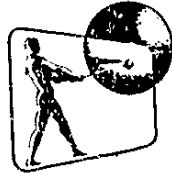


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1978 Annual Report & Accounts

Contents

Directors	2
Principal Activities and Highlights	3
Notice of Meeting and Financial Calendar	4
Chairman's Statement	5-9
Review of Operations	10-21
Directors' Report	22-24
Accounts	25-42
Financial Information	43-47
Rank Xerox Companies	48-53



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The Rank Organisation

Directors

Harry Smith, Chairman

Russell W. Evans, M.C., LL.B., Group Managing Director

Sir Robert Bellinger, G.B.E., D.Sc.

L. H. Bond, Director of Personnel and Corporate Relations

T. E. Chilton, Executive Director - Leisure Services and Hotels

P. H. Courtney, Finance Director

R. F. H. Cowen, M.B.E.

Sir Arnold France, G.C.B.

Sir Reay Geddes, K.B.E.

Sir Denis Mountain, Bt.

The Hon. Angus Ogilvy

J. B. Smith, Executive Director - Industrial and Consumer Products

Sir Richard Trehane, D.Sc.

President Sir John Davis, D.Tech.

Secretary and Registered Office

B. C. Owers
11 Hill Street,
London W1X 8AE

Solicitors

Richards, Butler & Co.

Registrars and Transfer Office

Hill Samuel Registrars Limited,
6 Greencoat Place,
London SW1P 1PL

Auditors

Peat, Marwick, Mitchell & Co.

Bankers

National Westminster Bank Limited

Merchant Bankers

N. M. Rothschild & Sons Limited

Brokers

Cazenove & Co.
Joseph Sebag & Co.

The Rank Organisation

Principal Activities

The Rank Organisation is a leading leisure group and an important manufacturer and supplier of consumer and industrial products to world markets. It also has substantial property interests. It has a major investment in Rank Xerox Limited and other companies owned jointly with Xerox Corporation, which manufacture and market xerographic copier/duplicators and other business equipment.

The leisure interests include Odeon and Gaumont cinemas in the U.K. and other cinemas elsewhere in the world, Pinewood film studios, film production and distribution, Top Rank Clubs, Suites and motorway service areas, discotheques, restaurants, marinas, hotels (including the Athenaeum, Gloucester, Royal Garden, Royal

Lancaster and White House in London) and Butlin's holiday centres.

The Group manufactures scientific instruments, optical goods and electronic equipment through Rank Precision Industries and manufactures or markets Bush, Murphy and Rank Arena radio and television sets, Leak, Wharfedale and Rank Arena hi-fi audio equipment, cameras, educational products, Rank Strand Electric theatre and studio lighting equipment and, in Australia only, refrigerators and air conditioning units. Rank Film Laboratories are the leading U.K. processors of cinema and television film.

Associated companies include manufacturers of televisions, radios and audio equipment in Eire and India, leisure companies in Australasia and the Far East and Southern Television Limited.

Financial Highlights of the Year ended 31st October 1978

	1978	1977
Turnover	£485.1 million	£442.7 million
Trading Profit	£40.3 million	£38.0 million
Associated Companies (Share of profit before tax)	£103.0 million	£109.7 million
Profit before extraordinary items	£60.0 million	£68.5 million
Earnings per Ordinary share	34.4p	39.4p

Notice of Meeting

Notice is hereby given that the forty-second Annual General Meeting of the Company will be held at the Royal Lancaster Hotel, Lancaster Terrace, Hyde Park, London W2, on Tuesday, 13th March 1979, at 12 noon for the following purposes:

- 1 To receive the Auditors' Report and to adopt the Directors' Report and the Accounts for the year ended 31st October 1978.
- 2 To declare a Final Dividend on the Ordinary shares.
- 3 To elect the following Directors:
 - (a) Mr. L. H. Bond
 - (b) Mr. T. E. Chilton
 - (c) Sir Arnold France
 - (d) Sir Reay Geddes
- 4 As special business, to appoint Auditors and to authorise the Directors to fix the Auditors' Fee.

By Order of the Board
B. C. Owers
Secretary

15th February 1979

A warm invitation to attend the Annual General Meeting is extended to all Ordinary shareholders, for whom an admission card is enclosed.

Under the Company's Articles of Association only the holders of Ordinary shares are entitled to vote. A holder of Ordinary shares is entitled to appoint one or more proxies to attend and (on a poll) to vote in his or her stead. A proxy need not be a member. If you are the holder of Ordinary shares, a Form of Proxy is enclosed.

If the proposed Final Dividend on the Ordinary shares is approved at the meeting, warrants in payment will be posted on 5th April 1979 (payable on 9th April 1979) to those shareholders on the Register at 19th February 1979.

There will be available for inspection at the Registered Office of the Company, 11 Hill Street, London W1X 8AE, during the usual business hours copies of each service contract, not expiring or determinable by the Company without payment of compensation within one year, of any Director of the Company with the Company or any of its subsidiary companies. Such copies will also be available at the place of the Annual General Meeting at least fifteen minutes prior to and throughout the meeting.

The Financial Calendar

The Interim Results (half-year) and the interim dividend are announced in mid July. The interim dividend is paid in early November.

Annual Results. A preliminary statement is published in mid January. The Annual Report is posted to shareholders in mid February, and the final dividend is paid in mid April.

The Annual General Meeting is held in mid March.

Conversion of 4½% Convertible Loan 1993

These Bonds may be converted at any time until 12th February 1993 at a price of \$14.10 per Ordinary share. (The terms of conversion will be adjusted as a result of the proposed rights issue.)

Dates of Payment of Dividends and Interest

6½% Preference Shares	1st January and 1st July
8% Second Preference Shares	1st January and 1st July
4½% Convertible Loan 1993	15th February
6% Unsecured Loan Stock 1983/88	30th June and 31st December
5½% Unsecured Loan Stock 1990/95	30th June and 31st December
8% Unsecured Loan Stock 1988/93	30th June and 31st December
8½% Bonds 1986	1st November
10½% Unsecured Loan Stock 1997/2002	30th April and 31st October

Chairman's Statement

Statement by the Chairman Mr. Harry Smith

Group profit before tax for the year ended 31st October 1978 amounted to £123.0 million. This result, which is closely in line with last year's record figure of £124.8 million, was achieved in spite of the virtual elimination of the substantial benefits from currency movements, that were reflected in the results of the Rank Xerox companies last year.

Changes in exchange rates affect our share of the results of the Rank Xerox companies in two major respects, namely their impact on trading performance, and their effect on the assets and liabilities at the end of the year, which, under U.S. accounting standards is reflected in the profits of the year.

The movement in average exchange rates between 1977 and 1978, caused our share of trading profits to be reduced by £4 million, while the exchange movement effects arising from the application of Statement Number 8 of the U.S. Financial Accounting Standards Board and other factors gave a benefit of £6 million. There was thus a net gain of only £2 million in contrast with the major gains from these sources recorded last year.

Our share of the 1978 profits of the Rank Xerox companies was £97.9 million before tax, compared with the £105.3 million achieved with benefit of major currency gains last year. The results of these companies are discussed more fully in the Statement by their Chairmen on pages 48 to 50.

