

processes and prints colour stills for amateurs and professionals

TOP RANK HOME AND LEISURE SERVICE:

has nearly 200 shops, selling and renting radio and television sets and electrical consumer durables. Relay wireless and television service in 35 towns

Transistor radios by Bush and Murphy

INDUSTRY

AUTOMATION

Automatic control systems

Continuous weighing equipment

DATA SYSTEMS

Xeronic High Speed Computer Output Printer

ELECTRONIC TUBES

Delay lines

Instrument cathode ray tubes

Photo-conductive cells

Photo-diodes

Photo-electric cells

Photo-switches

Precision cathode ray tubes

Radar cathode ray tubes

Scanning cathode ray tubes

Television cathode ray tubes

EQUIPMENT FOR CINEMAS

Automatic theatre projection and house control systems

Carbons

Cinemas—complete planning and installation

Cinematograph and other projectors

Draperies and floor coverings

Screens and screen frames by Andrew Smith Harkness

Sound recording and associated equipment

Theatre seating

FLYING AIDS

Auto-land leader cable equipment

Crash recorders

Radar transponder beacon

Visual flight simulator equipment

Voice recorders

LENSES AND OPTICAL SYSTEMS

Aerial reconnaissance lenses

Ental enlarging lenses

Full form projectors

Introperiscopes

Kenetal lenses

Micro-alignment telescopes

Ortal fixed focus lenses for television

Peri-binoculars

Periscopes for armoured fighting vehicles

Prism paralleloscopes

Profile projectors

Radar telescopes

Sights for artillery

Varotal television zoom lenses

Vidital television lenses

Workshop and blade-edge microscopes

MACHINE TOOLS

Cutter grinders

Pantograph engraving, routing and light milling machines

MEASURING INSTRUMENTS

Electrical test sets

Micro-alignment telescopes

Miniature meters

'Mitronic' micro-comparator

Switchboard instruments

'Talyden' workshop microscopes

'Talylin' straightness measuring instrument

'Talymike' auto-sizing equipment

'Talymin' comparator gauges

'Talyrond' roundness measuring instrument

'Talysurf' surface finish measuring instrument

'Talyvel' electronic level

MEDICAL

Bucky exposure tables

Cassettes and intensifying screens

Cassette holders-wall and floor mounted

Closed-circuit television attachments

Dark room equipment

Electro-cardiographs and accessories

Electro-medical apparatus—diagnostic and therapeutic

Electronically controlled constant potential X-ray units

Fluorescent screens

Image intensifiers

Nursing aids

Physiotherapy apparatus

Protective aprons and equipment

Radiographic accessories

Remedial equipment

Short wave treatment apparatus and accessories

Skull tables

Tomographs

Tube conveyors—ceiling mounted

Universal X-ray tables

Vertical Bucky stands

X-ray units (portable)

X-ray units, high-power (1000mA/150KV)

X-ray film changers

X-ray tubes

X-ray tube stands

MILITARY ELECTRONIC EQUIPMENT

Airborne electronic countermeasures equipment

Communications equipment for the Ministry of Defence, Army, Royal Navy, Royal Air Force, Merchant Navy, Civil Aviation and civil undertakings generally

Electrical test gear and electronic instruments

Leader cable automatic landing equipment

Missile telemetry and destruct equipment

Radar navigational aids (e.g. Eureka/Rebecca)

Services including coil winding, transformers, resin

casting, printed circuitry

Signalling lamps by Aldis

NON-DESTRUCTIVE TESTING—AN INTERNATIONAL INSPECTION SERVICE

Cathodic protection

Coat and wrap supervision

Crystallograph

Eddy current

Holiday detection

Magnetic

Penetrant

Ultrasonic

Welding control

Welding supervision

X-ray and gamma-ray

NUCLEONIC EQUIPMENT

Civil Defence monitors

Dosimeters

Ionisation chambers and counters

Laboratory test and measuring instruments

Linear and logarithmic D.C. amplifiers

Linear and logarithmic rate meters

Linear pulse amplifiers

Monitors for military applications

Nuclear auto-control equipment

Nuclear blast detection instruments

Nuclear fall-out monitoring equipment

Nuclear reactor control instruments

Nucleonic geological survey instruments

Nucleonic health physics equipment

Precision mechanical assemblies

Radiation measuring instruments

Remote handling tools

Sample changers

Scalers

Thickness measurement equipment

RANK MITCHELDEAN PLANT

Manufactures Xerox 914 and 813 Office Copiers

RANK RESEARCH LABORATORY

Fundamental research to requirements of Divisions within The Rank Organisation and sponsored research for outside companies and establishments.

SERVO SYSTEMS COMPONENTS

A.C. motors

A.C. motorgenerators

D.C. motors

D.C. tachometers

Digital encoders

Gearheads

Magnetic amplifiers

Precision film potentiometers

Resolvers

Stepper motors

Synchros

Transistor amplifiers

TELECOMMUNICATIONS

Automatic radio alarm systems

Microwave systems and aerials (2,000-12,000 mc/s)

Multi-channel radio links-VHF/UHF

Telemetry equipment

VHF mobile radio equipment

TELEVISION

Camera (C.C.T.V.)

Closed circuit television systems

Colour television receiving and monitoring equipment, colour video monitors, colour bar generators, signal decoders

Marine television

Monitor (C.C.T.V.)

Monitor (Colour)

Ortal lenses for television

School television receivers, and loudspeakers

Telecine equipment. 16 mm. and 35 mm., colour and monochrome

Television sets by Bush and Murphy

Television studio equipment (colour and monochrome)

Varotal television zoom lenses

Vidital lenses for television

Wide screen projector

Wide range of professional studio equipment

THERMOSTATS

Under-floor heating

Room temperature

Immersion heater

TRAFFIC BARRIERS

Remotely and electrically operated traffic control barriers

XEROGRAPHY

RANK XEROX

A Division within The Rank Organisation, jointly owned with Xerox Corporation of Rochester, New York, manufacturing and marketing xerographic equipment for high-speed document copying throughout the world with the exception of the Americas.

813 Copier

914 Copier

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RANK XEROX COPY SERVICE

Uses the full range of xerographic machines, and associated equipment, to provide a document copying and reproduction service for business, industry, education and commerce.

UNIVERSITY MICROFILMS

A subsidiary of Rank Xerox. Uses microfilm and other micro-image techniques and high-speed xerographic print-out for the storage and retrieval of information. Produces facsimiles of rare books and documents.

EDUCATION

RANK AUDIO VISUAL

Audio Visual language courses on tape and film Chalkboards, including automatic remote control chalkboards

Cinematograph projectors (16 mm., portable) and all accessories

Cinematograph projectors for permanent installation

Closed-circuit television systems

Concept films and projectors (8 mm.)

Draperies and floor coverings

Educational and training films

Epidiascopes

Epivisors

Filmstrips (35 mm.)

McArthur microscope and accessories

'Modern Physics' equipment

Oscilloscopes

Physics demonstration tubes

Projection screens

Rank Educational Films (16 mm.) (released through

Rank Film Library)

Rank Language Laboratory

Record players and tape decks

Retractable seating for lecture theatres and stadiums

School loudspeakers

School television receivers

Slide and filmstrip projectors

Stage equipment for permanent and portable installation

Telecine equipment for 16 mm. presentation

Venetian and other blinds

RANK FILM LIBRARY

A unit of Rank Audio Visual, leading distributor of 16 mm. educational, training and entertainment films

For further information on any of the listed products and services, please write to:

Donald Harker, Controller of Information Services, 38 South Street, London, W.1

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