



THE RANK ORGANISATION LIMITED

ANNUAL REPORT AND ACCOUNTS

1966

THE RANK
ORGANISATION
LIMITED

ANNUAL REPORT AND
ACCOUNTS

FOR THE FIFTY TWO WEEKS
ENDED 25th JUNE 1966



Learning to read by machine is part of the educational revolution in the classroom. Here, children in a Worcestershire school are seen using the latest Bell and Howell Language Master equipment, marketed by Rank Audio Visual.



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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Ninth Annual General Meeting of the Company will be held at The Dorchester Hotel (Ballroom Entrance, Park Lane), London, W.1, on Thursday, the 13th day of October, 1966, at 12 noon for the following purposes:—

- 1 To receive the Accounts for the 52 weeks ended 25th June, 1966, 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 The Lord Rank who became 77 years of age on the 22nd December, 1965, and Mr. G. I. Woodham-Smith who became 70 years of age on the 20th December, 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 20th day of September, 1966.

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 28th October, 1966.

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.

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

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

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

Bankers

NATIONAL PROVINCIAL BANK LIMITED

Auditors and Consultant Accountants

PEAT, MARWICK, MITCHELL & CO.

DIRECTORS' REPORT

- 1 The Directors present the Balance Sheet of the Company and Consolidated Balance Sheet at 25th June, 1966, and Consolidated Profit and Loss Account for the 52 weeks ended that date.

	£	£
The surplus for the 52 weeks including Non-Trading and Special Items, after providing for Depreciation, Interest and Taxation and excluding interests of Outside Shareholders, was		5,302,000
<i>Deduct</i> Surplus retained in the Accounts of Subsidiary Companies		4,357,000
		945,000
The Revenue Reserves brought forward amounted to	7,533,000	
From which was deducted Taxation Equalisation in respect of previous years	450,000	
		7,083,000
Making a total of		8,028,000
Which your Directors (a) have applied (b) recommend be appropriated as follows:—		
(a) 6½% Preference Dividend for the year ended 30th June, 1966, Gross	625,000	
(a) 8% Second Preference Dividend for the year ended 30th June, 1966, Gross	208,000	
(a) Interim Dividend of 9% (5·4d. per share) on Ordinary and 'A' Ordinary Shares, Gross	1,259,000	
(b) Final Dividend of 12% (7·2d. per share) on Ordinary and 'A' Ordinary Shares, Gross	1,678,000	
	3,770,000	
<i>Less</i> Income Tax deducted from dividends and retainable	341,000	
		3,429,000
Leaving an amount to be carried forward in the Parent Company of		£4,599,000

- 2 It is proposed to alter the practice whereby the financial year ends on the last Saturday in June so that in future it will fall instead on the Saturday nearest 30th June in any year. This will mean that in some years the financial year will end on the first Saturday in July.

The current financial period will be for 53 weeks and end on 1st July, 1967.

This change cannot, however, be effected without the formal approval of the holders of the outstanding Convertible Loan Stocks of the Company. Meetings of these Stockholders have been convened to approve the proposals. The Directors urge all holders to vote in favour of these proposals which are very much in the interests of the Company.

- 3 Holders of the undermentioned Unsecured Loan Stocks exercised conversion rights between 1st October and 9th December, 1965 and were allotted 1,691,316 'A' Ordinary Shares of 5/- each in the Company in exchange.

£1,958,090—6% Unsecured Loan Stock 1983/88
 £166,346—6½% Unsecured Loan Stock 1975/79
 £247,777—6¾% Unsecured Loan Stock 1977/82

In the periods for conversion in 1963, 1964 and 1965, £5,679,299—6¾% Loan Stock was converted (98·8% of the total in issue) and subsequently, in accordance with the terms of issue Notices of Redemption for the remaining £70,701 Stock were issued, and the Stock was redeemed on 31st March, 1966.

- 4 Lord Mabane has tendered his resignation from the Board with effect from the conclusion of the Annual General Meeting.
- 5 Mr. G. I. Woodham-Smith 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.
Mr. J. A. Callum, Mr. John Davis, Mr. Graham R. Dowson, Lord Rank and Lord Rothermere retire by rotation in accordance with the Articles of Association and being eligible offer themselves for re-election.
Lord Rank having attained the age of 77 his proposed re-election will be the subject of a Resolution of which special notice has been given.
- 6 Messrs. Peat, Marwick, Mitchell & Co., have signified their willingness to continue in office as Auditors.
- 7 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.
- 8 Counsel has advised that the close company provisions of the Finance Act 1965 do not apply to the Company.

By Order of the Board,

J. K. MONTGOMERIE

20th September, 1966.

Secretary.

THE FINANCIAL FIGURES IN BRIEF

	1966	1965
Sales	£152,181,000	£127,147,000
Profit before charging interest	£23,512,000	£15,191,000
Profit before Taxation	£18,869,000	£11,385,000
Profit after Taxation	£10,921,000	£7,587,000 *
Profit available for Ordinary Shareholders	£4,641,000	£4,410,000
Ordinary Dividend per share (before deduction of tax)	12·6d. 14·7 cents	12·6d. 14·7 cents
Capital employed	£164,728,000	£139,999,000

* The adjusted figure for this item after charging Corporation Tax at 40%, instead of at 35% as provided in the accounts for 1965, is £7,288,000.

Mr. John Davis' Statement

Dear Fellow Shareholder,

In the year ended June 1966, The Rank Organisation achieved substantial increases in sales, exports and profits.

Whilst this is satisfactory enough, I am frankly disappointed that even better results were not realised, largely due to circumstances beyond our control.

The unsatisfactory conditions prevailing in television and radio manufacturing industries are well known and this factor has slowed down the recovery of our Bush Murphy Division.

The pressure on margins in relation to steadily increasing costs is a common factor to all businesses and so far the efforts of the Prices and Incomes Board appear to have been to restrict prices. The added burden of the Selective Employment Tax which bears unfavourably on a large section of our activities will add to these problems as from September 1966. We are fortunate that our activities are well spread and our management is well geared to meeting these difficulties as they arise.

Whilst recognising the gravity of the short-term position of the balance of our national overseas payments and receipts, the drastic fiscal measures taken by the Government to discourage and restrict profit earning investment abroad must have a serious effect long-term and are particularly detrimental to Organisations such as ours which have large overseas interests with important development plans.

Apart from taxation disadvantages, the necessity to purchase 'premium dollars' for all authorised expenditure outside the sterling area is a heavy burden, and whilst projects in progress must be completed at a heavier cost, further investment is virtually prohibited.

British owned establishments abroad are an important factor in assisting the flow of exports from this country and the present policy must result in stagnation and will seriously injure the spirit of initiative and adventure on which the British economy has been founded.

The Organisation was honoured to receive the Queen's Award to Industry in April 1966, in respect not only of its own activities, but those of Rank Taylor Hobson and of Rank Xerox.

The demands which are made upon us to contribute to charitable and other worthwhile activities are extremely heavy. Your Directors decided some time ago to restrict our contributions to areas directly or indirectly connected with our activities and objectives. Following this policy, we decided that because of our substantial developing interests in the educational field, we would provide funds for the establishment of Chairs at Universities for the furtherance of education in fields related to our activities, with the result that we now have endowed Chairs for:

Catering at the University of Strathclyde, and the University of Surrey (which is in the course of formation) and Audio Visual Education at the University of Sussex.

We are just completing arrangements to assist the University of Reading in a Chair of Applied Optics.

During the last two years I have had the privilege of addressing groups of Investment Analysts in various parts of the United States and explaining some of the Group's affairs and policies.

I welcome the fact that some 20% of our Ordinary and 'A' Ordinary Shares are held by investors in the United States. I believe that this represents the largest percentage holding of the U.S. public as such in any British company.

My colleagues and I are encouraged by a review carried out by *Management Today* of British business growth during the last ten years. Out of the first 100 Companies in this country, your Organisation had secured the sixth position with a growth rate of 884%.

With the economic problems facing us in this country at the moment, it would be imprudent to forecast progress during the next ten years, but I am sufficiently sanguine to hope that we shall maintain, if not improve, on that rate of growth.

FINANCIAL EVENTS

The Parent Company has not raised any new permanent capital during the financial year. Two of our principal subsidiary companies have raised loan capital to meet the needs of their expanding businesses:

Rank Precision Industries issued £3,000,000 7¼% Debenture Stock in October 1965, principally to finance its participation in Rank Xerox Limited.

Rank Xerox Limited issued £5,000,000 7½% Unsecured Loan Stock in February 1966.

In the Autumn of 1965, the last opportunity arose for the holders of the 6¾% Convertible Unsecured Loan Stock of the Parent Company to exercise their option to convert into 'A' Ordinary Shares of the Company, and some £248,000 nominal of stock was converted. The balance outstanding of £70,000 has since been redeemed at par as provided by the terms under which the Stock was issued.

At the same time conversions into 'A' Ordinary Shares of £1,958,000 nominal of 6% 1983-88 Stock and £166,000 of 6½% 1975-79 Stock also took place.

During the period 1st October to 9th December this year, a further opportunity to convert into 'A' Ordinary Shares will be available to holders of the 6% Convertible Loan Stock 1983-88 and the 6½% Convertible Loan Stock 1975-79 on the following bases:

6% Loan Stock 1983-88

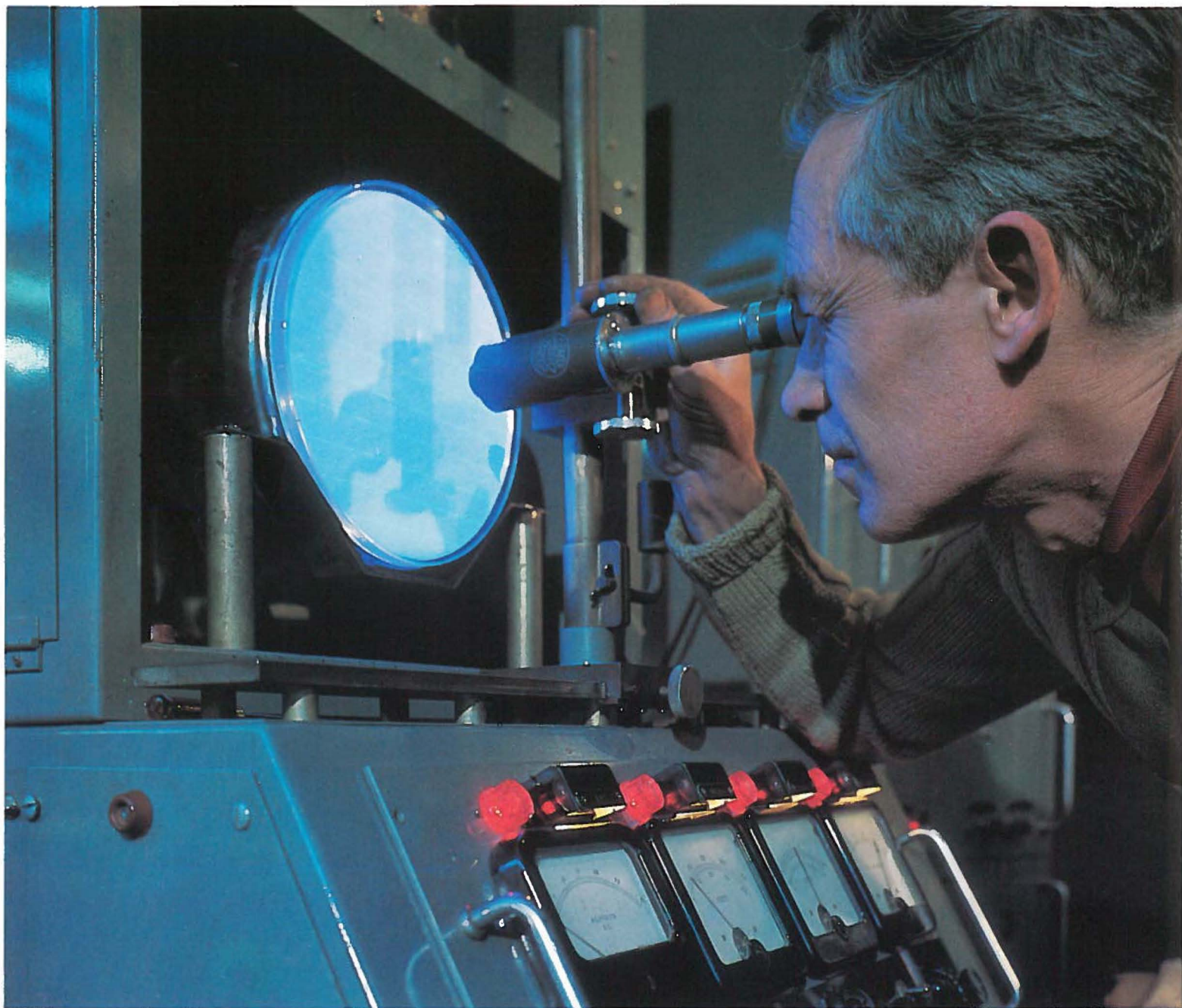
For every £100 of Stock at par—62 'A' Ordinary Shares equal to a conversion price of 32s. 3d. per Share.

6½% Loan Stock 1975-79

For every £100 of Stock at par—73 'A' Ordinary Shares equal to a conversion price of 27s. 5d. per Share.

We have entered into a joint venture with the Responsive Environments Corporation of America to exploit outside the Continents of North and South America a revolutionary new educational system, sometimes referred to as 'the talking typewriter'. The operating Company is Rank-R.E.C. Limited whose share capital of £60,000 is owned as to 49% by R.E.C. of America and issued in consideration of distribution rights throughout the world, except the Americas, and as to 51% by The Rank Organisation issued for cash. In addition, the Organisation will provide £70,000 of loan capital when this is required. We see considerable potentialities in the long term for this new development.

A Rank Electronic Tube technician makes a phosphor screen check on a cathode ray tube for possible blemishes. This particular tube is destined for use in a Rank Bush Murphy flying spot teleciné machine, of the kind which is installed in television studios throughout the world.



In respect of the financial year ended 26th June, 1965 an interim dividend of 8% and a final dividend of 13% were paid on the Ordinary and 'A' Ordinary Shares. An interim dividend of 9% was paid in March 1966 and, having regard to the Government's wishes concerning dividend restriction, the directors recommend restricting the final dividend to 12%, a lower rate than they would otherwise have recommended, making the total dividend the same as last year.

FINANCIAL ACCOUNTS

The Organisation's Accounts and Balance Sheets will be found on pages 48 to 59. Further financial statistical information is given on pages 42 to 46.

In view of the increased significance of Rank Xerox in relation to the Organisation as a whole, the Analysis of Sales and Profits on pages 44 to 45 is this year divided between Rank Xerox and other activities. It is hoped that shareholders will find this additional information, which was also contained in the Interim Report, helpful.

In this year's Balance Sheet, in accordance with modern practice, General Reserve and Profit and Loss Accounts have been merged under the heading of Revenue Reserves.

Consolidated Profit and Loss Account—The Organisation's profit before charging interest and taxation has again increased significantly from £15,191,000 to £23,512,000.

The 1965 profits attributable to Rank Organisation shareholders after charging interest and taxation were stated in the 1965 Annual Report to be £5,009,000. This was on the basis of Corporation Tax at 35%. Subsequently this tax was fixed at 40% and the adjusted figure for the 1965 profit is, therefore, £4,782,000. Compared with this figure, profits for 1966 were £5,468,000, an increase of 14.3%.

As will be seen from the Analysis of Profits on pages 44 to 45 the significant increase in Group profits this year arises from Rank Xerox. This most important activity is dealt with in detail later.

Our Film interests have been able to increase their profits in the face of rising costs and severe competition.

Under the heading of Manufacturing the results of Rank Bush Murphy television and radio have made a satisfactory recovery from the setback of last year. I am pleased to say that this Division has resolved its management problems, but unfortunately in the last quarter its results were adversely affected by the additional credit restrictions imposed in February 1966, by Her Majesty's Government. The Electronic Section suffered severe problems which required drastic policy decisions to which I refer on page 32 and this has resulted in an exceptional loss included in the Analysis of Profits.

Business of the Taylor Hobson Division of Rank Precision Industries is expanding at a considerable pace, particularly in export markets, with an order book materially greater than ever before in the history of the Division.

The Hotels and Motorways Division has suffered a loss of £625,000 during the year. The reasons for this and the results achieved by other Divisions are commented upon in detail under the Review of Divisional Operations which commences on page 20. The Analysis of Divisional Sales appears on pages 44/45.

The charge for interest payable continues to increase due to the higher borrowings required to finance our development programme. Perhaps here it would be appropriate to mention that part of the heavy interest charge borne by The Rank Organisation is in respect of capital

which has been borrowed to enable the Organisation to take up its share of the additional capital which Rank Xerox has required.

Once again, a comparison of profits after taxation with those of previous years is complicated by the transition to Corporation Tax. In fact, it will not be until next year that the Accounts will reflect fully the new basis of taxation.

In drawing up the 1965 Accounts, provision for Corporation Tax on the profits of that year had to be computed at an estimated rate since the rate was not known until the 1966 Budget Speech. In the event, the rate was fixed at 40% instead of the rate of 35% adopted provisionally in the 1965 Accounts.

The provision for the additional tax of 5% amounting to £203,000 has been charged against revenue reserves.

In order to assist shareholders and other interested parties, we have inserted in respect of the year 1965, where appropriate, an additional column showing what the results for that year would have been if Corporation Tax had been charged at the now known rate of 40%, which figures we hope will facilitate an accurate comparison between the results for 1965 and the year under review.

The determination of the higher rate of Corporation Tax followed an earlier announcement in January 1966 of the withdrawal of Investment Allowances, effective from that date. These allowances had previously been of considerable benefit to the Organisation in financing its development programme and alleviating the charge against profits for taxation during this period.