After all interest charges the pre-tax profits of the Group, excluding the Rank Xerox contribution, for the year to 31st October, 1978 were £25.1 million, compared with £19.5 million for the previous year, a gain of £5.6 million (30%).

The Group taxation charge of £60.5 million (49.2%) was proportionately greater than last year mainly because of the large untaxed currency exchange rate benefits included in the 1977 figures. These had the effect of reducing last year's charge to an abnormally low 42.5%.

I believe that these results indicate a good performance for the Group as a whole during a

year when we faced particularly difficult trading conditions.

Turning to the operating companies of The Rank Organisation, the three major sectors based in the United Kingdom—Industrial and Consumer Products, Leisure Services and Hotels, and Holiday Centres—all showed a significant increase in trading profits, averaging 38%. Unfortunately, these improvements totalling £8.6 million were largely off-set by a serious reduction in profits in Rank Industries Australia of £4.4 million. Moreover, the 1978 results excluded any contribution from Odeon Theatres (Canada), this interest having been disposed of at the beginning of the financial year.

The action taken by Rank Industries Australia to extend and strengthen its activities in consumer and industrial product areas outside the television market, is referred to in the Group Managing Director's report. This action should ensure that a rising trend in profitability will again be established during the present year.

Rank Xerox Companies

The consolidated accounts of the Rank Xerox Companies for the year ended 31st October 1978 (and preceding years) are set out on pages 52 and 53.

The Statement of the Chairmen of Rank Xerox Holding B.V. (Mr. David T. Kearns) and Rank Xerox Limited (Mr. J. Maldwyn Thomas) reporting on the year's operations and results appears on pages 48 to 50.

Dividends

Government controls on dividends were slightly relaxed with effect from 1st August 1978 and our subsidiary, A. Kershaw & Sons, Limited, has been able to take advantage of this. The relaxation in the controls did not apply to the Company and the Directors recommend a payment of a dividend of 4.97743p per share on the Ordinary shares of The Rank Organisation of which 0.0886p is in respect of the year ended 31st October 1977. When added to the interim dividend of 4p per share paid on 2nd November 1978, this represents a 10% increase

Chairman's Statement

over the dividends paid in respect of our 1977 financial year.

On 24th January 1979 the Company announced that it was proposing to make a rights issue of 28,765,382 new Ordinary shares on the basis of one new Ordinary share for every six Ordinary shares held by shareholders at 31st January 1979. In connection with this issue your Directors intend, subject to unforeseen circumstances and obtaining any necessary HM Treasury consent, to recommend payment of dividends in respect of the year ending 31st October 1979 of 10.7p per Ordinary share. This represents an increase of 20% over the total dividends to be paid in respect of the year ended 31st October 1978.

Board of Directors

Lord Helsby who had served as a member of the Board since June 1968 died on 5th December last year. Before joining the Board of The Rank Organisation he had completed a very distinguished career in the Civil Service. We benefited as a Board greatly from his wide experience of public affairs, combined with a decisive and analytical approach to our problems. He was also a member of the Ad Hoc Committee of the Board formed in 1975 to prepare proposals for the re-organisation of the senior Management of the Company and continued to serve as a member of what is now the Chairman's Advisory Committee. I greatly appreciated and benefited from the kindly and thoughtful advice he made so readily available.

Mr. L. H. Bond, who was appointed Director of Personnel and Corporate Relations in October 1977, was appointed a Director of the Parent Board in November 1978. His membership of the Board will add knowledge and experience in the important fields of personnel policy and communication, both internal and external.

Finance

During the Financial Year, the programme for reducing our portfolio of investment properties continued with sales of £14.3 million against book values of £12.5 million. Other disposals of assets amounted to £3.5 million, the principal items being

three provincial hotels that no longer fitted our trading pattern, and realised £1.5 million, being £100,000 more than their book values.

Mainly as a result of asset disposals, the retention of profits and the improvement in the value of sterling against the US dollar, debt, as a percentage of shareholders' funds, including minorities and provisions for deferred taxation, fell from 74.7% to 60.8%. We have also made further progress in matching overseas borrowings with assets through an Australian dollar bond issue of A\$12 million and the repayment of 7.5 million Kuwaiti dinars.

At our Financial Year end sterling was weaker against the major European currencies than at the same time last year. This coincided, however, with the offsetting weakness of the US dollar. Owing to the fact that our overseas assets and borrowings are not yet fully matched, the net result of the translation of foreign currencies for the Group gives a shortfall of £3.4 million which has been debited to reserves in accordance with our usual practice. This compares with a debit to reserves of £13 million last year.

As from 1st November 1978 a new Accounting Standard, SSAP12, became mandatory for the Group. When we adopt this Standard, it will increase our charge for depreciation by approximately £1 million and reduce our profits by this amount. This change, which does not yet apply to investment properties, is due to the requirement to charge depreciation on all freehold buildings. The additional depreciation is not at present allowed for tax purposes and therefore represents a significant reduction in net profits. We strongly support the CBI proposal to the Chancellor that there is every justification for reconsidering taxation policy on this important issue.

A great deal of controversy has surrounded the efforts to establish an accounting standard to deal with the effects of inflation on the published accounts of companies but the accountancy profession has produced interim guidelines for the re-statement of results produced under the Historic Cost Convention. We believe that these still have a number of weaknesses. However, we have estimated that the approximate effect of applying the interim guidelines to the 1978 results would reduce our trading profit to £34.4 million,

Chairman's Statement

the share of associated company profits to £85.5 million and the profit before tax to £99.7 million.

Since the end of the Financial Year agreement has been reached with a Canadian chartered bank whereby Rank City Wall Canada Limited intends to raise C\$70 million, or the equivalent in US dollars, by the issue of Variable Rate Redeemable Preferred Shares. The agreement under which the shares will be subscribed was concluded on 16th November 1978, but exchange control and other consents for the issue are still being sought. The proceeds of the financing will be applied to the reduction of short-term borrowings, principally in Canada and the USA, and it is expected that there will be a resulting significant reduction in the debt servicing costs of this subsidiary.

Acquisition

On 15th December 1978, we announced that agreement had been reached with the Board of Leisure Caravan Parks Limited whereby The Rank Organisation would offer 143p in cash for each issued Ordinary share of Leisure Caravans and that the Directors of that company had undertaken to accept in respect of their own and their family shareholdings amounting to 46% of the share capital. Our formal offer (amounting in value to £19.9 million) was posted on 3rd January 1979 and became unconditional on 24th January 1979.

The acquisition of this company will extend our holiday and leisure activities and will provide further opportunities for expansion in the United Kingdom and overseas.

Personnel and Management

The United Kingdom is passing through a particularly difficult period in regard to many problems related to levels of remuneration and differentials. It is, in my view, important to remember that we have been operating under some form of voluntary or compulsory restraint on remuneration under both Conservative and Labour administrations since 1962.

It is natural that governments have been greatly influenced by the major trade unions who have used their influence to further the interests of the lower paid sectors of their membership and protect them as far as possible from the economic problems we face as a Nation. In the process of doing so, serious obstacles to economic performance have been created and, if they persist, will damage the living standards of the very people these measures were designed to protect. I believe that an improvement in our economic performance now depends to a large extent on our willingness to adjust our tax system on both earnings and investment to those of our more successful overseas competitors and consequently provide more encouragement to those who are prepared to acquire special skills, to undertake responsibility and accept financial risks.

Also, the government's policy on remuneration levels should now take fully into account the need to provide financial motivation to those who are prepared to work exceptionally hard and who have the skills and ability to create opportunities for industrial expansion. If government controls and influence over levels of remuneration are necessary to counter the immense bargaining powers of trade unions, then it is important that they are designed to take into account these same considerations.

Turning now to another important aspect of management, we have decided to form joint representative committees in all United Kingdom subsidiary companies through which we intend to create an environment in which employees will have ready access to, and effective dialogue with, responsible decision makers throughout the United Kingdom subsidiary companies and will therefore feel able to make a positive contribution to good industrial relations, to effective performance and to long-term security of employment. Whilst the present government concentrates its legislation on consultation with the trade unions we cannot ignore the fact that approximately 48% of our employees in the United Kingdom are not members of any trade union. We enjoy good relations with the unions concerned with our activities but feel that our responsibility to consult must be in the context of all employees.

Due to the importance of government contracts

Chairman's Statement

and relationships we had no option but to apply the present restraints on pay policy but within these guidelines we have sought every means to introduce genuine productivity deals as we consider these extremely important as a means of improving competitiveness and alleviating to some extent the harmful effects of wage controls to which I have already referred. With the removal of sanctions we may in future be able to negotiate within a less rigid framework. In doing so we would have to take account of the vital importance of supporting government efforts to reduce the level of inflation. We also have to ensure that the competitiveness of the individual subsidiaries is not damaged and that we can obtain an adequate cash flow to ensure the healthy development of our various activities. I believe we will be able to reduce gradually the damaging effect of the erosion of differentials and that this will have a good effect on our future performance.

Rank Radio International

Progress in reducing losses at RRI was achieved for the third successive year in spite of continuing difficulties of over-capacity in the industry and, as I indicated at last year's shareholders' meeting, efforts were also in hand to find a long term solution to our problems in this industry. These efforts resulted in the formation of Rank Toshiba, announced on 23rd August 1978. Although there is no doubt that continuing management effort would have resulted in further improvements in performance, it was increasingly apparent that our volume of sales was insufficient to justify the considerable costs involved in research and development vitally necessary to attain a competitive position in this industry. Through the formation of Rank Toshiba, our manufacturing activities will be linked with Toshiba, one of the world leaders in consumer electronic products, and will be supported by that company's considerable research and development facilities. We also expect a steady increase in demand for television sets to support the Toshiba marketing effort in Europe. The marketing of Bush, Murphy and Rank Arena products will remain under the direction of RRI.

It is important to stress that we are still operating in a highly competitive industry, affected by serious over-capacity throughout the world and

the road ahead will not be easy. With, however, a continuation of the hard work and enthusiasm demonstrated by everyone concerned, I believe we now have the means to establish a viable and successful activity in this industry. Although some of the benefits of this arrangement will be evident in profitability during 1979, it will require a few years further effort before we can expect to achieve the full potential of this new development.

We welcome this link with Toshiba and believe it will prove to be beneficial to both companies in the future.

Southern Television

We own 37½% of the issued share capital. Advertising revenue continued to increase rising from £22.3 million in the previous year to £27.7 million. A net profit of £11.9 million resulted, compared with £9.1 million in the previous year. After charging the levy of £7.1 million the income before tax was £4.8 million. Again this was a record for the company, comparing with £3.8 million in the previous year. Despite the general economic difficulties through which the country has been passing these excellent results demonstrate the continued confidence of advertisers in television as an effective medium.

Last year I reported on the programme developments in the previous period, and the increased production planned for the current year. These plans have developed and there has been a corresponding increase in programme budgets for the forthcoming period.

Southern has also made good progress in the development of overseas markets for its programmes. Export sales in 1978 were £450,000 in 29 countries.

During the year the government published its White Paper on the future of broadcasting, following the publication of the Report of the Committee on the Future of Broadcasting (the Annan Report) in 1977. Whilst welcoming many elements in the White Paper the Independent Television Industry generally expressed its serious disappointment that the government was not proposing to allocate the fourth television

Chairman's Statement

channel as a second service for independent television but intended to establish a new broadcasting body, the Open Broadcasting Authority. Legislation for the long term future of broadcasting is now awaited. Meanwhile an Act extending the existing contracts until the 31st December 1981 has been passed. Despite the uncertainties caused by this, the company continues to increase its facilities to service its long term developments in its regional programming and its contributions to the national network.

Future Outlook

The progress made during 1978 was most encouraging and would have been more apparent had it not been for the temporary setback to our profitability in Australia. I would like on behalf of the Board and shareholders, to thank all employees for their loyalty and endeavours during the year.

Due to the progress we have already made, and the continuing improvements which we intend to achieve in the performance of the existing operations, we can now also seek more actively areas for expansion. I believe these will come

through our management strength in Europe, Australia and North America and will take advantage of our skills in a number of advanced areas for technology and our wide experience of leisure activities. We recognise the importance of selecting those projects which are likely to have the most favourable long term impact on the Group as a whole.

The immediate outlook must be viewed against a background of considerable industrial unrest in the United Kingdom. The extent of this, as it may eventually affect key services and thus our ability to manufacture goods or provide our own services, cannot yet be judged. The strengthening of the power of the Price Commission as an indirect weapon to restrain wage demands, if enacted, can only damage British industry as a whole.

Having struck this sombre note, your Company has the strength and the will to respond to any difficulties with which it is likely to be faced. We believe we are well placed to take advantage of the opportunities that are certain to present themselves in the future.

Harry Smith
Chairman

Review of Operations

Group Managing Director's Review of Operations of Subsidiary and Overseas Associated Companies

Rank Leisure Services - Operation of cinemas, Top Rank Clubs, discotheques, catering, banqueting and other leisure facilities.
Chairman - Mr. T. E. Chilton
Managing Director - Mr. L. Small
Turnover - £105,756,000 (1977 £84,616,000)
Trading profit - £10,093,000 (1977 £6,227,000)

The company and its affiliated companies overseas have had an outstanding year and have substantially increased turnover and profits as against 1977. The principal area of profit improvement has been in film exhibition in the United Kingdom. Top Rank Clubs also achieved record profits.

This increased business has been achieved without any major expansion of capital assets with the result that the return on assets employed in Rank Leisure Services in 1978 reached a more satisfactory level than for many years.

Film Exhibition - United Kingdom Theatre Director - Mr. G. Pinches

After several years of decline in cinema admissions, 1978 marked a welcome turnaround. Admissions in comparable cinemas were 22% higher than in 1977 due principally to some outstanding films - notably "Star Wars" and "Close Encounters of the Third Kind".

Our programme for developing additional auditoria in existing cinemas also made an important contribution to the improved results. This development programme, which provides our patrons with a much wider choice of films, is being continued.

A new auditorium was added at Leeds Odeon. The Westbourne Grove Odeon was tripled and twin cinemas were created from a former Top Rank Club at Blackwood, Gwent.