Investment Allowance relief has accordingly been available only on capital expenditure incurred during just over six months of the financial year. Had the allowance on the previous basis been available for the whole year, the benefit would have been £1,750,000 as opposed to £700,000 when Corporation Tax at 40% is taken into account.

Investment Allowances have been replaced by other investment incentives in the form of Board of Trade grants in respect of certain capital expenditure. Expenditure incurred in the second half of the year by the Organisation is expected to qualify for a grant of only £82,000.

Since these grants are designed to benefit mainly Manufacturing Industries, I can only deplore this discrimination which unfairly affects such activities as new hotels, which are essential to our tourist industry. These estimated grants have been applied in the Accounts to reduce the cost of the asset.

This material change in the basis of taxation caused us to review in detail the whole of our expansion programme and other capital expenditure which we were contemplating. As a result we have, for the time being, materially cut back the programme and postponed heavy capital commitments which we might have entered into in the next financial year. This decision is, in some ways, unfortunate, particularly long-term, but in my view was necessary, in view of the changed financial and economic conditions which developed during the year.

This change of policy will not be fully reflected in the Annual Accounts for some time, as capital commitments are naturally made well in advance of the work being carried out.

The table which follows is an abridged Consolidated Profit and Loss Account covering the last three financial years.

Since dividends now have to be provided gross, and having regard to the Preference Share Capital, the 'cover' for dividends bears no relation to previous years when a different system of taxation was in force. The real effect of the new taxation can be appreciated by comparing

the amount of profits retained in the business after payment of dividends, which is shown in the Statement. Although under the transitional provisions of the Finance Act some part of the income tax deducted from dividends paid in respect of 1966 will be retainable as shown in the Consolidated Profit and Loss Account, for the purpose of illustrating the position as it will exist in the future, the gross amount has been used.

In addition, the 1965 taxation figure has been adjusted in respect of Corporation Tax from 35% to 40%.

	1966 £	1965 £	1964 £
Profit before charging interest and taxation	23,512,000	15,191,000	11,326,000
<i>Less</i> Interest	4,643,000	3,806,000	2,354,000
Profit before Taxation	18,869,000	11,385,000	8,972,000
<i>Less</i> Taxation	7,948,000	3,798,000	3,194,000
* (adjustment re Corporation Tax from 35% to 40% in 1965)		299,000	
Profit after Taxation	10,921,000	7,288,000	5,778,000
<i>Less</i> Outside Shareholders	5,453,000	2,506,000	1,171,000
	5,468,000	4,782,000	4,607,000
<i>Less</i> Non-trading items, etc.	166,000	75,000	(158,000)
Profit available to shareholders	5,302,000	4,707,000	4,765,000
Preference Shares			
Gross amount	833,000		
Net amount		500,000	417,000
Profit available to Equity shareholders	4,469,000	4,207,000	4,348,000
Ordinary and 'A' Ordinary Shares			
Dividend Rate	(21%)	(21%)	(18 $\frac{3}{4}$ %)
Gross amount	2,937,000		
Net amount		1,673,000	1,477,000
Retained profit:	£1,532,000 (excluding £341,000 Income Tax retainable)	£2,534,000 *(as adjusted)	£2,871,000

We are advised by Counsel that the Organisation is not a close company.

"Sun" photographer Ron Burton receives the John Davis Trophy, top award in the British Press Pictures of the Year Competition. Making the presentation, Mr. Davis, Chairman and Chief Executive of The Rank Organisation, said the purpose of sponsoring the Competition was to increase public awareness of the essentials of good news and feature photography.

THE BRITISH PRESS PICTURES OF THE YEAR



Consolidated Balance Sheet—The 1966 Consolidated Balance Sheet shows that capital employed in the Group has increased from £140,000,000 in 1965 to £165,000,000. The statement below sets out the net assets under their significant headings for the past three years.

	1966 £	1965 £	1964 £
Fixed Assets <i>less</i> Depreciation	117,161,000	97,889,000	77,237,000
Net Current Assets	23,768,000	20,089,000	19,758,000
Trade Investments, etc.	6,638,000	6,473,000	5,551,000
Goodwill, etc.	11,069,000	11,429,000	9,035,000
Taxation provided in respect of deferred profit	6,092,000	4,119,000	2,980,000
Capital Employed	164,728,000	139,999,000	114,561,000
<i>Less</i> Loans and Deferred Liabilities	87,640,000	71,472,000	58,751,000
	77,088,000	68,527,000	55,810,000
<i>Less</i> Outside Shareholders' Interests	22,116,000	16,297,000	9,685,000
Net Assets (including Goodwill)	54,972,000	52,230,000	46,125,000
<i>Less</i> Preference Share Capital	12,598,000	12,598,000	12,553,000
Equity in the Organisation	42,374,000	39,632,000	33,572,000
Represented by:			
Share Capital	13,988,000	13,565,000	12,864,000
Reserves	28,386,000	26,067,000	20,708,000
	£42,374,000	£39,632,000	£33,572,000

The issued 'A' Ordinary Share Capital has increased by £423,000 which arises from the conversions of the Parent Company Loan Stocks as a result of the exercise of options by the Stockholders last year. This also accounted for an increase in the Share Premium Account of £1,940,000 during the year.

Selective Employment Tax—This new tax will not become operative until the end of the first quarter of the current financial year but will then bear somewhat heavily on the Organisation.

Representations have been made to the Government in regard to its application to certain of our activities which we contend are manufacturing processes, such as film production, and in regard to part-time workers referred to on page 21; these representations have so far been unsuccessful, and as a result the approximate net cost in a full year would appear to be of the order of £1 million.

I find it difficult to understand the reasoning behind this tax as it would appear to be based on the doctrine that those who make things and thus perhaps dirty their hands make a contribution to Society, whilst those who market, service and do the other essential activities enabling goods to move from the factory to the customers at home and overseas, are not contributors to the welfare of Society.

In our case this is particularly unfortunate considering the major effort Divisions have made in the export markets. I can only hope that it will be appreciated in time that the application of the tax in its present form will not facilitate the movement of manpower or help the well-being of this country with its economic problems.

Directors—You will have seen from the Directors' Report that the Rt. Hon. Lord Mabane, P.C., K.B.E., M.A., who has recently been in indifferent health has expressed his wish to retire from the Board at the conclusion of the Annual General Meeting. The services of Lord Mabane will be greatly missed by me personally and by all his colleagues. His great knowledge, experience and clear thinking have contributed much to our deliberations.

Personnel—I am sure the Shareholders will wish to join me in thanking all our staff for the indispensable contribution they have made to our success during the past difficult 12 months.

The year has been a testing time for us all. The fact that we have been able to maintain progress, despite all the difficulties we have had to face, testifies to the quality and dedication of our employees—from the most junior of the school-leavers to the Managing Directors of the Divisions who provide leadership of the calibre our enterprise demands.

It is easy to forget that this staff, now numbering over 40,000 in this country alone, is equivalent to the population of a fair-sized town. The efficient co-ordination of the efforts of all these men and women to maximum effect is the most challenging task demanded of the leadership of a modern company. It is also among the most rewarding, when a chief executive has the good fortune to lead a staff as enthusiastic and loyal as our own.

Finally, I would like to record my thanks to Mr. R. G. Leach of Peat, Marwick, Mitchell & Co., whose valued advice continues to make a great contribution to the success of our Organisation.

THE FUTURE

I have tried in the Financial Section of my report to give you a frank appraisal of our successes and failures which, if read in conjunction with the report on Divisional operations which follows, should enable you to appreciate the great efforts which have been made during the year under review, the problems with which we have been faced and what we have achieved.

When it comes to forecasting the future, **Short-Term**, faced with the present political and economic problems which exist nationally and internationally, then my responsibility as Chairman becomes much greater and more difficult.

I have said, and I repeat, that my confidence in the long-term future of the Organisation remains unchanged, but short-term it is much more difficult to forecast.

Of one thing I am sure, the results for the current year should show an improvement over those of the year under review. However, this improvement is more likely to be effected in the second half of the year than the first.

The Managing Directors of the Divisions have reappraised their activities with meticulous care in the light of the new conditions, cutting out those activities or products which do not

give an adequate profit margin, in order to increase the yield on capital employed, but the full benefits of the policy will not be realised immediately.

All contemplated capital expenditure has been re-evaluated, with the result that some of our programmes and plans have been either cancelled or postponed. The effect of these decisions on our cash flow will not be immediately discernible, but as the months pass, it will become more positive in its effect, so that whilst we shall need additional short-term finance, we are not contemplating the issue of further equity capital or convertible loan stock.

Our expansion programme over recent years has meant that considerable amounts of capital have been employed in building or creating new ventures which are now coming into operation, and will in the future contribute to profits.

I refer later in considerable detail to our important interest in Rank Xerox, both as to the progress it has made to date and the continued progress which we see for it in the future. Undoubtedly it will be of continuing and increasing benefit to our overall results in the years ahead.

Yours sincerely,

JOHN DAVIS,

Chairman and Chief Executive.

Rank Xerox converted an airliner into Britain's first flying showroom for the Launch of the new 2400 xeroduplicator. During an eight-week demonstration tour, the aircraft travelled 8,000 miles around Europe, covering 28 cities in 13 countries. In this photograph, a hostess welcomes visitors aboard at the start of the tour at London Airport.



CHAIRMAN'S REVIEW OF DIVISIONAL OPERATIONS

During the year we have seen once again ample evidence of the importance of marketing orientation as the key to International trading success. At every level in the Management of the Divisions our executives pride themselves upon their ability to harness the latest marketing techniques to serve their particular needs in trading and do so in the knowledge that no other approach can bring the results which are expected of them.

It is of great personal satisfaction to me that our intake of new staff and the development of those who have already joined us, have benefited considerably from our growing reputation as exponents of this business philosophy so that we are able to look forward with confidence to a programme of Divisional expansion on the solid foundation of modern planning and up-to-date people.

It has been said that production is only of use when it is sold. I sincerely hope that lessons which have been learned in commercial enterprises like our own, will be constantly drawn to the attention of those who still appear to feel that making things is desirable and respectable, whereas selling things is parasitical and unpatriotic. Only sound marketing can ensure that this country will produce the right things, in the right quantities, at the right price and then dispose of what is produced, profitably.

In modern business enterprises such as our own, these truths have long been appreciated and we have realised too the importance of their acceptance at National level. Unhappily, we have seen over the course of the year a rising tide of interference with business. It is becoming increasingly fashionable to restrict by various means the use which industry can make of its total skills.

Advertising in particular is the almost constant target of people who are either ill-informed or misinformed, and those who care more for doctrine than for reality. The new burden of Selective Employment Tax which is to fall in particular on the professionalism needed in the fields of market research, advertising, distribution, sales and other component parts of marketing, will put us at a serious disadvantage with our overseas competitors.

It is not possible to have a sound competitive trade abroad unless a sound and competitive trade is allowed to flourish at home, and those who through ignorance of this vital fact constantly hamper, by their actions, the rate of progress essential to our ultimate success as a trading nation, do this country a great disservice and may well, if they persist, deal it a mortal blow.

FILM ACTIVITIES

The year under review has continued to reflect the unceasing revolution in all leisure-time activities. We have seen the introduction of new interests and the decline of those who have not kept up to date and have failed to move with the times in providing the public with the services and facilities which they rightly demand.

The Monopolies Commission's Report on the supply of films has been completed and submitted to the President of the Board of Trade. It is expected that it will be laid before Parliament in October. The President of the Board of Trade has announced that existing legislation concerning the film industry will be extended with some minor amendments until the end of 1970, which I hope will enable the Commission's Report to be fully discussed before any new legislation is introduced.

Exhibition Domestic—The results from operating in our theatres appear on page 45. Fierce competition for the leisure pound has been reflected in a further decline in national attendances. In the calendar year 1965, industry attendances show a decrease from the previous year of 11%, whilst in the Organisation's theatres we achieved an increase of

1.9%, which reflects, in my view, the efforts which we have made to rationalise and improve our operation and public appreciation of the good facilities we provide.

This effort on our part has been materially helped by such outstanding products as 'Early Bird', 'Help', 'Mary Poppins', 'Our Man Flint', 'Thunderball', 'Von Ryan's Express', and 'What's New Pussy Cat'. We have had, in addition, in our road-show theatres, the outstanding performance of 'The Sound of Music' producing results the like of which have never been achieved before. Unfortunately, in spite of these outstanding films, there is still an overall shortage of first-feature product and we have had difficulty in completing some of our programmes with both British and foreign films of entertainment value.

In the year 1965, our Quota achievement was 36.8% for first-feature films, as compared with 48% in 1964. The shortage of British films was responsible for the percentage of playing time falling.

The flexible booking policy which we have been developing over recent years has been intensified in the year under review, facilitating our ability to book films of specialised or more limited appeal, into those situations where there is a public desire to see them. This policy includes many variations of the circuit release pattern and much specialised handling, but is of undoubted benefit to film producers.

Our trends in theatre closures and admissions which are, I am relieved to say, at variance with the downward National trend, undoubtedly result from the policies which we have adopted in recent years. We have continued to improve, modernise and redecorate our properties and have currently four new theatres under construction at Marble Arch, Swansea, Elephant and Castle, and St. Martin's Lane.

Our contributions to the British Film Production Fund during the Financial Year amounted to £2,070,000, being 8.8% of our gross box office receipts.

Our relationship with the Unions has remained on a satisfactory basis throughout the year. They have co-operated with us in our endeavours to improve productivity.

We are extremely disturbed as to the implications of the Selective Employment Tax as, owing to the nature of our business, we have hitherto employed considerable numbers of part-time workers, as is common within the entertainment industry. In so doing we are utilising the services of people who generally cannot be absorbed in other industries. This new tax may well compel us to reconsider the position of part-time workers. This position could have been eased for all concerned if the Government had agreed that the tax would not apply to people working below a certain minimum number of hours per week. Unfortunately, although the Industry made representations, this view was not accepted.

Our operation in Northern Ireland has shown a considerable improvement in the ten-year period since we started operating in that territory, having rather more than doubled its profits. At the same time we have greatly increased the facilities and improved the conditions under which the public have an opportunity of seeing the films.

Exhibition Overseas—Our interests in Canada have shown a further substantial improvement in profits for the year, achieving an all-time record. We do not anticipate, whilst the Canadian economy remains buoyant, any set-back in this trend.

In Malaysia results are starting to show a slight improvement.

In Australia and New Zealand, both operations are fighting, with some success, the heavy inroads made by television in recent years.

Film Distribution—The Distribution Organisation has continued in a high state of efficiency and enthusiasm, with the result that the volume of business which has been handled during the year has shown a further increase.

Domestic—In furtherance of our policy of reducing distribution costs and improving administration we have joined an accounting Consortium consisting of B.L.C. Films Ltd., Twentieth Century Fox Film Co. Ltd. and United Artists Corporation Ltd., formed to acquire one of the latest computers to handle exhibition accounting which, whilst complicated, is for the most part uniform for all companies.

It is intended that the Consortium activities will be extended in due course to the more complicated field of film booking and will be able to include in its scope the overseas territories. The set-up of this Consortium in which we took an active part, has been followed with great interest by the rest of the Industry, and companies who wish to benefit from the operation will be invited to do so as the experience of the new machine grows.

During the year the Division handled 14 programmes against 16 in the previous year, five of which were British, nine foreign, of which eight came from our good friends in Universal.

The Special Features Division successfully continues with the production of the lively series 'Look At Life'. Camera crews have filmed in more than ten countries, which emphasises the essentially international character of the series. We will also be privileged during the coming months, with the gracious consent of Her Majesty the Queen, to make a film in colour of The Royal Palaces, which will be released later this year.

Overseas—The Division has, by and large, held its own under the difficult conditions pertaining in many territories, with the result that there has been an increase in the revenues which have accrued to British films around the world. Our operation continues to gain the confidence of foreign producers, and as a result the range of product handled by the Division continues to widen. The diversity of sources and timing of such product creates a constant challenge to the imagination and efficiency of the Management in London and overseas.

We would like to extend our congratulations to the Walt Disney Organisation, whose films we handle in many territories, on their production of 'Mary Poppins', starring Julie Andrews and Dick Van Dyke. This delightful film has been successful in many countries, and what has been most interesting, particularly in countries where previously 'musicals' have not made their mark.

We have been endeavouring to streamline our Distribution Organisation to reduce costs, and in some territories have rationalised the physical distribution of our product with other distribution organisations.

It was encouraging that for the second year running the Federation of British Film Makers praised our efforts in servicing British films overseas.