Film Exhibition and Distribution - Holland Rank Tuschinski Beheer Managing Director - Mr. R. Gerschtanowitz

Profits for 1978 were at a record level, due to the popularity of three films: "Soldaat van Oranje", "The Spy Who Loved Me" and "Saturday Night Fever". The first two were also

distributed by Rank Tuschinski which increased the company's earnings from those films.

During the year Rank Tuschinski made an important extension to its activities by taking direct management control of seven screens (at six sites) from another exhibition company. This has strengthened the company's representation in Amsterdam, Rotterdam and The Hague. As a result the company is currently operating a total of 37 screens at 22 sites.

Film Exhibition and Distribution - Portugal Sociedade Anglo-Portuguesa de Cinemas Administrator - Mr. F. Duarte

The films available in 1978 were not of outstanding quality and there was a fall in admissions of 22% against the previous year.

The uncertain economic situation in Portugal also had an adverse effect on our business, although this was partly off-set by action on prices. The continuing weakness of the escudo also depressed our profits when reported in sterling.

Film Exhibition - Eire Odeon (Ireland) Director and General Manager - Mr. J. Walls

As in the United Kingdom, this subsidiary achieved a significant improvement in admissions and in profits. The more popular family entertainment films which were available and the poor summer weather both contributed to this improvement.

The Restrictive Practices Commission published its report following the inquiry into the supply and distribution of films. The Commission found that the company was not a party to any unlawful or irregular practice and rejected the Examiner's contention that film distribution in Eire was unfair or discriminatory.

The Commission nevertheless made certain recommendations in regard to concurrent and second run showing of films at Dublin City Centre cinemas which could, if implemented, adversely affect future trading results.

Top Rank Clubs Director and Operations Controller - Mr. G. Hildrew

The division's highest ever profit performance was achieved.

Review of Operations

New clubs were opened at Gateshead and Swansea. Both have proved highly successful. The club at West Norwood has been closed. The division now operates a total of 70 clubs, with a membership of over 1.5 million.

Investment in the modernisation of club facilities was maintained at a high level and will be continued in 1979 to ensure the best standards of comfort and service for club members.

The social aspects of Top Rank Clubs are becoming more and more important with the inclusion of cabaret and other amenities to supplement the main game of bingo.

The Report of the Royal Commission on Gambling was published last July and contained no significant criticism of bingo as a social pastime. Our view is that implementation of the Report's recommendations will have no material effect on trading.

Entertainment and Banqueting Operations Controller - Mr. C. D. Spruce

Profits showed an overall improvement during the year. The implementation of policies adopted in previous years, to enhance the facilities and services provided in the Dancing and Private Function sectors of this division, have proved successful.

Cabaret bars and the Ice Rink at Southampton which is operated by the division both performed extremely well but it proved necessary to introduce new policies and management into the Clubs acquired from Kirby House Investments Limited, the effect of which has yet to be fully realised in profit terms.

Catering Director and Operations Controller - Miss S. King

This division includes motorway service areas and during the year traffic volume on motorways remained virtually constant.

The Prior Committee's Report on motorway service areas was published in September, 1978. In general, we welcome its findings. If the recommendations are implemented they will go some way towards restoring the financial imbalance between contractor and the Ministry. The penalising effect of the current system of participating rentals was highlighted by the Committee.

These changes would pave the way for improved standards and we welcome the

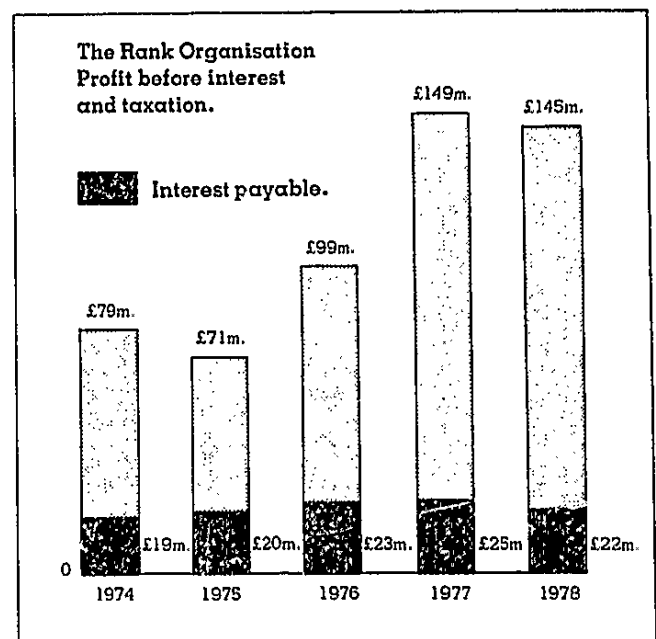
recommendation that operating standards should be defined and a system of inspection devised to ensure the maintenance of those standards.

Unlike the previous year, Heathrow Airport was relatively free from industrial action and trading at our catering operation at Terminal 1 has improved.

Consultancy and Management Agreements - The company has been acting as consultant during the construction of the Al Nasr leisure complex in Dubai and will assume full management responsibility when the complex opens later this year.

The company is continuing to seek further consultancy and management opportunities both in the United Kingdom and overseas.

Managing Director - Mr. R. J. Duffield, the former Managing Director, left the company on 31st December 1978 to take up an outside appointment. He was succeeded by Mr. L. Small, previously Assistant Managing Director. Mr. Small joined The Rank Organisation in 1946 and was appointed to the Board of Rank Leisure Services in 1969 as Director of Technical Services.



Review of Operations

Pinewood Studios - Film studios

Chairman - Mr. T. E. Chilton

Managing Director - Mr. C. Howard

Turnover - £3,746,000 (1977 £3,137,000)

Trading profit - £386,000 (1977 £301,000)

It was a good year for Pinewood which achieved increases in both turnover and profit. The studios were full during most of the year.

Altogether 13 films were in production, including "Superman" which started in 1977 and continued in production at Pinewood throughout the whole of the financial year. In addition, the Studios serviced the post production requirements of many other films.

Plans for the public to tour Pinewood have been developed during the year and an application for planning permission was submitted to the District Council.

The Studios plan to expand their facilities in 1979 with the building of a new "effects theatre", the conversion and upgrading of an existing viewing theatre and the extension of the office block to meet the increased demand from film producers for additional office space at this location.

Rank Film Distributors - Film distribution.

Chairman - Mr. T. E. Chilton

Managing Director - Mr. M. T. Young

Rank Film Productions - Financing of film production.

Chairman - Mr. T. E. Chilton

Director and Production Executive - Mr. A. G. Williams

Turnover (British Isles) - £5,250,000 (1977 - £3,124,000)

Trading Profit (British Isles) - £212,000 (1977 - £86,000)

Rank Film Distributors - The dramatic growth in the company's business was mostly due to the fact that since December 1977 it has been the distributor of Twentieth Century-Fox films in the United Kingdom. A contributory factor has been the success of one independent film, "The Wild Geese".

Among the Twentieth Century-Fox films distributed by the company was the most successful film for many years - "Star Wars". The popularity of this film has been instrumental in encouraging producers to make films that

appeal to the family which is an important factor in the remarkable increase in cinema audiences generally over the year.

In addition to the nationwide film despatch, examination and storage service that the company carries out for all the major film distributors and most of the smaller companies, it has also undertaken responsibility for transport arrangements between storage depots with consequential benefits for the whole industry.

During the course of the year the company was represented at three major festivals, namely the Television Festival at Cannes; the Distributors' festival at Milan; and the Cannes Film Festival, where distribution deals worth \$1,000,000 were concluded by the Company.

The flow of excellent films from Twentieth Century-Fox should continue during the current year and "Star Wars II" will be released in 1979-80. The company is therefore optimistic regarding the future.

Rank Film Productions - This was the first full year of operation for this new company. Where appropriate, productions are financed jointly with partners, although control is retained by the Organisation.

Four major productions, intended for worldwide distribution, were started at an overall cost (including the company's contribution), of £6.5 million: "The Thirty-Nine Steps"; "Eagle's Wing"; "The Riddle of the Sands"; and "The Lady Vanishes". These films will be released in 1979, the first of them having opened very successfully in the West End in November 1978.

Four further productions are scheduled to commence during the current year.

Rank Advertising Films - Sales of advertising screen space; poster advertising; production of short films, audio-visual programmes and cinema and TV commercials.

Chairman - Mr. T. E. Chilton

Managing Director - Mr. D. R. Thomas

The company's results have continued to improve, assisted by increased cinema admissions and by the buoyancy of the advertising business generally in 1978.

In February 1978, the company purchased S. Presbury & Co. Limited, a small cinema advertising contractor. This acquisition enabled

Review of Operations

the company to offer advertisers access to an increased number of cinema screens. The Rank Cinema Advertising Awards are now established as an important event in the advertising world. The 1978 Grand Prix was won by Cacharel for their children's wear advertisement.

The company's involvement in indoor posters, principally in bingo clubs, has now become significant, with 205 clubs under contract.

Rank Marine International - Operation of marinas, boat building and sales.

Chairman - Mr. T. E. Chilton

Director and General Manager - Mr. M. H. Charles

The Dolphin 31 sailing boat, which is built by the company, was exhibited at the Southampton and London International Boat shows. It received enthusiastic press and television coverage and considerable interest was shown by the public.

Repair and maintenance work undertaken by the company increased and the boatyard at Port Hamble was enlarged by the construction of a new repairs, maintenance and boat building facility.

Both the Port Hamble and the Mercury Yacht Harbour marinas achieved 100% occupancy. A further 120 berths will become operational early in 1979 which will bring the company's total berths on the River Hamble to 650.

It is pleasing to report that the Royal Yachting Association has now established one of its main British Olympic training bases for the next Olympic Games at Port Hamble marina.

Rank Hotels - Hotels in the U.K. and Europe

Chairman - Mr. T. E. Chilton

Managing Director - Mr. S. A. May

Turnover - £34,849,000 (1977 £31,631,000)

Trading profit - £2,813,000 (1977 £1,530,000)

After returning to profit in 1977 following several years of losses, the company has continued to improve its position and has achieved a further significant growth in profits. Turnover also increased in spite of the sale of the Merrion Hotel, Leeds, and two other provincial hotels, the Five Bridges in Gateshead and the Coylumbridge at Aviemore, Scotland. These disposals were in

pursuance of the company's policy to concentrate principally though not exclusively on large city centre operations.

The major contribution to profits came from the five London hotels, where high occupancies were maintained throughout the year.

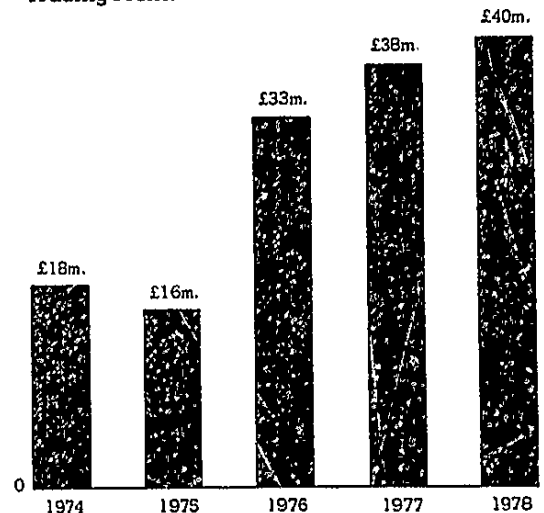
The European activities have improved but continued to show a loss overall. The acquisition of the freehold of the Royal Windsor in Brussels, reported last year, contributed as expected to this improvement although trading in that city remains difficult.

A £1 million extension to the Great Danes Hotel near Maidstone will be undertaken in the current year to provide 51 additional bedrooms and more banqueting areas.

Future Prospects - The need to maintain our hotels in first class condition will give rise to an increased capital expenditure programme for 1979 but business remains buoyant and, dependent of course upon the world economic situation, the outlook is encouraging.

Approximately £15 million of Rank Hotels' United Kingdom turnover is in respect of overseas customers and this reflects the growing contribution of these operations to the balance of payments.

The Rank Organisation
Trading Profit.



Review of Operations

Managing Director – Mr. S. May was appointed Managing Director of the company on 1st November 1978 in succession to Mr. D. Sawyer. Mr. May was previously Assistant Managing Director and is a former General Manager of the Royal Lancaster hotel.

Rank Audio Visual – Manufacture/marketing of hi-fi, audio visual and photographic equipment; theatre and TV studio lighting and controls and auditorium equipment; and distribution of entertainment and educational films.

Chairman – Mr. J. B. Smith

Managing Director – Mr. G. W. Provan
Turnover – £76,499,000 (1977 £70,290,000)
Trading profit – £2,729,000 (1977 £3,129,000)

The company's results which were somewhat below those of the previous year were disappointing, profitability having been seriously affected in the first half of the year by the downturn in consumer markets for hi-fi and photographic equipment. There was fierce competition for the available business and profits were also affected by the strength of the yen, which had the effect of increasing our costs for goods imported from Japan.

The company's profit improved in the second half as a result of overhead reductions, improved consumer demand and the resolution of problems in the Far East and the U.S.A.

Hi-fi United Kingdom

General Managers – Mr. G. F. Sadler and Mr. J. M. Holt

Hi-fi electronics had the worst trading year in its history due to competitive pressures.

The company withdrew from the export of hi-fi electronics and has subsequently decided to cease marketing hi-fi electronics altogether, concentrating on hi-fi loudspeaker markets with the company's own manufactured brands. This requires a complete rationalisation of the divisional organisation, which will be completed in the Spring of 1979.

As to loudspeakers, Wharfedale had a fairly successful year. The new "E" Series of high efficiency loudspeakers has been widely praised and has gained acceptance in all markets, especially in the U.S.A., where a new subsidiary sales company has been established.

Hi-fi Overseas

Director and General Manager – Mr. C. R. Raldorf

The reorganisation implemented last year has led to improved trading results. Operations in Denmark remain a problem with the hi-fi market being subject to the same pressures as in the United Kingdom but Heco loudspeakers in Germany, and Wharfedale in Holland and France, show continuing progress.

Photographic

Director and General Manager – Mr. G. A. Dingley

Rank Photographic continued to increase its market share with Nikon, Sankyo and Pentax photographic products. Sponsorship of certain events was undertaken during the year with Nikon sponsoring an all-girl crew in the Round Britain Yacht Race and Pentax sponsoring a BMW in the British Saloon Car Championships.