Film Studios and Production—The Division has described its own activities, and rightly so, with these words:

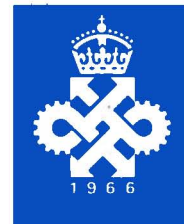
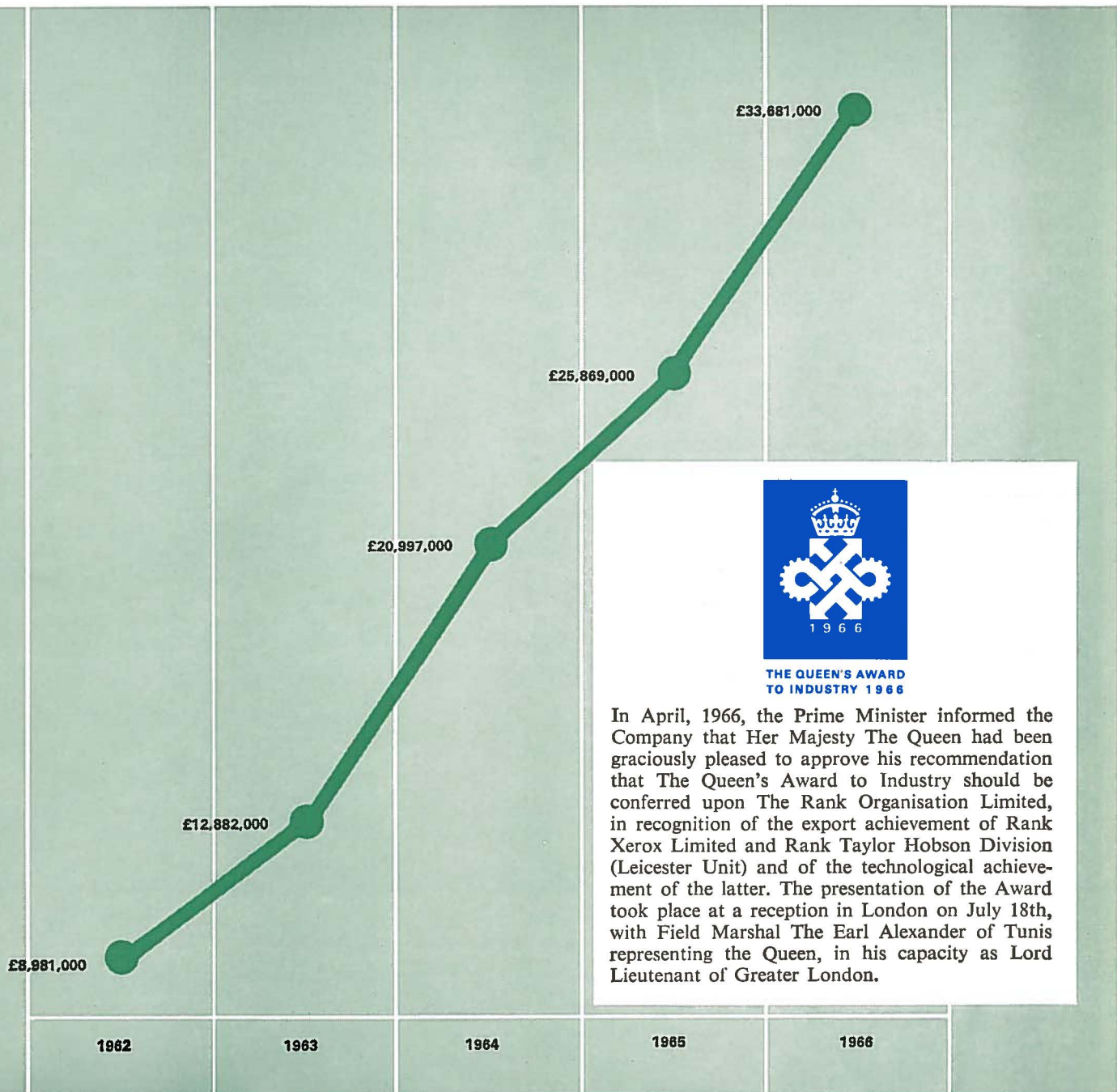
'expansion, excitement and great vitality, a rewarding experience for those of us fortunate enough to have taken part in it'.

Twenty-three productions have been made in the Studios during the year, including some of the biggest ever to be produced, at least three of them, 'Marat/Sade', 'Romeo and Juliet' and 'Stop The World I Want To Get Off' using unusual techniques in the constant search for better production methods. Such a high production programme has stretched our facilities to the limit.

The Studios have had the builders with them for the whole year completing the two most modern stages in the world in which the best of both feature production and television

EXPORTS 1962-1966

(INCLUDING OVERSEAS EARNINGS)



**THE QUEEN'S AWARD
TO INDUSTRY 1966**

In April, 1966, the Prime Minister informed the Company that Her Majesty The Queen had been graciously pleased to approve his recommendation that The Queen's Award to Industry should be conferred upon The Rank Organisation Limited, in recognition of the export achievement of Rank Xerox Limited and Rank Taylor Hobson Division (Leicester Unit) and of the technological achievement of the latter. The presentation of the Award took place at a reception in London on July 18th, with Field Marshal The Earl Alexander of Tunis representing the Queen, in his capacity as Lord Lieutenant of Greater London.

facilities have been combined. These stages were designed as a result of extensive travelling overseas by our technicians so that they could incorporate all the best that they had seen in addition to their own ideas, and will in our view set a new standard for many years in the Industry, enabling the latest techniques to be used.

At the same time a considerable amount of work has been carried out in improving working conditions for the comfort of personnel, together with new engineering and garage workshops, refurnishing offices, studios and dressing rooms, etc. We have been faced with the problem, which has now been resolved, of providing more car parking space as it is not unusual owing to the high volume of work in the studios for 1,000 cars to be parked there at any one time.

Our own production policy continues with little change, namely to produce films that, in our opinion, 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.

We have seen in exhibition further evidence of the fact to which I referred a year ago, that there is a constant large public for films of high entertainment value. Such films may be found among those involving high negative cost providing the creative ingredients needed to enable such films to compete on a world basis, or on the other hand smaller budget films for the home market. Both can achieve success at home and overseas; films of all types are needed to supply an integrated and balanced production programme.

The opportunities of co-production with foreign film-producing interests have increased during the year. The important part which this Organisation plays in world film making and the subsequent exploitation of the productions has been more widely realised. Our policy of 'co-production', where usually an American partner contributes certain essential ingredients and provides distribution in the United States, has been extended. We have entered into commitments to produce five major co-productions over the next 12 to 18 months, each with a different American associate. This policy will be continued. Further important subjects are being developed on a partnership basis with other international interests. On the other hand, we have continued the successful series of Norman Wisdom, Doctor and Morecambe and Wise productions, and further films will be released in the forthcoming year.

Our arrangements with the National Film Finance Corporation have worked smoothly, with the result that four films have been produced and a further one is about to commence shooting.

The risks of film production do not grow less, whilst negative costs continue to rise, but it is our considered view that we have a responsibility to the Industry to continue our production programme, whilst using our experience and ingenuity to minimise known risks.

Film Processing—Our laboratories at Denham and Acton have had a good year, in spite of many problems. There is no doubt that the emphasis of the film processing industry is changing rapidly with an up-surge in the demand for colour printing, both in 35 mm and 16 mm gauges. Major productions today in black and white are few.

Over and above the heavy demands which have been made upon us by the Cinema industry for high-class colour processing, there is a welcome increase in the demand for the laboratory services from the production companies specialising in television. With the announced intention of introducing colour transmission in this country towards the end of 1967, this demand should increase further.

We continue, through the high quality of our work, to do a considerable amount of business in the export markets as foreign producers from distant parts of the world are

encouraged to send their material to us for processing. The changes which have been taking place in the demand for our various facilities have necessitated a reappraisal of our processing methods. In order to keep in the forefront of technical perfection, new equipment incorporating the latest techniques has been installed, and our processing lines replanned to meet the new requirements.

Advertising Films—The Division has had another successful year, although it has been faced with increasing problems arising out of the changing pattern in the advertising industry to which I have already made reference.

To meet these conditions, the Division realised the urgent need to streamline further, and where necessary, modernise its activities to meet the increasingly exacting requirements of the advertising industry.

I am glad to say that all those involved responded with enthusiasm to the demands made upon them by their Managing Director, with the result that the Division's activities are in first-class shape, enabling them to improve their services to their customers, increase their turnover and consequently their profitability.

LEISURE SERVICE ACTIVITIES

Tenpin Bowling—The appointment of Mr. Whittle as Managing Director has had beneficial results with a greatly improved operation, but the financial benefits of this have still to be achieved.

Twenty-four Bowls have been in operation during the year, which, with one further Bowl to open shortly, completes our current building programme. New policies have been introduced to shift the emphasis away from purely League bowling. Other entertainment has been introduced to support this popular pastime, and it is clear that our customers have responded to the widening scope of the Bowls for an evening's entertainment.

Ice Rinks—The popularity of the Southampton Ice Rink has continued to grow. In October it will be joined by the Brighton Rink, which will complete our combined Entertainment Centre in that town.

Ballrooms—Currently 11 Suites and 12 Ballrooms are operating.

During the year additional Suites have been opened in Brighton, Croydon, Southampton and Sunderland. A further three will be opened in 1966/67. The concept of Suites offering a unique combination of facilities for general dancing and all types of private functions appealing to all age groups, has continued to find a ready acceptability with the public. We are satisfied that this important part of our activity will show steady growth.

Hotel and Motorway Services—The Hotel Building Programme has developed largely according to plan, although there have been delays.

At the end of the financial year, 13 hotels and three Motorway Service Areas were in operation.

During the year five new hotels were opened, adding 1,158 beds to the Division's existing total of 691, namely:

In August 1965 the **Hotel Romazzino** in Sardinia.

In November 1965 the **Coylumbridge Hotel**, Aviemore, was opened by
His Royal Highness Prince Philip Duke of Edinburgh.

In January 1966, the **Merrion Hotel**, Leeds, was opened by the Duke of Devonshire.

In May 1966, the **Five Bridges Hotel**, Gateshead, was opened by
Her Royal Highness Princess Margaret.

In June 1966, the **Bridgford Hotel**, Nottingham, was opened by
Field Marshal Earl Alexander of Tunis.

It is clear from our experience to date that our policy in building these hotels is satisfying a public need and with effective control and sound marketing, the Division will justify the investment which has been made.

A Central Reservations Office has been opened in London and is being widely used by travel agents and individual guests.

The Hotel Sol e Mar at Albufeira, is already becoming popular for Winter holidays, in addition to the five Summer months when it is fully booked. The Summer bookings at Coylumbridge are encouraging, bearing in mind that full occupancy is obtained during the Winter season. The Hotel Romazzino in Sardinia attracted strong support from travellers looking for the great natural beauty, perfect swimming and sunshine offered by the Costa Smeralda.

It is accepted that hotels in the period immediately following opening rarely make a profit. The Division has incurred a loss somewhat larger than anticipated in our budget. Moreover we have encountered some problems with the Motorway Service Areas, as in some cases the roads have not been finished by the originally forecast date, with the result that traffic flows, etc., are not in line with the forecasts made by the Ministry on which we based our quotations. I will say no more than this at the moment, as we are in discussion with them in regard to the problems which have arisen.

It was with reluctance that your Directors decided materially to slow down the programme of hotel building upon which we had embarked. This decision was taken because of the new economic and financial conditions which had arisen throughout Europe. We felt it was prudent to defer incurring further commitments until the economic position was clearer.

Top Rank Home and Leisure Service—Operates 188 Shops engaged in the renting and sale of television, radio and home appliances, supported with some retail activities in allied fields.

The Division has made considerable progress during the year under the enthusiastic direction of Mr. John Parkin, in spite of the very difficult national trading conditions which have existed.

The problems of this Division are closely related to those of Rank Bush Murphy, where the sale and/or rental of television and radio receivers has been severely affected by the credit restrictions which were imposed in February 1966, when the required minimum deposit on rental agreements was increased from 20 to 32 weeks, and the minimum deposit for a hire purchase agreement from 15% to 25% of the cost of the goods.

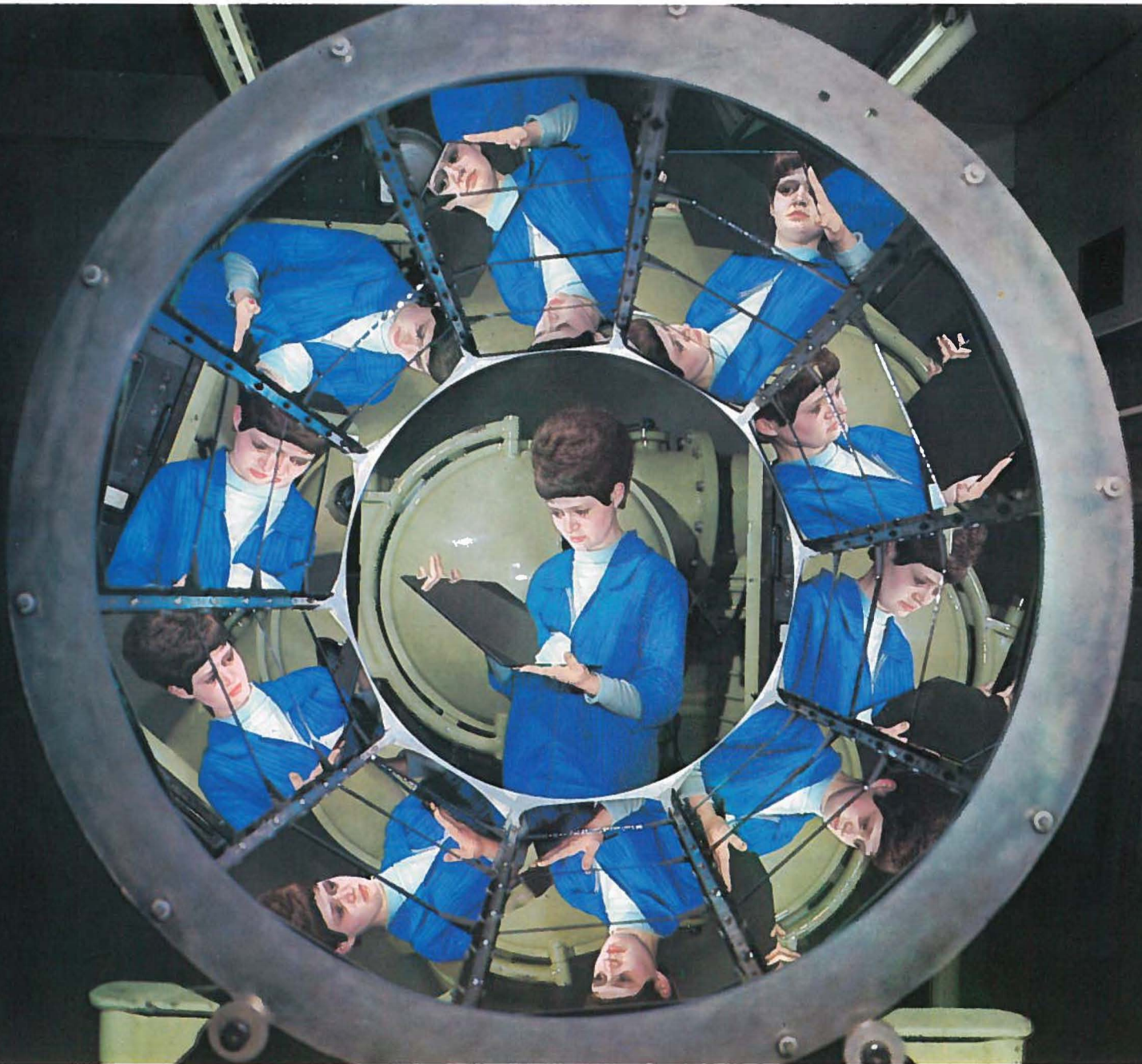
In spite of these difficulties, I am glad to say the Division has made further progress and increased its profits. If it had not been for these problems beyond our control, we should have made greater progress. The credit restrictions are unlikely to be eased in the current financial year, with the result that the Division will continue to trade under difficult conditions largely beyond its own control.

Southern Television Limited—In which we have a 37.6% interest, suffered, as we anticipated a year ago, a severe reduction in profit at £1,208,000 before taxation, a reduction of nearly £616,000 below 1963/64 results.

The levy on advertising revenue and increased rental payments to the Independent Television Authority for the use of its facilities together amounted to an increase of £1,100,000 over the charge for the previous year.

Despite the increase in the levy, etc., which was beyond our control, we had a successful year with our revenue increasing by 11.2% over 1963/64. A significant proportion of the

*All done with mirrors—
literally in the case of this
reflecting unit manufactured
by Taylor Hobson Division
for use in Rank Xerox
copying machines.*



increased advertising revenue represents expenditure by advertisers using the medium for the first time. Test marketing business, for which our region is the ideal area, now provides some 10% of the Company's revenue.

The year's results were achieved despite the ban on cigarette advertising which came into effect on the 31st July 1965 and which resulted in a severe reduction of the Company's forward revenue in the last quarter of the financial year.

Much of our success with advertisers continues to stem from the fact that as "medium" owners we believe it is essential to be closely involved in the marketing problems of our clients. During the year we concluded arrangements with a specialist marketing organisation enabling our advertisers to strengthen their sales forces or employ specialised merchandising teams in our areas at favourable rates. Our continued development of the use of market research and other modern facilities which Southern makes available to our clients is one of the principal means of attracting new advertising.

The Industry is suffering because the Government has not yet reached a decision on the future pattern for the Industry either in regard to the allocation of a second service or the possible changes in line standards. As a result of this delay the Independent Television Authority has offered to extend the current licences of the Programme Companies by one year to July 1968. This will unfortunately create a further period of uncertainty within the Industry. If the Company is successful in obtaining a renewal of its franchise or an extension of its responsibilities, it is hoped that the new contract will be of a longer duration than in the past and thus help to create a greater sense of stability and confidence in the future than has been the case in recent years.

There are two matters of outstanding importance which should be settled without further delay. First is the question of the maximum permitted number of programme hours. There appears to be no good reason for the Government's continued reluctance to deal with this matter on a realistic basis.

The second is a decision on colour television. Colour television is an expensive development. We believe that it can only be launched successfully as a joint operation by the B.B.C., the Independent Television Contractors and the manufacturers of receivers and transmitting equipment. Concerted action by all these bodies is essential if mutual confidence in the future of colour television is to be conveyed to the public.

Current indecision on the colour issue has also resulted in a natural reluctance by the public to purchase new black and white receiving equipment, thus creating unnecessary difficulties for the manufacturers, who have a vital part to play in the development of colour vision not only at home but also in the potentially rich overseas markets.

A major studio re-equipment programme involving expenditure of nearly half a million pounds is now in progress. Two hundred thousand pounds is being spent on the installation of a Univac 1050 computer which will record all advertising bookings and will match requests for air-time with availability up to two years ahead. As the computer works in, its functions will be extended to programming research and statistical information.

Against this background of Industry problems we have continued our policy of being actively involved in production, based on our belief that top quality programmes are the first essential of a high standard public television service. In accordance with this policy, the allocation of funds for production will again be increased in the current year. Every effort will be made to maintain and improve still further the quality of our programmes. We have helped to lead the way in the development of television journalism and our success is shown in the great popularity of our regional news and information programmes. In

addition, during the year under review a considerable number of productions have been networked, including the series 'Ladybirds', 'That Show' and 'The New Christy Minstrels'. We are particularly pleased that our first children's adventure serial 'The Master' was networked and achieved high ratings.

'Araby', one of 'The Full Man' series on English Literature, was entered in the Japan Prize Contest at Tokyo. Against fierce international competition it won the major prize for adult education on television.

Audio Visual—There are seven trading sections within the Division:

(a) **Andrew Smith Harkness Limited**, under the leadership of Mr. Tom Harkness, continued to lead the big-screen market in large parts of the world with markedly increased sales to the United States.

(b) **Electronic Tubes** has had a successful year, in spite of a major move of part of its activities from Sydenham to Sidcup, further complicated by the building of an extension to the factory. It is anticipated that further improvements in profits will be shown.

(c) **Rank Photographic** and (d) **Pullin Photographic** have continued to market the widest range of photographic goods in this country. Marketing conditions within the Photographic Industry have become increasingly difficult, being severely affected by credit controls, etc., and in addition their problems have not been helped by the introduction of the Super 8 film gauge, which for many months caused uncertainty in the minds of the buying public.

(e) **Top Rank Film Processing** (processors of amateur film) had its first profitable year. With the extension of the Van Collection Area and the introduction of a black and white processing service, we see this activity making steady progress.

(f) **Rank Audio Visual** have continued to expand their range of Visual and Audio Visual equipment aids, which are used for a wide number of training purposes, both in the expanding field of industrial training and in formal, high and technical education. The Division is in a strong position to meet the increasing needs of educational technology.

The Rank Language Laboratory system has been extended with the introduction of a portable unit which is complementary to the permanent installations. These continue to be well received at home and overseas, although deliveries at home have been delayed through the cut backs in Government spending, but in spite of these difficulties we have a satisfactory order book.

We also launched the Bell & Howell 'Language Master', a portable teaching aid which has a broad application for specialised educational purposes. The Casette loaded technicolor series of projectors was enlarged with the introduction of the 800 E4 and another model of particular use to sales representatives. The Mellotron sound effects console was introduced and received immediate acceptance throughout the world. We have enlarged the range of Farfisa electronic organs for both home entertainment and in the professional field.

(g) **Rank Film Library** added a considerable amount of Metro Goldwyn Mayer product to its catalogue and extended its educational programme, including 62 new films, 63 educational strips and 65 8 mm concept films. The Library is now expanding its programme in the industrial training field. Our first British production 'The Customer and You' was highly successful and well received.

Taking all in all, as a result of a certain amount of rationalisation, streamlining of the sales forces and the elimination of non-profitable lines, the Division is in good shape to trade successfully under conditions which may well be difficult in the forthcoming year.

MANUFACTURING AND MARKETING ACTIVITIES

Bush Murphy—This Division falls into two sections which have been clearly delineated during the year. The first is the domestic radio and television operation, and the second electronics.

I reported a year ago that drastic changes in the Management had been made and that the difficulties with which we have been faced were back under control. During this very difficult period, Mr. C. C. Moore took over the Managing Directorship, although he was near retirement age, to assist us and did a sterling job of work, for which we all are most grateful. He retired from this position in April 1966, but agreed, at my suggestion, that he should remain with the appointment of Deputy Chairman.

He has been succeeded as Managing Director by Mr. J. P. Collis, who is carrying through the re-organisation programme and strengthening the management team. Unfortunately the full benefit of his efforts is not reflected in the Profit and Loss Account, as in the last quarter of the year National business throughout the domestic radio and television industry was seriously and adversely affected by the credit restrictions imposed by the Government. Had it not been for these adverse factors beyond our control, this section of the Division would have shown a small profit for the year.

The Radio and Television industry for years has been at the mercy of sudden changes in legislation. The effect at home has impeded progress, whilst overseas the technical make-up of the British television system has hindered expansion in growing markets. The total industry sales figures for March/June 1966 have run at 75% of last year's figures and are the lowest since 1962 with the result that we have had the galling situation of increasing our market share this year, but selling less television receivers in a smaller total market.

Changes in production and engineering departments have been carried out which are reflected in the introduction of the new range of products launched in July last.

I referred last year to the rationalisation of production. During the year, all domestic production has been taken out of Welwyn and we have taken the further decision to close our factory at South Shields. Thus, television production will be concentrated at Plymouth, with some sub-assemblies being made at the small satellite factory at Redruth and radio production will be concentrated at Skegness. We were reluctant to close the South Shields factory, but were left with no alternative in view of the introduction of increased credit restrictions and the delay in the introduction of colour.

I am pleased to say that the new range of radio sets which we introduced in January last have been well received. Our sales to date in 1966 are running well above those of a year ago; even so, we have based our Budget for the year 1966/67 on the assumption that the market will remain depressed.

We have increased our association with major rental companies and our new chassis have been designed for easy servicing and quick handling; requirements essential to this type of business.

I am pleased to say we have made an agreement with the Co-operative Wholesale Society to make their total requirements under their brand name of 'Defiant'. This is an important contract.

There are now a large number of receivers in use nationally which are of considerable age and will soon have to be replaced. This fact alone may provide an increased demand in the near future.

Whilst we have tightened up the operation both in marketing and in production terms, it is difficult to see the Radio and Television industry becoming really profitable until

LEFT Rita Tushingham and Oliver Reed head the cast in George Brown's production of "The Trap". The film was made in colour in partnership with the National Film Finance Corporation and Canadian interests, with location shooting in British Columbia.

RIGHT A party scene from "Doctor in Clover", with all the guests under the influence — of laughing gas. This Betty E. Box/Ralph Thomas production for The Rank Organisation stars Leslie Phillips, James Robertson Justice, Shirley Ann Field, John Fraser, Joan Sims and Arthur Haynes.

BELOW A giant chess board provides the dramatic background for a clash between Hugh Drummond (Richard Johnson) and Chang (Milton Reid) in "Deadlier Than The Male". This Sydney Box-Bruce Newbery Production—based on the "Sapper" novels—was produced at Pinewood by Betty E. Box and directed by Ralph Thomas. Other stars include Elke Sommer, Sylva Koscina and Nigel Green.



a **Colour** television service is established in the United Kingdom. We are confident that our Company is in the forefront of colour development in this country. In fact, we have been the first to produce and offer for sale to the trade wholly British designed sets.

We exhibited colour at 'The Radio Show' in August last. We believe that the initial market will be relatively small, but once the public realise the quality and excitement of colour television, the growth will be rapid. Our colour television sets will be made in our Plymouth factory, and deliveries will be starting in January 1967.

Turning to **Electronics**. We have had an extremely difficult year. The new management has made a critical reappraisal of all our activities, and the products which we were producing. One of their first decisions was to terminate Nucleonic production, which clearly has been unprofitable. We have also ceased the production of certain products in the medical field.

Material savings have been made in space and overheads, the benefits of which will be reflected in the current financial year. We know that in certain fields we have considerable expertise. We hope to maintain our interests in these areas, although considerable difficulties still have to be overcome.

Overseas Manufacturing Investments—India: Our Overseas Manufacturing Investments in India have increased both their turnover and profit, but unfortunately the devaluation of the rupee has reduced our income by way of dividend and royalties.

Murphy India are building a new plant, which should be in production in 1967 by which time both Murphy India and Mulchandani Electrical and Radio Industries will have modern, up-to-date plants.

There is no doubt that our Indian partners continue to secure immense benefit from the knowledge of design and technology which we give to them. We hope that the Indian Government continues to realise that co-operation of this kind is vital to the long-term development of an Electronics industry in India.

Bush (Ireland) Ltd.—Has had a somewhat difficult year, largely because of the economic problems which exist in their territory, with the result that both profits and turnover are lower. Fortunately, the Company is in good shape to maintain its position under existing difficult conditions.

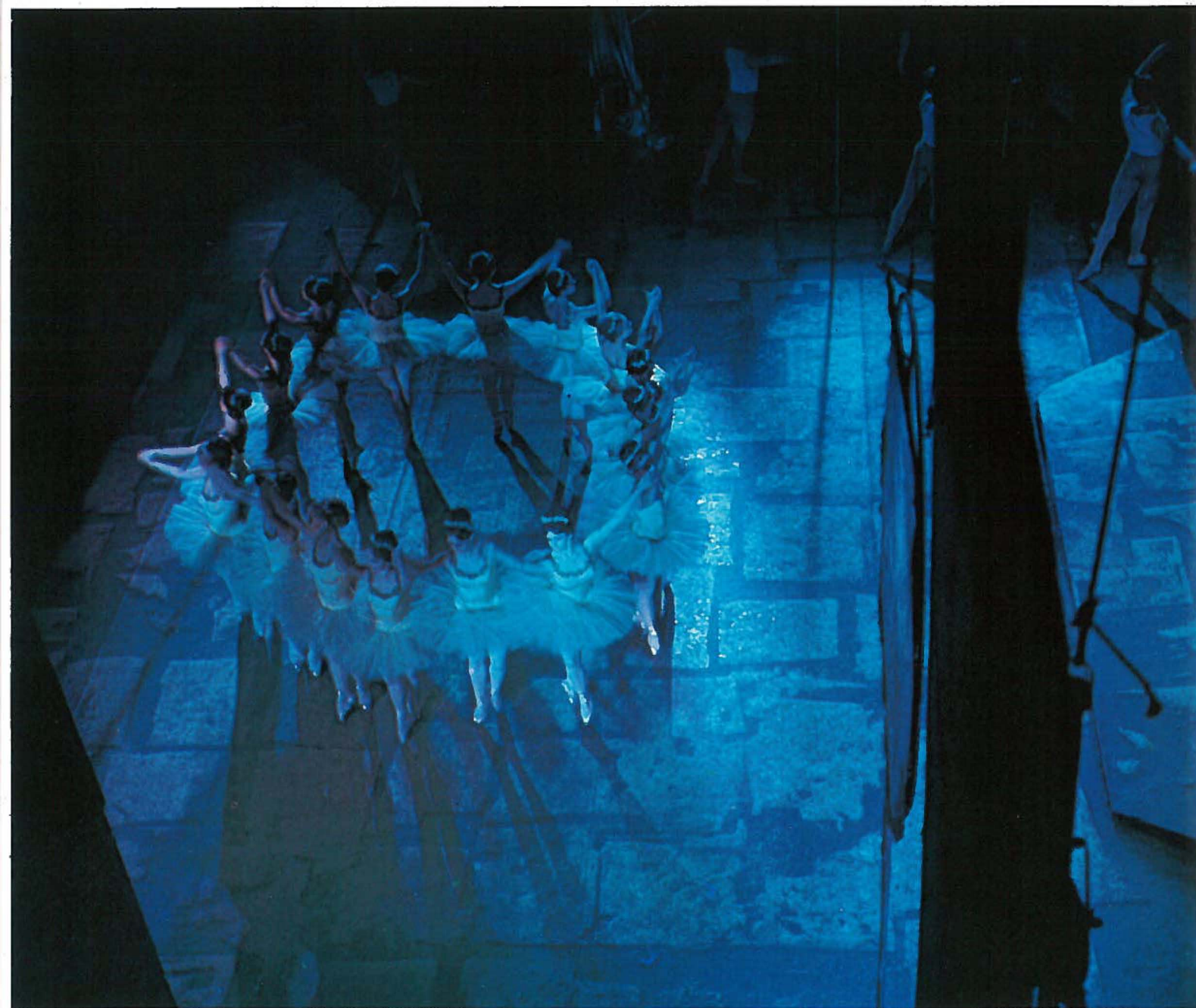
Rank Taylor Hobson—I am glad to say that we are beginning to reap the benefits of the major reorganisation which we have been effecting in this Division over recent years, involving heavy capital expenditure and heavier charges for research and development. The result is that the profit of the Division has increased from £404,000 to £519,000, being an increase of 28 % over the previous year.

It was particularly pleasing to the Executive and staff at all levels that this Division's efforts in the export markets and in technological innovation, were recognised in the presentation of The Queen's Award to Industry in respect of the work achieved in these two fields.

The order intake was at an all-time record level, having increased by 59%, despite our deliberate elimination of a number of less profitable products. The formation of overseas subsidiaries has played an important part in this, as is shown by an increase of 190% in orders from the territories in which they have been formed. This policy will be expanded as we secure the right personnel to run and direct these operations.

A number of servo-controlled derivatives have been created from the now famous Varotal 5 television Zoom lenses. These have established a very high level of international acceptance. We are receiving many orders for lenses which are servo-controlled and are

A highlight of the London ballet season was the performance by members of The Australian Ballet of "Raymonda", staged at the New Victoria in association with Theatre Division. Dame Margot Fonteyn and Rudolph Nureyev appeared as guest artistes in this production.



required for colour television in particular. We have an increased order book of 45%, a large proportion of which has come from the United States.

I am proud to say that our lens products continue to be leaders in world markets. It is my belief that the new products we shall be introducing shortly will help us to maintain this position. Last year our exports represented 61% of the nation's lens exports.

Turning to the sophisticated instruments which we produce, order intake increased by 30% during the year. I believe I should mention as an example of the high quality of work which is being produced that for the first time a graphic record of surface measurements down to 2½ angstroms is made available to the Engineering world. This is achieved through our new step measuring instrument 'Talystep' which is being well received in world markets.

Production increased by some 40%, in spite of severe labour shortages at each of the units. These increases largely resulted from the success of the Division's apprenticeship and adult training schools which are now in operation.

Research and development expenditure has been increased by some 50%, and expenditure on international marketing activities by some 30%. This effort, backed up by the material increase in the introduction of the latest machine tools, enables me to say that our factories are among the finest, most up to date and best equipped in this country.

We look forward with confidence to a continued expansion of the Division's activities.

Rank Wharfedale Limited—The factory of 19,000 square feet which the Division started to build a year ago was completed in December last, and sections of the production at Idle were subsequently moved over without interruption.

There is no doubt that there is a notable increase in demand for high-fidelity products, both in this country and overseas. It is most encouraging that much of this demand is coming from those other than the devoted high-fidelity enthusiast, so that we see a steadily widening demand for our products.

Whilst partly as the result of building the new factory great effort has been put into improving production techniques, etc., at the same time a survey of the whole of the sales and marketing organisation has taken place resulting in changes, particularly in overseas territories, which should be of increasing benefit in the future.

I am pleased to say that turnover increased by 30% over the previous year, and that over 65% of our total output was sold overseas, half of which goes to the extremely competitive market in the United States.

As part of the new marketing concept, the 'Linton', 'Dovedale', 'Dalesman' and 'Airedale' models were introduced with new styling, some of which have secured Design Centre Awards. The P.A. 30 portable public address equipment was introduced in the early part of the year and has been well received, resulting in over one thousand systems being sold.

I am sure that this Division will show a steady expansion in profits over the years ahead.

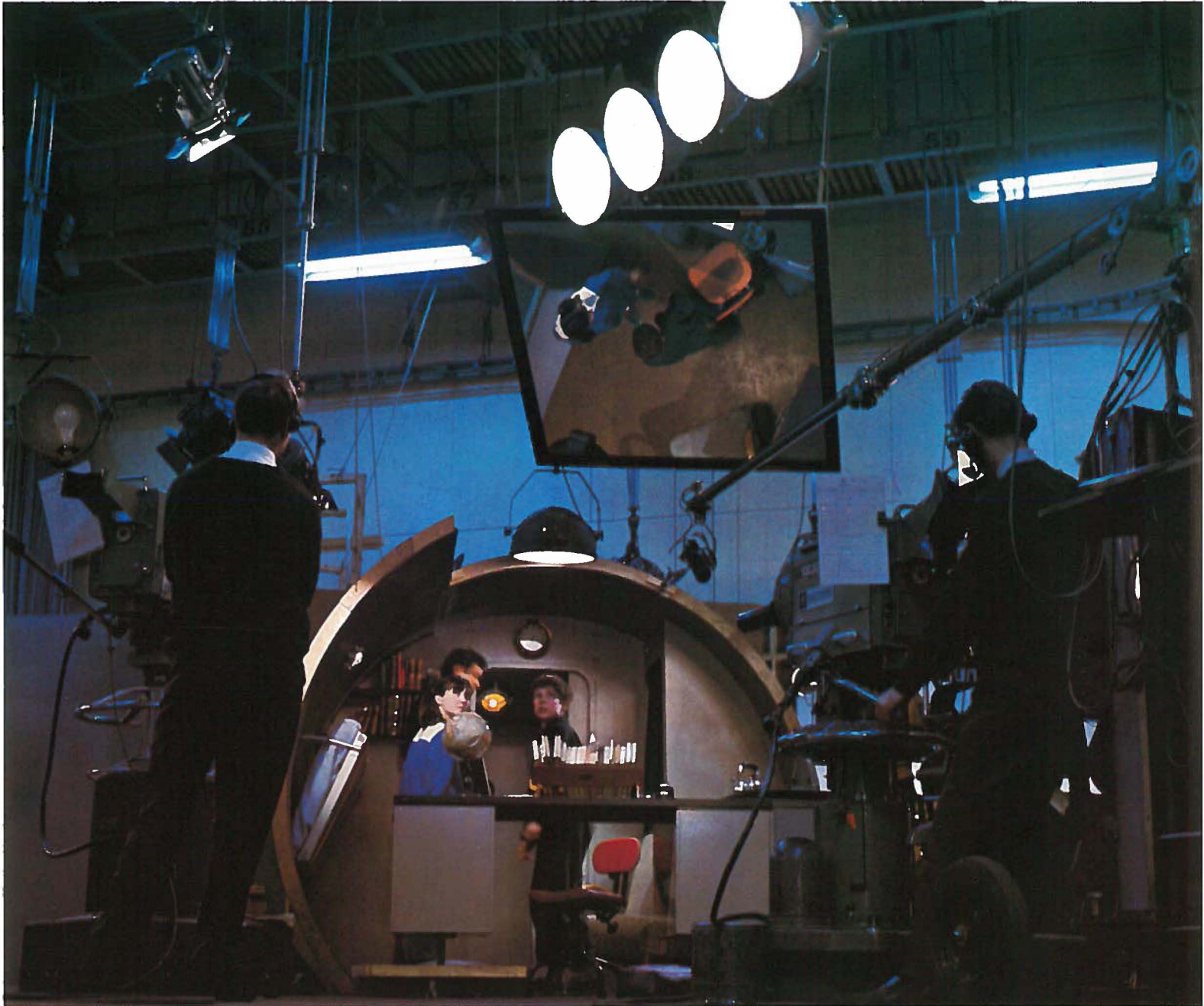
RANK XEROX

The explosive growth—and there is no other word to describe it—of Rank Xerox Limited has continued in all aspects of its activities during the year, resulting in profitability being more than doubled, sales up by 65% and personnel up by 79%.