Rank Aldis had a successful year in training equipment and in training films; "How to Close the Sale" won the Gold Award at the 1978 Industrial and Scientific Film Association Festival.

The Rank Film Library also achieved its highest-ever sales.

Cinema, TV and Auditorium Equipment
Director and General Manager – Mr. C. Templeton

Rank Strand Electric encountered difficulties in export markets, sales both to distributors and our own subsidiary companies being particularly disappointing. The South African company had a poor year and has been closed.

During the year, Strand introduced a new Lighting Control System – the Duet – which incorporates the latest micro-processor technology. Initial sales have been good and considerable benefit is anticipated in the current year. Additionally, a new concept in TV Memory Lighting Control – the Octet – was shown at the International Broadcast Convention and was well received.

The Studio division of Rank Film Equipment, has performed very well in the TV markets of the world, gaining a number of significant orders, including a £650,000 contract for the Belgrade TV Studios.

Review of Operations

O'Connor's

Managing Director – Mr. P. W. Blaxtan

Following the appointment of Mr. Blaxtan as Managing Director of the South East Asia operation, the company has been reorganised. Mr. P. H. B. Dowson, one of the founders of the group, and formerly its Managing Director, retired on 30th June 1978.

In March 1978, a Singapore \$10 million Note issue was made to repay shorter term loans and reduce the company's overdraft.

O'Connor's has been under competitive pressures in the consumer market similar to those experienced in the United Kingdom and has, in addition, had to contend with problems arising from legislation favouring locally owned companies when tendering for government contracts in Malaysia.

However, the subsidiary is now better organised and in a position to take advantage of future economic growth in the area.

Award – Rank Audio Visual was presented with the Distributive Industry Training Award following a thorough audit of their training and development schemes, carried out by the Industry Training Board staff.

The award carries with it exemption from paying the Board's Levy for the next two years.

Rank Precision Industries

Chairman – Mr. J. B. Smith

Managing Director – Mr. C. Crook

Turnover – £45,797,000 (1977 £39,309,000)

Trading profit – £5,649,000 (1977 £5,471,000)

Turnover and profits were higher than last year – which itself was well ahead of any previous year since the company's formation in 1968.

Capital investment and expenditure on research and development were both at record levels with significant progress being achieved in thermal imaging systems in which the company has considerable expertise.

Mr. Colin Crook was appointed Managing Director of the company in July 1978. Mr. Crook returned to take up this appointment from Texas, where he was with the integrated circuits division of a major United States electronics company.

In July 1978, Mr. Brian Edney, formerly General Manager of Rank Optics, was appointed President

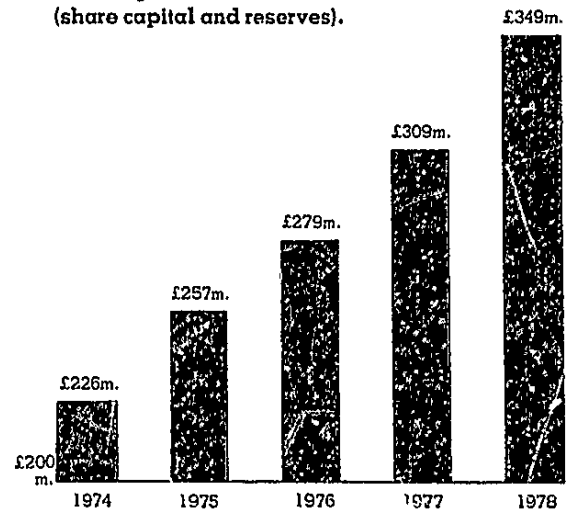
of Rank Industries America Inc. The operations of that company and its fellow subsidiary, Rank Industries Canada Limited, which are reported on page 20, include the businesses formerly carried on by Rank Precision Industries' North American subsidiaries.

Rank Cintel – Broadcast television equipment; waveguides; paper moisture measurement equipment; process control equipment; medical equipment and specialised cathode-ray tubes. Director and General Manager – Mr. J. Etheridge

This division had an excellent year with sales and profits well in advance of 1977. Cintel maintained its outstanding overseas business performance in winning a large telecine contract in Iraq. The world's first digital flying spot telecine especially developed for the USA market was displayed at the National Association of Broadcasters exhibition in Las Vegas. Cintel was awarded the Geoffrey Parr award for outstanding technical achievement in broadcasting by the Royal Television Society. This recognised the technical excellence of Cintel products.

Rank Electronic Tubes, which forms part of Cintel, secured new contracts for avionic cathode-ray tubes for the F15, F16 and F18 Multi-role Combat Aircraft. This places Rank

The Rank Organisation
Ordinary shareholders' interests
(share capital and reserves).



Review of Operations

Electronic Tubes in a strong world position in avionic cathode-ray tubes.

Rank Hilger – Analytical instrumentation and scintillation crystals.
Director and General Manager – Mr. W. Ramsden

Rank Hilger's results suffered from reduced demand for scintillation crystals used in body-scanning equipment. Despite this, profits were only marginally reduced and the division achieved a wide range of exports to the Far East, including China.

Rank Optics – Precision optics; fibre optics; machine tools
Director and General Manager – Mr. M. James

The market for high quality lenses remained difficult but a continued effort in fibre optics resulted in increased diversification in the use of this developing technology. The use of fibre optics in short haul communications, motorway signs and as a light pipe for special dental use, illustrates the wide range of applications.

The division is also enlarging its range of machine tools by introducing improved pantograph machines and electro-discharge equipment.

Rank Pullin Controls – Optical and electronic equipment including night vision equipment, sonar, industrial and metal detection and telecommunications equipment.
Directors and General Managers –
Mr. W. J. Griffiths and Mr. L. H. Weall

Rank Pullin Controls, Debden, continued its highly successful penetration of the world market for night vision equipment by winning several key export orders.

Rank Pullin Controls, Brentford, received substantial orders during the year for hard copy recorders used in sophisticated defence systems. This represents a new and significant product development effort.

The division's range of metal detection equipment was expanded and up-dated during the year and places the company in an excellent position for future market expansion. The increasing emphasis on quality control in food and process industries highlights the need for the division's metal detection equipment.

Rank Taylor Hobson – Precision measurement equipment; TV and cine lenses; infra-red lenses.
Director and General Manager – Mr. M. James

A year of substantial progress when the volume of orders received was an all time record and served to challenge the production capabilities of Rank Taylor Hobson. Several new products were introduced including Talycheck, a very high accuracy three-dimensional measuring machine, and Talysurf 5, which offers unprecedented accuracy and choice of parameters in surface texture measurement.

A very strong export effort was reflected in the new orders received, including orders from China. An example of this export orientation was the full approval of the Russian State Committee for Standards (Gosstandart) for Talysurf 10 and Talysurf 100.

Overseas – The company's overseas subsidiaries traded profitably overall, although small losses were recorded in France and Canada. The Vienna office, having responsibility for sales of the company's products to Comecon countries, significantly increased the volume of orders obtained from Eastern Europe which has enabled Taylor Hobson, Cintel and Hilger divisions to strengthen their market positions in those countries.