It is important to stress that these spectacular results did not just happen, but have been achieved by a great deal of hard work and forward planning by Management and the Executive at all levels.

A year ago I reported that 30,793 of '914' and '813' installations had been made, and indicated that we anticipated, during the coming year, increasing that total to 55,000

A scene during the recording of Southern Independent Television's nationally networked adventure serial for children, "The Master".



machines. I am glad to say that we more than achieved our target, and had installed 58,000 machines odd at June 1966.

It is not my intention in the future to give a breakdown of the machine population between the various products which we market. Some 70% of these installations are in countries overseas. A similar proportion of our total revenue is earned in these markets.

We developed during the year the new activities which had started to trade in South Africa, Hong Kong, Finland and Portugal and extended marketing operations by opening branches in Singapore and Kuala Lumpur, with the result that we are today operating in 17 countries, in addition to the U.K.

The most significant development during the year has been the extension of our activities from purely 'copying' into the *copier-duplicator* market, with the introduction of the '2400', supported by the '420' copier-duplicator, which has been on the market for some months and which will be followed by the '330' and the '720' in the Autumn of 1966.

The exposure of the '2400', the newest, fastest and most advanced machine in the copier-duplicator family, was effected by our acquiring an aircraft, painted in Rank Organisation colours, and fitted out as a flying showroom, visiting some 28 cities in western Europe (including the United Kingdom), where nearly 10,000 prospective users were able to see the machine in the aircraft during its nine-week tour. Great interest was aroused by these demonstrations and has strengthened our confidence in the new range of copier-duplicators.

A further important development will be the introduction of the Magnafax tele-copier into our territories—we hope during the coming year. This instrument permits transmission of copies over the telephone and has already been successfully introduced in the United States.

It will be realised that it has been an exciting year, and has led to an increase in the number of personnel from 5,300 to 9,500, split approximately equally between the domestic and overseas markets, although for the first time the overseas markets have overhauled the domestic market.

It has been encouraging to all personnel that the great effort which has been made to develop the activities of Rank Xerox, particularly in overseas markets, has been recognised by the grant of a Royal Warrant in January 1966 for 'Manufacturers and Suppliers of Xerographic Copying Equipment and Materials', which Royal Warrant of appointment to Her Majesty Queen Elizabeth II, gives the Company the privilege of displaying the Royal Arms.

In addition, The Queen's Award was conferred upon The Rank Organisation on the 21st April 1966, including Rank Xerox Limited, for its achievements in export markets. This is the first year that this Award has been made, and its conferment is therefore a particular honour.

We were equally delighted that our Australian Company was awarded The Hoover Award for Marketing in August 1965. This Award is given each year to companies whose marketing efforts, in the opinion of the judges, merit national recognition for the outstanding nature of their achievements.

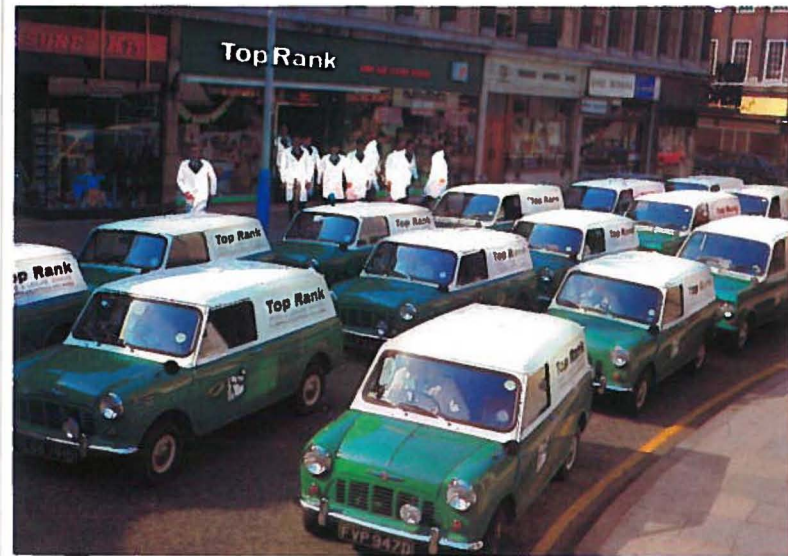
In their summing up the judges said: 'All the winners displayed a precision and skill in the application of sound marketing principles which were superior to the average successful company'.

The revenues, machine placings, profitability, marketing effort and increased personnel could not have been achieved if the Organisation had not been backed up by highly efficient machine manufacture. At Mitcheldean, the Plant has again been expanded with the bringing

LEFT The distinctive green-and-white livery of the vans of Home and Leisure Service Division is now a familiar sight across the country. The Division operates nearly 200 shops, renting and selling radio and television sets, and provides an interference-free sound and vision relay service in 25 towns and cities.

RIGHT With a colour television service only months away, Rank Bush Murphy is ready to meet the demand for receivers, monitors and technical installations. Here, equipment is seen undergoing final tests at the Division's Colour Television Laboratories at Chiswick, London.

BELOW A designer and animator of the Advertising Films Division, working on sequences for a documentary film on the Spanish Armada. This film was screened on colour television in the United States, through its producers, the National Broadcasting Company of America.



into use of a new 110,000 square feet building for the manufacture of the '2400' which will be in production early in 1967. A new 60,000 square feet building for use as an International Machines and Parts Distribution Centre has been completed, and there is under construction a 50,000 square feet building for design engineering and copier reconditioning.

Production of Consumables has continued at a high level at Elstree, whilst the new plant at Venray in Holland was completed and the dedication and formal opening took place in November 1965. This Plant is now coming up to full production and will distribute consumable supplies throughout the E.E.C. countries.

One of the reasons why the Rank Xerox marketing efforts have been so successful is that their sales effort has included a highly efficient and adequate service organisation. This necessitates the provision of a considerable amount of building accommodation of one form or another, throughout our territories. Over the past year accommodation covering offices, showrooms and warehousing has increased by nearly 50%, and now amounts to approximately 2,000,000 square feet, excluding the Mitcheldean manufacturing plant, which in itself is in excess of 500,000 square feet.

An important new City showroom at Ralli House by St. Paul's Cathedral was opened early this year, with new headquarters buildings at Helsinki, Stockholm and Zurich. New buildings are currently under design or construction to meet our planned expansion in Spain, France, Belgium and Holland.

During the next few months we will occupy Rank Xerox House in London (Euston Road) a building of some 16 storeys with 100,000 square feet of offices to accommodate our Head Office staff and headquarters personnel of the United Kingdom Operating Division.

Fuji Xerox, our associated company in Japan, continues to expand at a rapid rate, having doubled during the year its '914' installations, which are now in excess of 4,000.

The '813' was launched in Tokyo in February last, and is now in full production.

Fuji Xerox, in conjunction with Del Rosario Brothers Marketing Corporation, as distributors, commenced the marketing of the '914' in Manila early in 1966.

I mention these facts as I am sure the shareholders will be interested in having some detail of the massive effort which has to be made to back up the financial results which we are proud to publish.

Patents—We have naturally continued to protect our Patent position, in close co-operation with the Xerox Corporation. During the year 495 new patent applications were filed. At the time of writing this Report, Rank Xerox holds 632 patents, with over 1,000 applications outstanding, spread over 35 countries.

Financial Results—Converting all this outstanding effort into the figures which have been achieved, under the able direction of the Managing Director, Mr. Tom Law, the summarised results for the past five years are as follows:—

Period Ended June	Sales/Rental Income	Profits after Interest but before Taxation
	£	£
1966	44,353,000	14,786,000
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)

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

	1966 £	1965 £	1964 £
Fixed Assets (including rental equipment) <i>less</i> Depreciation	46,700,000	31,610,000	19,288,000
Net Current Assets	10,295,000	5,586,000	3,924,000
Trade Investments, etc.	397,000	397,000	198,000
Goodwill, etc.	187,000	248,000	320,000
Taxation provided in respect of deferred profit	6,092,000	4,119,000	2,980,000
	63,671,000	41,960,000	26,710,000
<i>Less</i> Loans and Deferred Liabilities	31,755,000	19,455,000	15,436,000
	31,916,000	22,505,000	11,274,000
<i>Less</i> Outside Shareholders' Interests	130,000	87,000	31,000
Net Capital in Rank Xerox Limited	£31,786,000	£22,418,000	£11,243,000
Represented by: Share Capital	17,456,000	14,410,000	6,800,000
Shareholders' Loans	3,000,000	3,000,000	3,000,000
Reserves	11,330,000	5,008,000	1,443,000
	£31,786,000	£22,418,000	£11,243,000

In spite of the cash flow which we have now built up to the annual figure of £14,000,000 the Company will need to enable it to continue its expansion additional bank credits as well as more permanent capital which the shareholders will provide. Under the present credit restrictions existing in this country and in many overseas territories, this is a problem which involves considerable time and effort to resolve, but which we do not believe will be insoluble.

Due to the cash requirements of this rapidly expanding business, it has been necessary to restrict dividends.

Having regard to this factor, in agreement with Xerox, £1,045,223 has been capitalised and a scrip issue made of 381,488 'A' Shares, 381,488 'B' Shares, 188,165 'C' Shares and 94,082 'D' Shares.

Although I have mentioned in past years the basis upon which the shareholders have agreed to provide additional finance, I think it will be helpful to repeat it.

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 A and B capital which is called the Datum Line, which at June last stood at £5,258,992. The balance is then allocated—two thirds to Xerox, the C shares, and one third to Rank, the D shares.

The Issued Share Capital at the 25th June 1966 was:—

Shares	'A'	'B'	'C'	'D'
Rank Organisation		2,394,984		1,156,236
Gaumont British		234,512		23
Rank Precision Industries		2,629,496		1,156,259
Xerox Corporation	5,258,992		4,625,037	
Total	5,258,992	5,258,992	4,625,037	2,312,518

I am confident that this activity will continue to grow at a fast rate, and subject to unforeseen political and/or economic developments, we should place a further 32,000 machines in the current financial year, although the '2400' is not likely to make any material contribution to our sales and profits until the year 1967/68.

I have referred in the past to the need in a partnership for there to be mutual respect and understanding between the partners. I am glad to say that we have maintained a close and cordial relationship with our friends Mr. Joseph C. Wilson and Mr. Sol Linowitz of the Xerox Corporation, and that this friendship has been extended in depth through the interchange of personnel between Rochester and England.

In June, 1966, we welcomed to the Board Mr. F. J. Pallischeck and Mr. J. W. Rutledge nominated by Xerox Corporation and, in turn, we nominated as Directors Mr. C. R. P. Hamilton and Mr. H. Leeming.

It gave us great pleasure when Mr. Wilson took over the Chairmanship of the Xerox Corporation, continuing as Chief Executive, in May last, whilst Mr. Linowitz remained Chairman of the Executive Committee and became Chairman of the newly formed Xerox International Inc. Mr. Peter McColough, who is a director of Rank Xerox, was elected President of the Xerox Corporation. This close relationship between Executives at all levels augurs well for the future.

FINANCIAL INFORMATION



Pages 42-43 Ten Year Financial Review

44-45 Analysis of Sales and Profits

46 Information per each Ordinary
and "A" Ordinary Share

Miscellaneous Information

Ten Year Financial Review

	1966	1965	1965 * Adjusted	1964	1963
Profits					
Profit before interest payable and taxation	£23,512	£15,191	£15,191	£11,326	£8,370
Interest Payable	4,643	3,806	3,806	2,354	2,062
Profit before Taxation	18,869	11,385	11,385	8,972	6,308
Taxation based thereon	7,948	3,798	4,097	3,194	2,751
Profit after Taxation	10,921	7,587	7,288	5,778	3,557
Outside Shareholders of Subsidiaries	5,453	2,578	2,506	1,171	618
	5,468	5,009	4,782	4,607	2,939
Non-Trading and Special Items	(166)	(99)	(75)	158	3
	£5,302	£4,910	£4,707	£4,765	£2,942
Appropriation					
Dividends of Parent Company:					
Preference	£661	£500		£417	£327
Ordinary	2,768	1,673		1,477	969
Additions to Reserves, etc.	1,873	2,737		2,871	1,646
	£5,302	£4,910		£4,765	£2,942
Capital Employed					
Ordinary Share Capital and Reserves	£42,374	£39,632		£33,572	£24,948
Preference Share Capital	12,598	12,598		12,553	8,529
Outside Shareholders of Subsidiaries	22,116	16,297		9,685	10,082
Taxation Equalisation (and up to 1964 Future Income Tax)	3,256	1,212		6,045	4,471
Loan Capital	47,611	41,469		29,192	23,307
Short Term Advances	25,326	23,088		17,910	8,203
Bank Loans and Overdrafts	11,447	5,703		5,604	9,143
	£164,728	£139,999		£114,561	£88,683
<i>Represented by :</i>					
Fixed Assets	£117,161	£97,889		£77,237	£61,245
Goodwill	11,069	11,429		9,035	8,014
Subsidiary not consolidated	—	—		—	—
Investments	6,638	6,473		5,551	7,367
Net Current Assets	23,768	20,089		19,758	11,233
Taxation on unrealised Inter-Group Profits	6,092	4,119		2,980	824
	£164,728	£139,999		£114,561	£88,683

*Note: These figures have been adjusted to give effect to charging Corporation Tax at 40% instead of at 35% as provided in the accounts for 1965.

£ figures in thousands

1962	1961	1960	1959	1958	1957
£6,617	£6,451	£5,122	£4,088	£2,993	£5,821
1,647	1,369	1,119	1,103	1,212	913
4,970	5,082	4,003	2,985	1,781	4,908
2,614	2,732	1,962	1,788	1,558	3,135
2,356	2,350	2,041	1,197	223	1,773
450	1,048	1,322	1,027	467	1,035
1,906	1,302	719	170	(244)	738
91	(138)	25	182	440	630
£1,997	£1,164	£744	£352	£196	£1,368
£218	£101	£101	£98	£95	£95
795	441	230	154	64	159
984	622	413	100	37	1,114
£1,997	£1,164	£744	£352	£196	£1,368
£21,012	£13,119	£9,792	£9,438	£9,140	£9,107
8,529	2,750	2,750	2,750	2,750	2,750
8,909	17,378	21,657	21,197	20,069	19,964
3,831	3,640	2,851	2,425	2,946	4,021
23,776	18,454	15,826	15,758	16,274	16,969
3,202	2,977	—	—	—	—
4,510	6,880	6,060	6,742	7,165	5,440
£73,769	£65,198	£58,936	£58,310	£58,344	£58,251
£49,139	£45,356	£44,144	£44,477	£46,168	£47,379
5,566	5,061	1,528	1,332	1,359	1,374
4,800	—	—	—	—	—
6,290	6,214	5,888	6,031	4,939	4,373
7,974	8,567	7,376	6,470	5,878	5,125
—	—	—	—	—	—
£73,769	£65,198	£58,936	£58,310	£58,344	£58,251

Analysis of Sales and Profits

£ figures in thousands

	1966			1965 (See Note 1)		
	The Rank Organisation other than Rank Xerox	Rank Xerox	Total	The Rank Organisation other than Rank Xerox	Rank Xerox	Total
Sales	£107,828	£44,353	£152,181	£100,214	£26,933	£127,147
Profit before Interest and Taxation	£6,904	£16,608	£23,512	£6,943	£8,248	£15,191
Interest Payable	2,821	1,822	4,643	2,523	1,283	3,806
Profit before Taxation	4,083	14,786	18,869	4,420	6,965	11,385
Taxation	1,499	6,449	7,948	937	2,861	3,798
Profit after Taxation	2,584	8,337	10,921	3,483	4,104	7,587
Outside Shareholders	257	5,196	5,453	209	2,369	2,578
Profit attributable to The Rank Organisation Limited (excluding Special Items)	£2,327	£3,141	£5,468	£3,274	£1,735	£5,009

Analysis of Sales other than Rank Xerox	1966	1965	1964	1963	1962
Film Exhibition:					
British Isles	£32,622	£28,713	£28,654	£26,161	£27,133
Overseas (mainly Canada)	6,025	5,106	4,753	3,785	3,239
Film Production and Distribution	10,161	10,622	10,639	9,463	9,124
Film Studios and Laboratories	4,326	4,070	3,713	4,058	3,979
Manufacturing	25,003	24,023	22,336	25,421	16,498
Audio Visual—Wholesale	6,650	6,821	5,638	2,540	1,756
Tenpin Bowling, Dancing and Bingo	7,787	7,181	6,185	4,493	2,675
Hotels and Motorway Services	5,523	4,638	1,451	351	76
Home and Leisure Service	7,803	7,206	6,565	4,233	2,513
Sundries, including Advertising Films	1,928	1,834	1,678	2,043	2,847
TOTAL SALES	£107,828	£100,214	£91,612	£82,548	£69,840

Notes: (1) The figures for 1965 reflect the position after providing for Corporation Tax at 35%. If provision had been made at 40% the profit attributable to The Rank Organisation Limited would have been as follows:

The Rank Organisation other than Rank Xerox
Rank Xerox

£ figures in thousands

3,091
1,691

£4,782

(2) The accounts of Rank Xerox were not consolidated with those of The Rank Organisation before 1963.

1964			1963			1962 (See Note 2)		
The Rank Organisation other than Rank Xerox	Rank Xerox	Total	The Rank Organisation other than Rank Xerox	Rank Xerox	Total	The Rank Organisation other than Rank Xerox	Rank Xerox	Total
£91,612	£14,971	£106,583	£82,548	£6,464	£89,012	£69,840	£2,599	£72,439
£7,950	£3,376	£11,326	£7,254	£1,116	£8,370	£6,617	£29	£6,646
1,738	616	2,354	1,853	209	2,062	1,647	75	1,722
6,212	2,760	8,972	5,401	907	6,308	4,970	(46)	4,924
2,117	1,077	3,194	2,350	401	2,751	2,614	—	2,614
4,095	1,683	5,778	3,051	506	3,557	2,356	(46)	2,310
274	897	1,171	354	264	618	450	(28)	422
£3,821	£786	£4,607	£2,697	£242	£2,939	£1,906	£(18)	£1,888

Analysis of Profits other than Rank Xerox (before interest and taxation)	1966	1965	1964	1963	1962
Film Exhibition:					
British Isles	£3,438	£3,228	£3,272	£2,880	£3,559
Overseas (mainly Canada)	659	330	383	266	114
Film Production and Distribution	937	174	449	396	181
Film Studios and Laboratories	546	530	508	593	574
Manufacturing	(569)	(234)	975	1,084	566
Audio Visual—Wholesale	135	171	210	115	72
Tenpin Bowling, Dancing and Bingo	635	945	1,110	848	686
Hotels and Motorway Services	(625)	(98)	(147)	(11)	2
Home and Leisure Service	439	207	(112)	37	(151)
Sundries, including Advertising Films	352	321	238	61	144
	5,947	5,574	6,886	6,269	5,747
Dividends and Interest Receivable:					
Exhibition British Isles	159	243	127	127	120
Exhibition Overseas (mainly Australasia)	277	317	331	250	285
Television	363	583	399	353	399
Miscellaneous	158	226	207	255	66
PROFIT before deducting Interest and Taxation	£6,904	£6,943	£7,950	£7,254	£6,617

Information per each Ordinary and "A" Ordinary Share

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

	1966	1965	1964	1963	1962
Sterling	pence	pence	pence	pence	pence
Net Profit after Taxation applicable to Ordinary and 'A' Ordinary Shares (excluding non-trading and special items)	20.6	19.9 <i>19.0</i> <i>(*See note below)</i>	19.5	13.6	9.5
Dividends less tax	—	—	6.9	5.1	4.6
Dividends Gross	12.6	12.6	—	—	—
Cash Flow	77.3	57.7	49.3	29.8	20.2
Net Assets	181.8	175.3	156.6	130.1	118.2
U.S. Dollars	cents	cents	cents	cents	cents
(exchange rate \$2.80=£1)					
Net Profit after Taxation applicable to Ordinary and 'A' Ordinary Shares (excluding non-trading and special items)	24.0	23.2 <i>22.1</i> <i>(*See note below)</i>	22.8	15.9	11.1
Dividends less tax	—	—	8.0	5.9	5.2
Dividends Gross	14.7	14.7	—	—	—
Cash Flow	90.2	67.2	57.4	35.0	23.6
Net Assets	212.1	204.4	182.7	151.8	137.9

*Note: This figure has been adjusted to give effect to charging Corporation Tax at 40% instead of at 35% as provided in the accounts for 1965.

Miscellaneous Information

£ figures in thousands

Depreciation of Fixed Assets	£11,326	£8,157	£5,543	£3,833	£2,573
Retained Profits	6,701	4,879	5,027	1,890	1,018
Cash Flow	£18,027	£13,036	£10,570	£5,723	£3,591
Expenditure on Fixed Assets					
Freehold Land and Buildings	£4,327	£5,604	£4,880	£2,692	£2,240
Leasehold Land and Buildings	2,250	3,128	1,802	1,313	1,110
Plant, Vehicles and Equipment	8,740	6,960	5,623	3,296	2,789
Equipment on or for Rental	16,877	14,299	12,004	5,526	1,328
	£32,194	£29,991	£24,309	£12,827	£7,467
Exports including overseas earnings	£33,681	£25,869	£20,997	£12,882	£8,981
Number of Employees	50,226	47,159	45,463	40,698	33,730
Number of Shareholdings:					
*Ordinary and 'A' Ordinary	66,184	62,626	49,423	26,350	18,476
Preference	19,210	20,232	20,810	15,616	16,587

*These figures include holders of American Depository Receipts.

ACCOUNTS

Pages 48-49 Consolidated Profit and Loss Account

50-51 Consolidated Balance Sheet

52-53 Balance Sheet

54-58 Notes on the Accounts

59 Report of the Auditors

The Rank Organisation Limited

Consolidated Balance Sheet at 25th June, 1966

			1965	
	£	£	£	£
Issued Share Capital of The Rank Organisation Limited (Note 2)				
6½% Cumulative Preference Shares of £1 each	9,996,000		9,996,000	
8% Second Cumulative Preference Shares of £1 each	2,602,000		2,602,000	
Ordinary Shares of 5/- each	3,788,000		3,788,000	
'A' Ordinary Shares of 5/- each	10,200,000	26,586,000	9,777,000	26,163,000
	<hr/>		<hr/>	
Capital Reserves (Note 3)				
Share Premium Account	8,730,000		6,790,000	
Other Capital Reserves	1,920,000	10,650,000	1,895,000	8,685,000
	<hr/>		<hr/>	
Revenue Reserves (Note 3)				
The Rank Organisation Limited	4,599,000		7,533,000	
Subsidiaries	13,137,000	17,736,000	9,849,000	17,382,000
	<hr/>	<hr/>	<hr/>	<hr/>
Issued Share Capital and Reserves Attributable to Members of The Rank Organisation Limited		54,972,000		52,230,000
Outside Shareholders' Interest in Net Assets of Subsidiaries (Other than Goodwill, Patents and Trade Marks)		22,116,000		16,297,000
		<hr/>		<hr/>
		77,088,000		68,527,000
Taxation Equalisation		3,256,000		1,212,000
Loan Capital and Borrowed Money				
Convertible Unsecured Loan Stocks (Note 4)				
6¾%—1977/82	—		318,000	
6% —1983/88	8,042,000		10,000,000	
6½%—1975/79	334,000		500,000	
6½%—1988/93	12,500,000		12,500,000	
Debenture Stocks, Secured Notes, Mortgages and Other Loans (Note 5) (Secured £19,725,000)	26,735,000		18,151,000	
	<hr/>		<hr/>	
	47,611,000		41,469,000	
Short Term Advances and Acceptance Credits —mainly financing equipment on rental (Secured £4,741,000) and amounts due under extended Credit Agreements (in- cluding Hire Purchase £258,000)	25,326,000		23,088,000	
Bank Loans and Overdrafts (Secured £7,076,000)	11,447,000	84,384,000	5,703,000	70,260,000
	<hr/>	<hr/>	<hr/>	<hr/>
		£164,728,000		£139,999,000

	£	£	1965	£
Fixed Assets (Note 6)				
Land, Buildings and Plant	81,635,000		71,206,000	
Equipment on or for Rental	<u>35,526,000</u>	117,161,000	<u>26,683,000</u>	97,889,000
Goodwill, Patents and Trade Marks (Note 7)		11,069,000		11,429,000
Trade Investments (Note 8)		6,598,000		6,419,000
Cash in Hands of Trustees for Debenture Stockholders		40,000		54,000
		<u>134,868,000</u>		<u>115,791,000</u>
Current Assets				
Film Productions (Note 9)	3,461,000		4,206,000	
Stocks and Work in Progress (Note 10)	18,677,000		17,604,000	
Debtors and Prepayments	26,740,000		22,264,000	
Short Term Deposits	8,460,000		1,750,000	
Cash at Bank and in Hand	6,141,000		5,323,000	
	<u>£63,479,000</u>		<u>£51,147,000</u>	
Deduct: Liabilities and Provisions (Other than borrowed money)				
Creditors, Expenses Accrued and Provisions (Note 11)	24,086,000		19,716,000	
Taxation				
United Kingdom Corporation Tax:-				
due 1st January, 1967	3,878,000		3,563,000	
due 1st January, 1968	5,340,000		—	
Other Taxation	3,958,000		6,154,000	
Dividends Gross (1965 less Income Tax)				
Shareholders in the Company	2,095,000		1,281,000	
Outside Shareholders of Subsidiaries	354,000		344,000	
	<u>£39,711,000</u>	<u>23,768,000</u>	<u>£31,058,000</u>	<u>20,089,000</u>
Taxation on unrealised Inter-Group Profits (Note 12)		6,092,000		4,119,000
		<u>£164,728,000</u>		<u>£139,999,000</u>

Notes relating to this Balance Sheet appear on Pages 54-58.

The Rank Organisation Limited

Balance Sheet at 25th June, 1966

	£	£	£	1965	£
	<i>Authorised</i>	<i>Issued and Fully Paid</i>			
Share Capital (Note 2)					
6¼% 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		2,602,000	
Ordinary Shares of 5/- each	4,000,000	3,788,000		3,788,000	
'A' Ordinary Shares of 5/- each	14,500,000	10,200,000	26,586,000	9,777,000	26,163,000
	<u>£31,500,000</u>				
Capital Reserves (Note 3)					
Share Premium Account		8,730,000		6,790,000	
Profits on sales of Fixed Assets to Subsidiaries		784,000		787,000	
Other Capital Reserves		957,000	10,471,000	957,000	8,534,000
Revenue Reserves (Note 3)			4,599,000		7,533,000
			<u>41,656,000</u>		<u>42,230,000</u>
Taxation Equalisation (including £550,000 for Subsidiaries)			873,000		—
Loan Capital and Borrowed Money					
Convertible Unsecured Loan Stocks (Note 4)					
6¾%—1977/82		—		318,000	
6% —1983/88		8,042,000		10,000,000	
6½%—1975/79		334,000		500,000	
6½%—1988/93		12,500,000		12,500,000	
Debenture Stock, Secured Notes, Mortgages and Other Loans (Note 5)		3,232,000		3,918,000	
		<u>24,108,000</u>		<u>27,236,000</u>	
Bank Loans and Overdrafts (Secured)		4,039,000	28,147,000	3,186,000	30,422,000
			<u>£70,676,000</u>		<u>£72,652,000</u>

	£	£	1965	
	£	£	£	£
Fixed Assets				
Land, Buildings and Plant—at cost	9,431,000		12,266,000	
Less: Depreciation	<u>1,234,000</u>	8,197,000	<u>1,276,000</u>	10,990,000
Trade Investments (Note 8)		1,612,000		1,591,000
Cash in Hands of Trustees for Debenture Stockholders		32,000		32,000
Subsidiaries (Note 8)				
Shares at or under cost	33,232,000		32,873,000	
Subordinated Loan Notes	600,000		—	
Amounts owing by Subsidiaries including dividends receivable	<u>34,098,000</u>		<u>27,326,000</u>	
	67,930,000		60,199,000	
Less: Amounts owing to Subsidiaries	<u>8,378,000</u>	59,552,000	<u>2,164,000</u>	58,035,000
		<u>69,393,000</u>		<u>70,648,000</u>
Current Assets				
Film Productions (Note 9)	1,644,000		1,693,000	
Stock	16,000		224,000	
Debtors and Prepayments	416,000		463,000	
Taxation Recoverable	580,000		385,000	
Short Term Deposits	—		1,750,000	
Cash at Bank and in Hand	<u>2,160,000</u>		<u>701,000</u>	
	<u>£4,816,000</u>		<u>£5,216,000</u>	
Deduct: Liabilities and Provisions (Other than borrowed money)				
Creditors, Expenses Accrued and Provisions (Note 11)	1,437,000		1,863,000	
Taxation	20,000		172,000	
Dividends Gross (1965 less Income Tax)				
Preference Shares—half year to 30th June, 1966	416,000		245,000	
Proposed on Ordinary and 'A' Ordinary Shares	<u>1,678,000</u>		<u>1,036,000</u>	
	<u>£3,551,000</u>	1,265,000	<u>£3,316,000</u>	1,900,000
Pre-Opening Expenses carried forward		18,000		104,000
		<u>£70,676,000</u>		<u>£72,652,000</u>

RANK
JOHN DAVIS } Directors

Notes relating to this Balance Sheet appear on pages 54-58.

**NOTES forming part of the Consolidated Accounts and Balance Sheet of
The Rank Organisation Limited on pages 48—53**

1 Exchange Rates—Unrestricted foreign currencies have been converted at mid-market rates ruling at 25th June, 1966, 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 Share Capital and Reserves

	<i>'A' Ordinary Share Capital</i>	<i>Share Premium Account</i>
	£	£
Balances at 26th June, 1965	9,777,000	6,790,000
Issue of Shares arising from conversion of Convertible Unsecured Loan Stock	423,000	1,940,000
Balances at 25th June, 1966	<u>£10,200,000</u>	<u>£8,730,000</u>

	<i>Capital Reserves</i>		<i>Revenue Reserves</i>	
	<i>The Group</i>	<i>Subsidiaries</i>	<i>The Company</i>	
	£	£	£	
Balances at 26th June, 1965	1,895,000	9,849,000	7,533,000	
Additional Corporation Tax for the 52 weeks to 26th June, 1965	—	(a) (203,000)	—	
Taxation Equalisation for previous years	—	(b) (83,000)	(450,000)	
Debenture, Loan Stock and Bonus Issue Expenses	—	(c) (78,000)	—	
Discount on Loan Stock Issued	—	(d) (28,000)	—	
Capitalisation of Reserves by Subsidiaries	(e) (167,000)	(f) (522,000)	—	
Sundry Items	37,000	—	—	
Profit retained attributable to Members of the Company	155,000	4,202,000	(2,484,000)	
Balances at 25th June, 1966	<u>£1,920,000</u>	<u>£13,137,000</u>	<u>£4,599,000</u>	

Note: Movements in Reserves exclude amounts attributable to Outside Shareholders of Subsidiaries as follows:

(a) £72,000 (b) £7,000 (c) £43,000 (d) £47,000 (e) £14,000 (f) £594,000.

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

	<i>Number of 'A' Ordinary Shares per £100 Stock</i>			
	1966	1967	1968	1969
6% —1983/88 Exercisable between 1st October and 9th December	62	60		
6½%—1975/79 Exercisable between 1st October and 9th December	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

The Group	1966		1965	
	Average rate of Interest	£	Average rate of Interest	£
Repayable by annual sinking funds or by instalments				
Final redemption dates after 1981	6.4%	16,853,000	4.8%	9,244,000
Final redemption dates 1968 to 1981	5.1%	9,706,000	4.9%	8,645,000
Repayable by 1968 or at short notice	6.3%	176,000	6.5%	262,000
		<u>£26,735,000</u>		<u>£18,151,000</u>

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

The Company	1966	1965
	£	£
5% Debenture Stock, repayable at par by 21 equal half yearly instalments	971,000	1,064,000
4½% Promissory Notes (secured) repayable by 5 yearly instalments of £200,000 and the balance in 1971	2,200,000	2,400,000
Short Term Advance	—	300,000
Mortgages (1965 including Other Loans £82,000)	61,000	154,000
	<u>£3,232,000</u>	<u>£3,918,000</u>

6 Fixed Assets—The Group

	Freehold Land and Buildings	Leasehold Land and Buildings	Plant Vehicles & Equipment	Equipment on or for Rental	Total
Analysis by type of asset	£	£	£	£	£
Cost at 26th June, 1965	39,930,000	20,878,000	36,666,000	(a)38,904,000	136,378,000
New Subsidiaries	25,000	—	16,000	144,000	185,000
Additions	4,327,000	2,250,000	8,740,000	16,877,000	32,194,000
Disposals	(985,000)	(143,000)	(1,750,000)	(559,000)	(3,437,000)
Cost at 25th June, 1966	<u>43,297,000</u>	<u>22,985,000</u>	<u>43,672,000</u>	<u>55,366,000</u>	<u>165,320,000</u>
(a) Includes £1,279,000 work-in-progress re-classified.					
Depreciation Provision at 26th June, 1965	6,569,000	3,729,000	15,970,000	12,221,000	38,489,000
New Subsidiaries	—	—	11,000	100,000	111,000
Charge for Period	212,000	413,000	2,809,000	7,892,000	11,326,000
Disposals	(228,000)	(35,000)	(1,131,000)	(373,000)	(1,767,000)
Depreciation Provision at 25th June, 1966	<u>6,553,000</u>	<u>4,107,000</u>	<u>17,659,000</u>	<u>19,840,000</u>	<u>48,159,000</u>
Net Book Value at 25th June, 1966	<u>£36,744,000</u>	<u>£18,878,000</u>	<u>£26,013,000</u>	<u>£35,526,000</u>	<u>£117,161,000</u>

The net book value of Leasehold Land and Buildings at 25th June, 1966 includes £4,994,000 in respect of leases with less than 50 years to run.

Depreciation has not been charged from 28th June, 1964 on freehold properties situated in the United Kingdom on which no claim to industrial buildings allowances for taxation purposes arises. With minor exceptions other fixed assets are depreciated on a straight line basis having regard to estimated useful life and residual value.