Rank Film Laboratories – Motion picture and TV processing laboratories with complete film and videotape facilities.
Chairman – Mr. J. B. Smith
Managing Director – Mr. J. Daly
Turnover – £18,213,000 (1977 £14,891,000)
Trading profit – £1,682,000 (1977 £1,514,000)

The company's profit shows an improvement of some 9% over last year, mostly derived from increased turnover in film processing. Footage of film processed in the laboratories rose by 7½% to almost 300 million feet.

At the moment laboratory prices in the United Kingdom are significantly lower than in other parts of Europe. This has helped the company to achieve a 13% increase in exports which accounted for over one quarter of its film processing sales.

The Video Centre has made further progress with a significant increase in turnover and a profit improvement.

Review of Operations

New Plant – The company successfully introduced new high speed processing plant at Denham, following the closure of its Acton Laboratory.

As expected, a four-fold increase in developing speed (to 300 ft. per minute) brought with it many initial problems. These have been overcome by the persistent efforts of the company's technicians. Since June, output has risen steadily, despite the closure of Acton, and the company is now producing record footage and reducing delivery periods.

Future – The Laboratory is now functioning well and work is in hand to make further improvements in efficiency. We can expect a considerable increase in competition but plans have been made to offset the effect of this. However, only limited improvement in profit can be expected from the film processing side of the business.

The Video operation is planned to increase its capacity and operational efficiency which in turn is expected to result in an overall improvement to the company's profits for the current year.

Rank Radio International – Marketing of television sets and audio equipment.

Chairman – Mr. J. B. Smith

Managing Director – Mr. H. A. Crichton-Miller

Turnover – £58,074,000 (1977 £38,602,000)

Trading loss – £932,000 (1977 £3,166,000)

The trading position has continued to improve and the losses declined by a further £2.2 million compared with the previous year. This resulted both from a sharp increase in sales (up £19 million) and improving margins. Whilst business in the U.K. at the year end was reasonably satisfactory, export business continued to be highly competitive with low and unsatisfactory profit margins. Notwithstanding this, the company achieved a profit on trading in the second half of the year.

A new range of Murphy television sets was introduced and Bush models were updated. The company was extremely successful in gaining a substantial share of the portable monochrome market against very tough competition.

The Teletext product launched in 1977 attracted much attention and the first Viewdata sets were delivered in late 1978. It is hoped that

both these markets will become major consumer businesses within the next five years.

Formation of Rank Toshiba

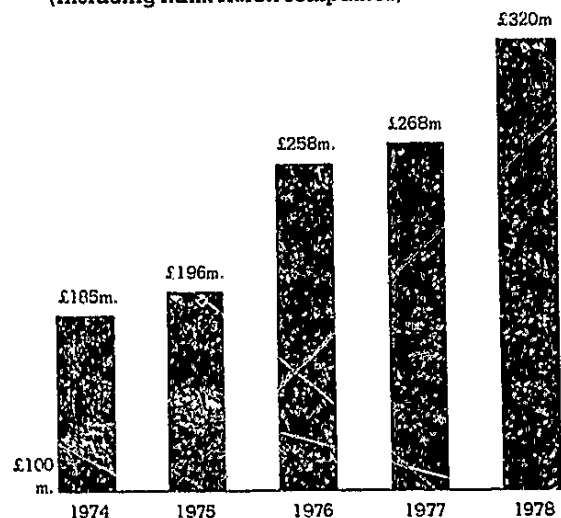
Dominating all other events in the year was the joint venture agreement signed with Toshiba, by which the manufacturing assets of Rank Radio International were transferred to a new company, Rank Toshiba Limited, which started business on 1st November 1978. 70% of the shares are held by The Rank Organisation, which is also responsible for the management of the business. This joint venture with one of the world's most respected electrical companies was the outcome of several months of consultation and negotiation conducted in a manner which augurs well for our future relationship.

Since 1st November 1978, Rank Radio International has operated solely as a sales company for products made to its specification by Rank Toshiba and other manufacturers.

We believe that the joint venture agreement opens up extremely promising prospects for both the manufacturing company and the sales company.

It will provide more work for our factories and access to a wide range of technology. For Toshiba, there are important manufacturing and marketing advantages.

Exports and overseas earnings
(including Rank Xerox companies)



Review of Operations

In 1979, Rank Toshiba will incur certain start-up costs in relation to the manufacture of the new Toshiba TV chassis. Nevertheless, subject to the general economic situation in the U.K. the combined results of Rank Toshiba and Rank Radio International are expected to show an improvement over those of Rank Radio International alone in 1978.

English Numbering Machines - Manufacture of counting devices, matrix printers and hand numbering machines and daters.
Chairman - Mr. J. B. Smith
Managing Director - Mr. D. N. James

Turnover increased significantly and the company returned to profit. The biggest single order during the year was for coupon printers to be supplied to the French National Lottery.

The new financial year has started against a background of very sound order books with 50% of the forecast production volume for 1979 already firmly covered.

The company has been reorganised into two groups, one covering its traditional counting and numbering devices and the other majoring on a new advanced range of electronic printers.

In late 1979 the company will be relocated in a single building on a new site in order to improve overall efficiency.

Butlin's - Operation of holiday centres and hotels; boat hire on the Norfolk Broads and in France.

Chairman - Mr. R. W. Evans

Managing Director - Mr. R. F. Butlin

Turnover - £55,969,000 (1977 £47,774,000)

Trading profit - £9,430,000 (1977 £7,675,000)

Substantial growth was achieved in both turnover and profit.

Holiday bookings, which exceeded 1,375,000, were an all-time record for the company with the main holiday centres, as popular as ever, accounting for about 85% of this total.

Main Centres - The programme for up-dating facilities at all main centres continues. In particular, further conversions to self catering at Bognor and

Filey completed an additional stage in our five-year programme to provide single sittings for meals for all-in tariff guests. Capital expenditure on main centres for these and other amenity improvements amounted to £5 million.

A similar programme of conversion is planned at Pwllheli and Skegness at a total projected cost of approximately £3 million to extend single sitting meals to these two centres.

Small Centres - In the Small Centres division, the 1978 season saw a number of new developments with significant implications for the company's future. These were the opening of a new self-catering holiday village at Sussex Beach, the start of motor cruising holidays on the Canal du Midi in France, and the placement of caravans and tents on selected sites in Normandy, Picardy and Brittany. At the same time, the programme of upgrading the Small Centres accommodation in the United Kingdom continued.

Further developments include the purchase in November 1978 of the Grand Hotel, Scarborough, the opening in 1979 of a new self catering site at Doniford in Somerset and an extension of the company's caravan and tenting facilities in France.

Future Outlook - The prospects for the current year will largely depend on the outcome of the present investigation by the Price Commission into Main Centres division. The Commission's report is expected to be published in February. If our proposed tariff increases are accepted, we should achieve another successful year of growth.

Rank City Wall - Property investment.
Chairman - Mr. R. W. Evans
Turnover - £13,398,000 (1977 £14,636,000)
Profit - £7,567,000 (1977 £8,428,000)

United Kingdom and Europe
Directors and Joint General Managers -
Mr. B. T. Penfold and Mr. T. Thomas.