Analysis by activity	Cost £	Depreciation £	1966 Net £	1965 Net £
Theatres, Film Studios and Laboratories and Equipment	55,515,000	19,456,000	36,059,000	34,277,000
Ballrooms, Tenpin Bowls, Hotels and Motorway Service Areas	21,202,000	2,110,000	19,092,000	15,578,000
Retail and Relay Premises and Equipment	5,392,000	1,120,000	4,272,000	3,937,000
Manufacturing and other Commercial Premises, Plant and Equipment	27,845,000	5,633,000	22,212,000	17,414,000
	<u>109,954,000</u>	<u>28,319,000</u>	<u>81,635,000</u>	<u>71,206,000</u>
Equipment on or for Rental	55,366,000	19,840,000	35,526,000	26,683,000
	<u>£165,320,000</u>	<u>£48,159,000</u>	<u>£117,161,000</u>	<u>£97,889,000</u>

Investment Grants (U.K.) deducted from the cost of fixed assets at 25th June, 1966 amounted to £82,000.

7 Goodwill, Patents and Trade Marks are stated at cost and include pre-opening expenses, investment currency premiums, 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.

8 Subsidiary Companies and Trade Investments

Subsidiary Companies

Brief details of the principal subsidiary companies are as follows:—

Subsidiary Companies	Nature of Principal Operations	Country of Operation	Percentage of Equity Capital owned
Gaumont British Limited	Film Exhibition	United Kingdom	100%
A. Kershaw & Sons Limited	(see (b) below)	„ „	80%
Odeon Associated Theatres Limited	Film Exhibition	„ „	100%
Odeon Properties Limited	„ „	„ „	100%
Odeon Theatres (Canada) Limited	„ „	Canada	100%
Rank Bush Murphy Limited	Manufacture	United Kingdom	100%
Rank Film Distributors Limited	Film Distribution	„ „	100%
Rank Hotels Limited	Hotels and Motorway Service Areas	„ „ (In Europe through Subsidiaries)	100%
Rank Precision Industries Limited (see (a) and (b) below)	Manufacture	„ „	92%
Rank Television and General Trust Limited	Film Studios	„ „	100%
Rank Xerox Limited	Xerography	(see (a) below)	
Regency Holdings Limited	Television Retail & Rental	United Kingdom	100%

(a) Rank Xerox Limited and its Subsidiaries operate in the United Kingdom, Europe, Asia, Africa, and Australasia and also in Japan through a 50% owned Associated Company.

The issued ordinary capital of Rank Xerox Limited at 25th June, 1966 consisted of 5,258,992 A shares, 5,258,992 B shares, 4,625,037 C shares and 2,312,518 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 25th June, 1966, to £5,258,992 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 but before Non-Trading and Special Items of the Rank Xerox Group for the 52 weeks ended 25th June, 1966 £5,023,000 is attributable to Xerox Corporation and £3,270,000 to The Rank Organisation Group (of which £129,000 relates to the Outside Shareholders of A. Kershaw & Sons Limited).

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

Trade Investments

The Group			Total	
	U.K. £	Overseas £	1966 £	1965 £
Quoted (Xerox Corporation)				
At cost (Market value £88,000—1965 £50,000)	—	34,000	34,000	34,000
At par value (Market value £3,456,000—1965 £1,840,000)	—	13,000	13,000	13,000
Unquoted—at cost (uncalled liability £284,000)				
Theatre Operating	63,000	4,077,000	4,140,000	4,032,000
Film Producing and Distributing	48,000	90,000	138,000	138,000
Television, Property and others	1,535,000	738,000	2,273,000	2,202,000
	<u>£1,646,000</u>	<u>£4,952,000</u>	<u>£6,598,000</u>	<u>£6,419,000</u>

The investments in Xerox Corporation comprise 37,500 Common Shares of \$1 par value each and \$93,800 of 4% Convertible Subordinated Debentures. The market value excludes the dollar premium and does not allow for any latent Capital Gains Tax. The gross income receivable amounted to £11,000 in 1966 (1965 £8,000).

The other principal trade investment is a 37.6% holding in Southern Television Limited, a commercial television company operating in the South of England, the issued share capital of which consists of 99,999 Ordinary Shares of £1 each fully paid; at 29th October, 1965, the date of the latest audited accounts, the undistributed profit amounted to £577,000 of which £217,000 was attributable to the holding by The Rank Organisation Group.

	1966 £	1965 £
The Company		
Quoted (Xerox Corporation)		
At cost (Market value £44,000—1965 £25,000)	17,000	17,000
At par value (Market value £1,728,000—1965 £920,000)	7,000	7,000
Unquoted—at cost (uncalled liability £127,000)	1,588,000	1,567,000
	<u>£1,612,000</u>	<u>£1,591,000</u>

9 Film Productions

	The Group		The Company	
	1966 £	1965 £	1966 £	1965 £
Released Films at estimated recoverable value	3,460,000	3,852,000	1,515,000	1,610,000
Unreleased and Uncompleted Films and Interests at cost	262,000	609,000	240,000	196,000
Story Rights, Scenarios and Pre-Production Expenditure at cost less amounts written off	139,000	145,000	139,000	137,000
	<u>3,861,000</u>	<u>4,606,000</u>	<u>1,894,000</u>	<u>1,943,000</u>
Less: Provisions for possible losses on Unreleased Films and for Contingencies	400,000	400,000	250,000	250,000
	<u>£3,461,000</u>	<u>£4,206,000</u>	<u>£1,644,000</u>	<u>£1,693,000</u>

10 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.

11 Creditors, Expenses Accrued and Provisions include Provisions for Widows' non-contributory pensions amounting in the case of the Group to £420,000 and in the case of the Company to £310,000.

12 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.

13 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 £3,800,000 (1965 £1,100,000), (b) substantial claims (i) against an Overseas Subsidiary for local taxation (ii) under a legal action against the Company, and (iii) under a legal action against an Overseas Subsidiary, all of which are disputed, and (c) customs duties under negotiation in certain overseas territories.

The Company

There are Contingent Liabilities in respect of (a) Film Distribution Guarantees and Guarantees of Advances to Subsidiaries and Associated Companies amounting in aggregate to approximately £16,400,000 (1965 £10,500,000) and (b) a substantial claim under a legal action which is disputed.

14 Capital Commitments (including consequent liabilities)

There are commitments for Capital Expenditure by the Group of approximately £8,600,000 (1965 £7,600,000) and by the Company of approximately £2,600,000 (1965 £3,900,000). Included in the foregoing is £1,950,000 (1965 £2,025,000) for the purchase of equipment under a contract which is not being implemented; no provision has been made by the Company for loss arising from such non-implementation, the amount of which is in negotiation.

15 The Aggregate Annual Rent Charge in respect of leasehold land and buildings of the group at 25th June, 1966, was at the rate of approximately £3,600,000 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 25th June, 1966, 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.
20th September, 1966.

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants.

SOME FACTS
ABOUT
THE RANK ORGANISATION



Pages 62-67 New Developments around the Divisions

68-71 Some of our 1966 Advertising

72-77 Products and Services

78-79 The Rank Organisation Management

The Hotel Romazzino, sited on one of the most beautiful parts of the Sardinian coastline, is rich in atmosphere and an ideal setting for a holiday in the relaxed Mediterranean manner. All 100 bedrooms have private bathroom, balcony and sea view.



LEFT *The new Rank Xerox 2400 xeroduplicator. Like all other Rank Xerox machines, it can be operated with ease by a secretary.*

RIGHT *Ancient craftsmanship and modern technology—Milan's 14th century Cathedral is seen in the background of the Rank Taylor Hobson mobile measurement centre. This fully-equipped unit, which provides an on-the-spot service for engineering measurement problems, has visited major industrial companies throughout the whole of Eastern and Western Europe during the past year.*

BELOW *Opened in time for a highly successful winter skiing and skating season, the Coylumbridge Hotel at Aviemore has since welcomed many hundreds of visitors. In summer, this picturesque part of the Highlands offers unrivalled facilities for fishing, golf, pony-trekking—and walking.*



An artist's impression of the range of activities to be found in the new Top Rank Entertainment Centre, Brighton. Opening this autumn, the Centre provides under a single roof facilities for banqueting, conferences, dancing, skating and bowling.



LEFT Work has been completed this year on two new stages at Pinewood Studios, each with a floor space of 9,000 square feet. They are the most modern in Europe and have full facilities for both television and major film production.

RIGHT One of the three bars at Five Bridges Hotel, Gateshead, has a ceiling portraying the heavy industry of the locality. The hotel offers excellent conference and banqueting facilities with the latest Rank Audio Visual aids available.

BELOW Taylor Hobson is one of the Divisions of The Rank Organisation which received The Queen's Award to Industry for achievement in exports and technology. Its range of Varotal zoom lenses, seen here, have helped to make the Division the largest British exporter of optical goods.



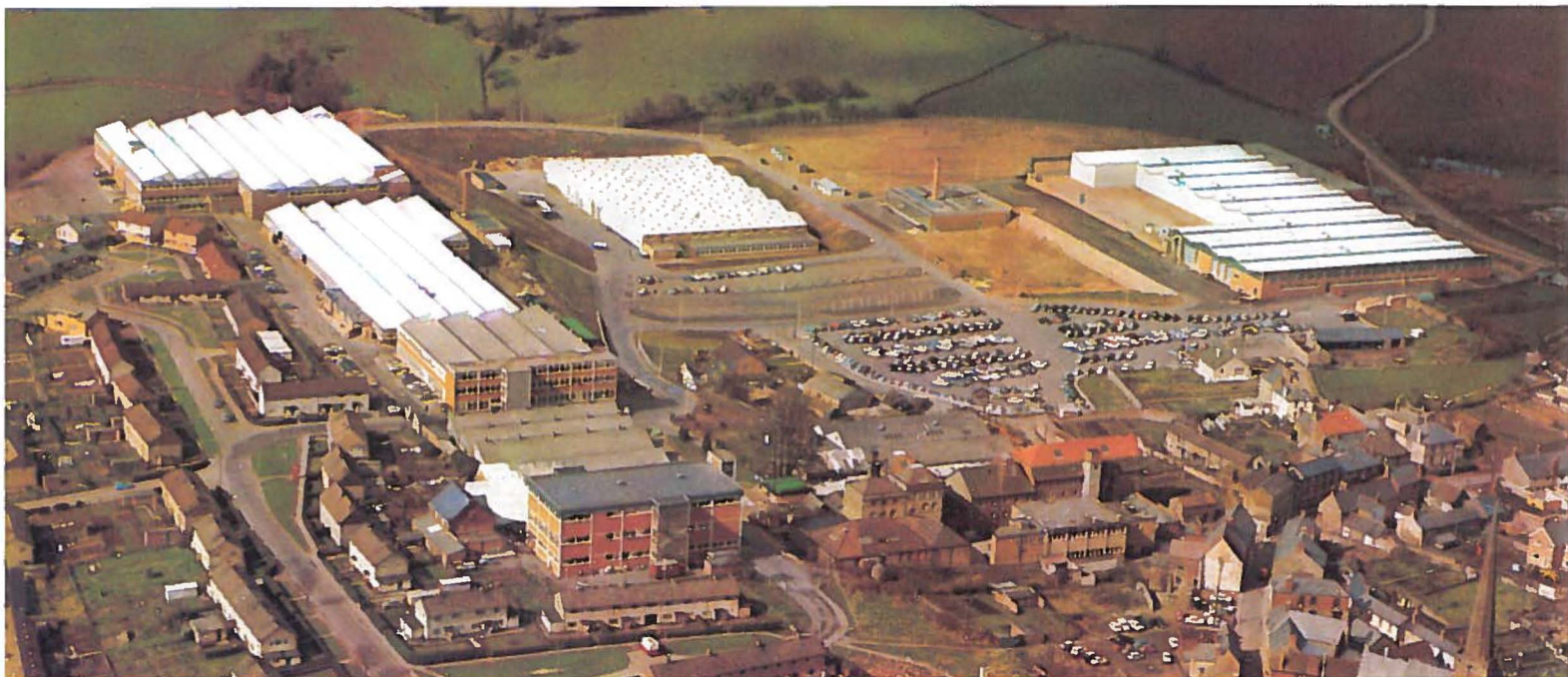
Scheduled for completion at the end of 1966, the Marble Arch development will combine the world's most technically advanced cinema with a tower office block and a parade of shops. This is one of a number of major reconstruction and development schemes for cinemas throughout the country.



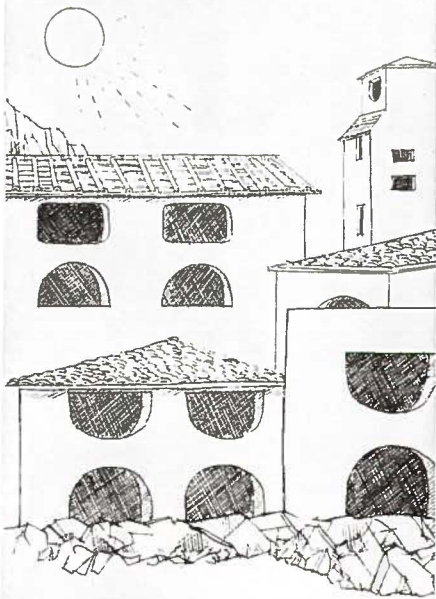
TOP The Mitcheldean plant, in Gloucestershire, production centre for the main range of Rank Xerox machines, now covers some 34 acres. In the centre of this aerial photograph can be seen the new 110,000 sq. ft. building where the 2400 xeroduplicator is made. Further developments planned will provide an extra 81,000 sq. ft. of floor space, including a design engineering building.

LEFT Rank Xerox House, the new 16-storey international headquarters of the Company in London.

RIGHT One of the laboratories in the new and comprehensive technology departments provided to ensure that the highest standards of food, service and atmosphere are set for the enjoyment of customers dining in Rank catering operations.



Is the Costa Smeralda really one of the most exclusive resorts in the world?



Yes. That's why we built the Hotel Romazzino in Sardinia.

Where it's wild, unspoilt and highly civilised all at the same time. Where you find more luxury yachts than you do at Cannes. And a beautiful emerald-coloured sea. It's where you go when you're blasé about everywhere else. Hotel Romazzino. For at The Rank Organisation we believe that special kinds of holidays need special kinds of hotels. And the Hotel Romazzino is designed and situated for the richest, most exclusive (and exciting) holiday of all. Ask your travel agent—or write to us for more details. Rank Hotels Ltd., 11 Belgrave Road, London, S.W.1. TATe Gallery 0089.



HOTEL ROMAZZINO

Costa Smeralda, Arzachena, Sardinia.

A RANK ORGANISATION ENTERPRISE

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 Power Handling Capacities 20 watts (40 watts peak)
 Crossover Frequencies 800 c/s and 3,000 c/s
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RANK WHARFEDALE LIMITED - IDLE - BRADFORD - YORKS

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Taylor Hobson Division products, invented and made in Leicester, are helping progress all over the world and earning money for Britain. Here are just a few examples:



Television zoom lenses are used all over the world and have captured 50% of the American market.



Both TALYSURF and TALYROND (which measure smoothness and roundness respectively) have helped to make the Honda motor cycle world famous.



TALYSURF, an instrument which measures surface texture in millionths of an inch, is used in the production of the E type Jaguar and many other cars.



TALYVEL, an electronic level played an important part in the construction of the Gladstone Bridge, Australia. It is also used in building nuclear power stations.



Not are we earth bound. Some of our precision measuring instruments have contributed to the success of the American Space Programme.



And we help to build the VC10 interior.

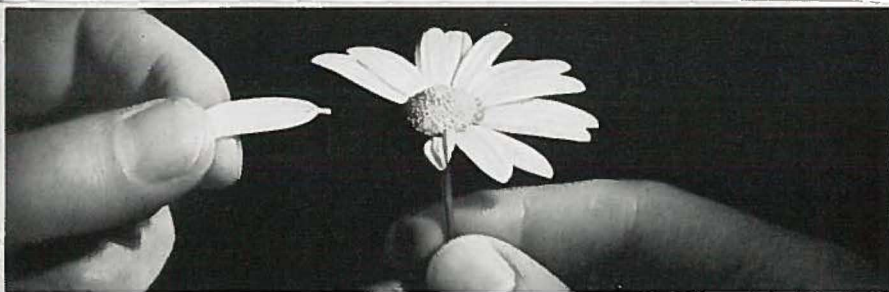


1966 THE QUEEN'S AWARD TO INDUSTRY

THE RANK ORGANISATION



LEICESTER HOUSE, LEE CIRCLE, LEICESTER



I'll use a copier, I'll use a duplicator,
a copier, a duplicatorcopier, a duplicatorcopiera . . .

Stop! use one machine. The New Rank Xerox 420.



It's a copier duplicator. A single machine, developed by Rank Xerox® to bridge the gap between copiers and duplicators.

What is this gap?

Well, think of your present choice: if you want, for example, 25 copies of a document, what do you do? You choose.

Either a copier because it's convenient, since it works directly from the original. But the cost-per-copy remains the same through the run.

Or a duplicator, with all the trouble of making a master or stencil first. However, the cost-per-copy reduces through a run.

In other words, a choice of convenience or economy. Or was. Now you can have the penny and the bun.

The Rank Xerox 420 reproduces from an original and the cost-per-copy reduces through the run.

So you get both economy and convenience.

Take the original. Dial the number of copies. Press a button. Out come sharp, permanent copies made directly on ordinary paper. As they come they get cheaper. The cost of the fourth copy is about half the cost of the first, the eleventh about half the cost of the fourth.

It's called xeroduplicating.

And it's worth finding out about. Right now.

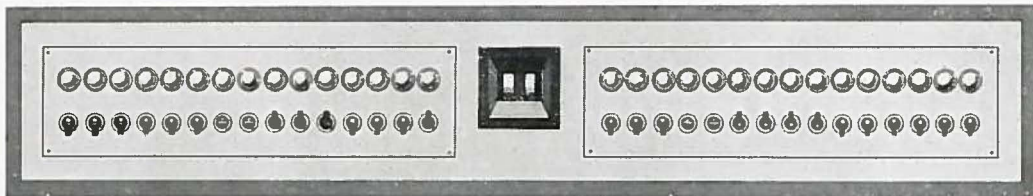
Rank Xerox Ltd., 84-86 Great Portland St., London W.1.

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



Telephone at once for a demonstration: MUSEum 5010

Who's building the 'switched-on' cinemas of tomorrow, today?



Master panel of the electronic 'brain' - controls all cinema operations automatically

The Rank Organisation

In Britain now - the world's first fully automated cinemas. With 25 automated cinemas already in operation in Britain, The Rank Organisation leads the world in introducing to the cinema the most advanced and exciting developments since the movies first learned to talk.



How Cinemation works. Installed in the projection room of these revolutionary new Rank Organisation cinemas, there's an electronic 'brain' which does practically every job in the cinema - automatically. With a pre-set 24 hour programme, it opens and closes the curtains, brightens and dims the lights,

runs the projectors, moves lenses over to suit conventional or wide-screen films, selects music to be played in the interval, controls heating and ventilation, alerts theatre staff at key moments, calls for assistance should anything not be working smoothly. As we said it does just about everything. And *very* efficiently.

'Bleep'. At any time, wherever in the theatre he might be, the projectionist is always in radio communication. This little pocket unit ensures that he is constantly in touch with the master console.

Portable Control Unit. Who ever heard of a projectionist controlling a programme from the auditorium? He does now! With this 'magic' unit, he can send out radio commands that automatically adjust sound and picture quality to the high standard required by today's more critical audiences.



Preparing for the future now. The introduction of more and more automated cinemas by The Rank Organisation is going ahead rapidly. Already 25 are in operation; and over the next few years there will be many more throughout Britain. By these and other extensive modernisation schemes The Rank Organisation is not only giving cinema-goers the best entertainment value available today but also ensuring they will enjoy the highest standards of presentation in the future.



THE RANK ORGANISATION, THEATRE DIVISION.
11 Belgrave Road, London, S.W.1. Tel: VICtoria 6633.

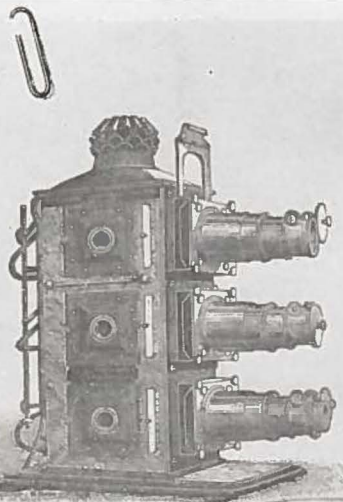
The newest word is

CINEMATION



Definition: the world's first automation process for Cinemas. **Location:** only in Rank Cinemas as yet. **Application:** part of Rank's revolutionary programme to modernise its cinemas all over Britain. One of many steps forward in creating a new lease of liveliness, entertainment and friendliness. **Attraction:** movies never better. Stars never brighter. Audiences up. **Prediction:** the new cinema with increasing audiences will be an even more rewarding market place for advertisers. **Suggestion:** you have never been in a better position to get the most from the cinema advertising medium. And Rank Advertising Films are in the best position to advise you. We offer the complete service for Advertising Film Production and national, regional and local distribution. Reach for tomorrow's markets - by ringing us today at Grosvenor 6353.

 RANK ADVERTISING FILMS LTD., 11 HILL STREET, LONDON, W.1. TEL: GROSVENOR 6353. TELEX: 263955



The new Rank Hylite is the best projector since the Magic Lantern

The new Tungsten iodine lamp of the Hylite has been proven by scientific measurement to be 50% brighter than any other low voltage lamp. Since the "Magic Lantern" no projector has actually shed new light - until now, until the revolutionary Rank Hylite. The Hylite lamp runs on only 24 volts. Never gets hot so no slide "pop". To keep things even cooler the Hylite is air conditioned by a noiseless turbine fan which waits a steady draught past the lamp, slide gate and optics, forming a protective barrier. A superb Wray Optical system - finger tip sequence control... full a adaptable slide magazine... an array of precision accessories all add up to the sum of this great projector. And the cost: only 22 GHS, including lamp. The Rank Hylite is on display at your dealer's today. Ask for a private showing - you'll be dazzled. Full specifications and details available on request.



DISTRIBUTED, SERVICED AND GUARANTEED BY RANK PHOTOGRAPHIC - WOODGER ROAD - LONDON W1Z



Do you want to transport your class to Arizona to show them the fantastic geological formations... take them under the sea to study marine micro-organisms... let them sit in a French classroom to hear how the fables of La Fontaine are spoken... rocket them into space for a close-up view of Early Bird?



Of course you'd like your class to experience all these wonders. And Rank Audio Visual can help you do it - with 16mm sound, filmstrip and slide projectors and other educational audio visual aids. It won't be quite as much fun as doing it all at first hand, but it will be more fun than just talking about it. For the class. And for you.

Technicolor 800-E4 loop film projector

Designed specifically for classroom presentation of 8mm single concept films, or for teaching and training applications in other spheres where visual aids play an important part. Cassette loading and easy to operate, the film is repeated as often as required. Facilities provided for still picture.



Language Laboratory

Rank Audio Visual Language Laboratory leads in necessary technical facilities for both teachers and students. Three years of research and design planning have enabled Rank Audio Visual to develop step-by-step with the development of the method itself, resulting in a range of equipment which meets every exacting need of the new teaching method, from extreme flexibility to same day servicing.



Bell & Howell Language Master

An amazingly effective yet simple to use teaching device. This method of aural and visual presentation is ideal for overcoming children's reading, comprehension and pronunciation difficulties. Built-in microphone. Weight 12 lb.



Filmsound Projectors

Bell & Howell Filmsound 632 - First and only self-lubricating 16mm projector. Film threaded in 3 seconds! Improved film care. Built-in speaker to cater for most audiences. Compact - weighs only 38 lbs. in self-carrying case. Even if you've never used a projector before, you can use the 632 like a professional.

Bell & Howell Filmsound 642 - Outstanding picture brightness. Two speeds sound or silent. Still picture/animation control.

Bell & Howell Filmsound 643 - Reproduces both optical and magnetic sound tracks.

Bell & Howell Filmsound 644 - Has all the features of the 642 and records and plays back commentaries, sound effects, music and translations on magnetically striped film. Tracks can be erased, re-recorded or edited.



Rank Aldis

Rank Aldis Tutor 1000 - A long-term investment for slides, filmstrips and micro slides. Exceptional light output with a 1000 watt lamp and aspheric condenser. Quiet cooling. Takes an extensive range of accessories, including the Rank Automatic Filmstrip Attachment. Also Tutor 500 with 600 watt illumination.



For further details of this educational equipment, write or phone **The Rank Organisation AUDIO VISUAL DIVISION** Woodger Rd., Shepherd's Bush, London, W 12. Tel: SHEPHERD BUSH 200

PRODUCTS AND SERVICES

FILMS

ADVERTISING

PRODUCTION

Cinema and television commercials

Specialised groups for cartoons, live action, model animation, opticals and photo animation

Industrial and short sponsored films

EXHIBITION

Screening of cinema commercials for national, regional and local advertisers in over 1000 cinemas in the United Kingdom.

FEATURE FILMS

PRODUCTION

Feature and second-feature films, and television film series, principally at Pinewood Studios. *Available at Pinewood for outside producers: 12 film stages covering 120,000 sq. ft. Outdoor 'lot' of 66 acres. 50 departments with 1,000 skilled technicians and craftsmen, covering all aspects of film production.*

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

DISTRIBUTION IN UNITED KINGDOM

Distribution of British, American and other foreign films, in addition to Rank Organisation productions, throughout the United Kingdom and Republic of Ireland.

DISTRIBUTION OVERSEAS

The only world-wide film distribution organisation based outside the United States, handling many British, American and other foreign productions in addition to Rank Organisation films.

EXHIBITION

Exhibition of films at 327 theatres in the United Kingdom and over 600 theatres overseas controlled or operated in partnership.

FILM LIBRARY

Distribution of 16 mm. educational, training and entertainment films, 8 mm. concept films and 35 mm. filmstrips.

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 5½ million feet weekly. *Europe's largest film processing organisation.*

Processing and printing of stills and cine films, *in colour and black-and-white, for amateurs and professionals.*

LEISURE

ENTERTAINMENT AND CATERING

Bingo and social clubs: 50 full-time Bingo clubs, in addition to part-time operations.

Bowling: 25 Bowling Centres.

Catering: *all kinds, ranging from snack bars and licensed bars to restaurants and banqueting suites.*

Dancing: 12 ballrooms and 11 suites, offering dancing, banqueting and conference facilities. There are also 13 'Rendezvous' (Dance Clubs).

Hotels: 10 hotels in the United Kingdom and Republic of Ireland, and 3 holiday hotels on the Continent of Europe.

Ice Skating: 1 outdoor and 2 indoor rinks.

Motorway and petrol services: 3 Motorports on Britain's motorways, offering fuel and catering facilities.

LEISURE GOODS AND SERVICES

CAMERAS AND ACCESSORIES

Asahi Pentax 35 mm. single lens reflex system.
Bronica 2 $\frac{1}{4}$ " sq. still cameras.
Konica 35 mm. still cameras.
Mamiya 2 $\frac{1}{4}$ " sq. still cameras.
Nikon 35 mm. single lens reflex.
Rank Duoscope projector.
Rank Elektra photographic accessories.
Slide projectors and accessories, *including the Aldis, Carl Braun 'Paximat' and Rank Hylite series.*

CINÉ EQUIPMENT

Bell & Howell 8 mm. cameras and projectors.
Kino Bauer 8 mm. cameras and projectors.
Screens for projection of films, slides and filmstrips.

OTHER LEISURE PRODUCTS AND SERVICES

Electronic organs *by Farfisa.*
High fidelity speakers *by Wharfedale.*
Retractable seating for stadiums.
Tape Recorders *by Bush and Akai.*
Television rental, and the sale of radios and electrical appliances in nearly 200 shops; relay radio and television service in 25 towns *by Home and Leisure Service.*
Television set, radios, record players and radiograms *by Bush and Murphy.*

TELEVISION BROADCASTING

The Rank Organisation has a 37.6% interest in Southern Television.

INDUSTRY

CAMERAS

Film cameras—*Arriflex 16 mm. and 35 mm.*

CINEMA EQUIPMENT

Automatic theatre projection and house-control systems (Cinematation).
Carbons.
Cinemas—planning and installation.
Draperies and floor coverings.
Film stripping and recovery.
Projectors—cinematograph and other.
Screens and screen frames *by Andrew Smith Harkness*
Sound recording and associated equipment *by Westrex.*
Theatre and auditorium seating.

DATA SYSTEMS

Telotel Telephone Data Transmissions System.
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.

FLYING AIDS

Auto-land leader cable equipment.
Crash recorders.
Radar transponder beacons.
Visual flight simulator equipment.
Voice recorders.

LENSES AND OPTICAL SYSTEMS

Aerial reconnaissance lenses.
Ental enlarging lenses.
Fibre Optics.
Full form projectors.
Kinetal lenses.
Micro-alignment telescopes.
Ortal fixed focus lenses for television.
Profile projectors.
Special optical systems for government departments and the armed forces.
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.
Factory test gear and electronic measuring instruments.
Micro-alignment telescopes.
Miniature meters.
'Mitronic' micro-comparators.
Switchboard instruments.

'Talyden' workshop microscopes.
'Talylin' straightness measuring instruments.
'Talmike' auto-sizing equipment.
'Talymin' comparator gauges.
'Talyrond' roundness measuring instruments.
'Talystep' thin film measuring instruments.
'Talysurf' surface finish measuring instruments.
'Talyvel' electronic levels.

METEOROLOGICAL

Atmospheric direction-finding equipment.
Radio Sonde telemetry consoles.

MEDICAL

X-RAY

Bucky tables.
Ceiling mounted tube conveyors.
Closed-circuit television attachments.
Electronically controlled constant potential X-ray units.
High power (100 mA/150 KV) X-ray units.
Image intensifiers.
Mobile (ward) X-ray units.
Portable X-ray units.
Skull tables.
Tomographic equipment.
Universal X-ray tables.
Vertical bucky stands.
Wall and floor mounted cassette holders.
X-ray film changers.
X-ray tube stands.

PHYSIOTHERAPY

Barrier mats (Retigel) cross infection prevention.
Diagnostic stimulators.

Faradic, Galvanic, Sinusoidal apparatus and accessories.

High frequency apparatus.

Physical rehabilitation and nursing aids.

Remedial, massage and gymnastic equipment.

Ultra-short wave therapy equipment.

Ultrasonic apparatus.

Ultra-violet, infra-red and radiant heat lamps.

Wax baths.

ELECTRO-MEDICAL

Electro-cardiographs.

Electro-cardioscopes.

Electromyographs for measuring neuro-muscular activity.

Oximeter for measurement of blood oxygen saturation.

Peripheral nerve stimulators.

Shadowless operating lamps.

Surgical diathermy units.

Tocographs for the external measurement of infra-umbilical pressure.

METAL DETECTION

Industrial and portable metal detection systems.

MILITARY ELECTRONIC EQUIPMENT

Airborne electronic counter-measures 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.

Projectile velocity measuring 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.

Ditch and backfill inspection.

Dye penetrant examination.

Holiday detection.

Magnetic particle inspection.

Mill and fabrication inspection.

Ultrasonic inspection.

Welding control.

Welding supervision.

X-ray and gamma-ray inspection.

PROCESS AUTOMATION

Flotronic Systems to weigh and control belt-conveyed bulk material.

RESEARCH LABORATORY

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

SERVO COMPONENTS

D.C. motors.

D.C. tachometers.

Gearheads.

Precision film potentiometers.

Torque motors.

TELECOMMUNICATIONS

Automatic radio alarm systems.
Microwave systems and aerials (2000–12000 mc/s).
Multi-channel radio links—VHF/UHF.
Telemetry equipment.
VHF mobile radio equipment.
Pocketphone equipment.

TELEVISION

Closed-circuit cameras.
Closed-circuit television systems.
Colour television and monitoring equipment, colour bar generators, signal decoders, sync. pulse generators, etc.
Large screen projectors.
Monitors (Closed-circuit).
Monitors (Colour).
Monitors (Monochrome).
Ortal television lenses.
Teleciné equipment, 16 mm. and 35 mm., colour and monochrome, slide projectors and T.A.R.I.F. equipment.
Television sets by *Bush and Murphy*.
Television studio equipment (colour and monochrome).
Varotal television zoom lenses.
Vidital television lenses.

TEMPERATURE CONTROLS

Room temperature thermostats.
Immersion heater thermostats.
Temperature recorders and controllers.

TRAFFIC BARRIERS

Remotely and electrically operated traffic control barriers.

XEROGRAPHY

RANK XEROX is a Division within The Rank Organisation, jointly owned with Xerox Corporation of Rochester, New York. The Division manufactures and markets xerographic equipment for high-speed document copying throughout the world with the exception of the Americas.

RANK XEROX EQUIPMENT

813 copier.
914 copier.
2400 xeroduplicator.
720 xeroduplicator.
420 xeroduplicator.
330 xeroduplicator.

Copyflo printers for high-volume copying and for reproduction of engineering drawings, etc., from microfilm.

1824 printers for reproducing from microfilm.
Model 1385 equipment for making offset litho printing masters.

EDUCATION

AUDIO VISUAL AIDS

Audio visual language courses on tape and film.
Bell and Howell Language Master.
Bell and Howell 16 mm. portable sound projectors.
Cinematograph projectors for permanent installation.
Concept films and projectors (8 mm.).
Edison Responsive Environment Teaching System (Talking Typewriter).
Epidiascopes.
Epivisors.

Films (16 mm.) and filmstrips (35 mm.) for education and training, and 8 mm. concept films *distributed by Rank Film Library.*

Projection screens.

Rank Aldis slide and filmstrip projectors.

Rank Programme Projector Teaching Machines.

School loudspeakers *by Wharfedale.*

Technicolor 8 mm. cassette loading projectors.

Teleciné equipment *for 16 mm. presentation.*

The Rank Language Laboratory.

LECTURE THEATRE FURNISHINGS AND EQUIPMENT

Chalkboards, including automatic remote control chalkboards.

Contract seating.

Draperies and floor coverings.

Stage equipment for permanent and portable installations.

Venetian and other blinds.

SCIENTIFIC TEACHING AIDS

Oscilloscopes.

Physics demonstration tubes.

Physics equipment.

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.

THE RANK ORGANISATION MANAGEMENT

Director of Marketing Graham R. Dowson
Director of Central Services J. K. Montgomerie
Chief Accountant J. C. E. A. Rolls
Controller of Information Services Donald Harker

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Rank Research Laboratory Director Dr. A. T. Starr
Transport Controller P. A. Thompson

DIVISIONAL MANAGEMENT BOARDS

Each Division of The Rank Organisation has its own Management Board. The membership of these Boards is given below. The Chairman and Chief Executive is Chairman of each Board with the exception of Celluloid Products.

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(Andrew Smith
Harkness Limited)

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(C. R. Harrison
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Rank Xerox *A Division of The Rank Organisation jointly owned with Xerox Corporation*

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<i>Hong Kong</i>	G. L. Strickland
<i>Italy</i>	A. Bordone
<i>New Zealand</i>	K. P. Langley
<i>Norway</i>	K. Nielsen
<i>Portugal</i>	F. P. Glibbery
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<i>Sweden</i>	O. Söderholm
<i>Switzerland</i>	C. S. Thompson
<i>United Kingdom</i>	G. S. Cooper

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(Top Rank Home and Leisure Service Limited)

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(Managing Director)
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(Rank Hotels Limited)

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(Rank Odeon [Northern Ireland] Limited)

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Graham R. Dowson
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(Rank Overseas Film Distributors Limited)

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(Rank Film Distributors Limited)

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Miss Molly Love, Miss Joyce Lowrie, Mrs. Jo Patrick, Mrs. Gaby Schreiber, Miss Ann Sullivan

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