The property sales of approximately £34 million reported last year inevitably reduced the profits achieved in 1978.

Review of Operations

No new projects were started during the year. The company's effort has been directed towards establishing income from remaining unlet areas and dealing with rent reviews and reversions on existing leases. In the United Kingdom, the rent roll has increased by £250,000 from new or reversionary lettings and by £236,000 from rent reviews completed.

In addition to the completion within the financial year of the sales described in the last Report, certain other properties which had no long term attraction to the company have been sold or terms have been agreed. The total consideration is £8.9 million, showing a surplus of £1.3 million over book values.

The company's Belgian portfolio, consisting of two modern office blocks in Brussels and a regional shopping centre at Nivelles, remains effectively fully leased.

There has been continued improvement in the office leasing market in France, but the retail element of the company's investment in Toulouse remains weak.

Canada
Executive President - Mr. D. H. Montague

Mr. D. H. Montague, formerly Vice-Chairman and Managing Director of the company, took up full-time duties and residence in Canada during the year to direct the Canadian subsidiary's operations.

As in the United Kingdom, the main emphasis has been on completion of the letting programme and dealing with any areas of weakness.

Lettings during the year have established rentals of C\$1.7 million.

Rank Industries Australia - Manufacture of television sets, refrigerators and freezers; marketing of photographic and audio equipment, microwave ovens, air conditioning units, security equipment and various Rank Organisation products in Australia.

Chairman - Mr. R. L. Montgomery
Managing Director - Mr. K. S. Russett
Turnover - £55,137,000 (1977 £60,550,000)
Trading profit - £823,000 (1977 £5,197,000)

This has been a year of very difficult trading conditions in Australia.

The Government has pursued a policy of deflation, resulting in reduced demand and

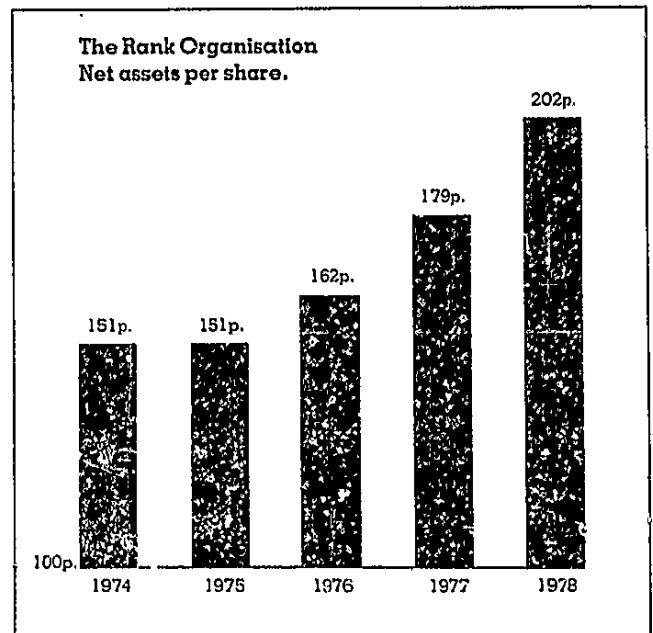
record unemployment. This situation has been made worse for Rank Industries Australia, who import many of their products and components from Japan, by the 34% rise in the value of the yen against the Australian dollar.

Competitive pressures and consumer resistance did not permit the company to pass on these cost increases as quickly as they occurred. Consequently gross profit margins were eroded and the company has been forced to cease marketing some goods of Japanese origin altogether.

While the profit performance of the company is disappointing in comparison with previous years, it has been achieved in circumstances under which major competitors have reported substantial losses.

Television and Audio - Demand in Australia for colour television receivers has declined sharply, creating a generally unstable market and extreme pressure on profit margins.

Rank Industries Australia, under the Rank Arena brand, has continued to maintain its leading position in the colour television industry and the addition of HMV brand television receivers to the range has enabled the factory to continue at a satisfactory level of production. The company



Review of Operations

continues to receive strong technical support from its association with Nippon Electric Company.

Audio systems marketed under the HMV brand have obtained a good share of a depressed market.

An agreement has been completed with Victor Company of Japan Limited to distribute home video cassette recorders under the company's brand names. This agreement will ensure a position for the company in this new segment of the consumer electronics market.

Refrigerators and Ovens – The favourable reception by consumers and the trade to refrigerators manufactured and sold under the Rank Arena brand has encouraged the company to expand this business.

A new factory has been built to take advantage of the technical services agreement with G. Bauknecht GmbH and to manufacture a broader range of products than previously available.

Rank-Litton microwave ovens, which were introduced to the market during the year, have been well received and this product line will now also be expanded to take advantage of the growth in this market.

Security and Computers – The initial modest entry made by the company into the electronic security field is being consolidated and monitoring stations have now been commissioned in Sydney and Melbourne. Whilst progress to date has been satisfactory, further development is necessary to achieve a major position in this industry for the company.

The company has completed an agreement with Management Assistance Inc. of the U.S.A. to distribute Basic Four computers and associated products. Initial performance has been encouraging and a basis of technology is being established for the future.

Future Outlook – The year under review has borne the costs associated with the introduction of many new projects which were introduced to offset the anticipated decline in colour television sales, which commenced during 1977 and will continue until further rationalisation is achieved. The full benefits of these investments have not yet been realised.

During the year the company also completed its relocation programme. The costs have also been borne during 1977/78.

Difficult trading conditions continue but the company is now more broadly based and in a good position to take advantage of any improvement in the Australian economy.

Rank Industries—North America

During the year it was decided to reorganise the Company's industrial and consumer product interests in order to provide coordinated management control in North America. Two management companies were formed, one in the United States – Rank Industries America Inc, and one in Canada – Rank Industries Canada Limited under which the existing subsidiaries in each country were grouped. President of both local parent companies is Mr. Brian Edney, formerly General Manager of Rank Optics division of Rank Precision Industries. Mr. Edney is now based in Chicago and reports to Mr. J. B. Smith, Executive Director, Industrial and Consumer Products.

The subsidiaries brought within this new structure are:—

In the U.S.A. :—

Rank Precision Industries Inc.,
Strand Century Inc.,
Rank Numbering Machines Inc.,
Rank Hi-Fi Inc.

In Canada :—

Rank Precision Industries Limited
Strand Century Limited
Neon Sales and Service Limited
Steel Art Company Limited.

These subsidiaries manufacture and/or market products corresponding with those made and sold by Rank companies in the United Kingdom except for the last two named Canadian companies which manufacture and instal neon signs. These latter companies were formerly subsidiaries of The Odeon Theatres (Canada) Limited and were excluded from the assets of that company when sold at the beginning of the year.

Overseas Associated Companies

Australia – The Greater Union Organisation Pty Limited

A year ago the trend in film exhibition results was not encouraging. Current indications are that

Review of Operations

cinema attendances are improving with better films becoming available to cinemas operated within the GUO Group. Our 50% share of the profits of this Group for the year ended 30th June 1978 was A\$2.5 million compared with A\$2.0 million in the previous year. This improvement was due in part to the receipt by GUO of its first ever dividend from its investment in Rank Xerox (Australia) Pty Limited but was also due to the effective action taken by the management of GUO to improve margins by reducing operating costs.

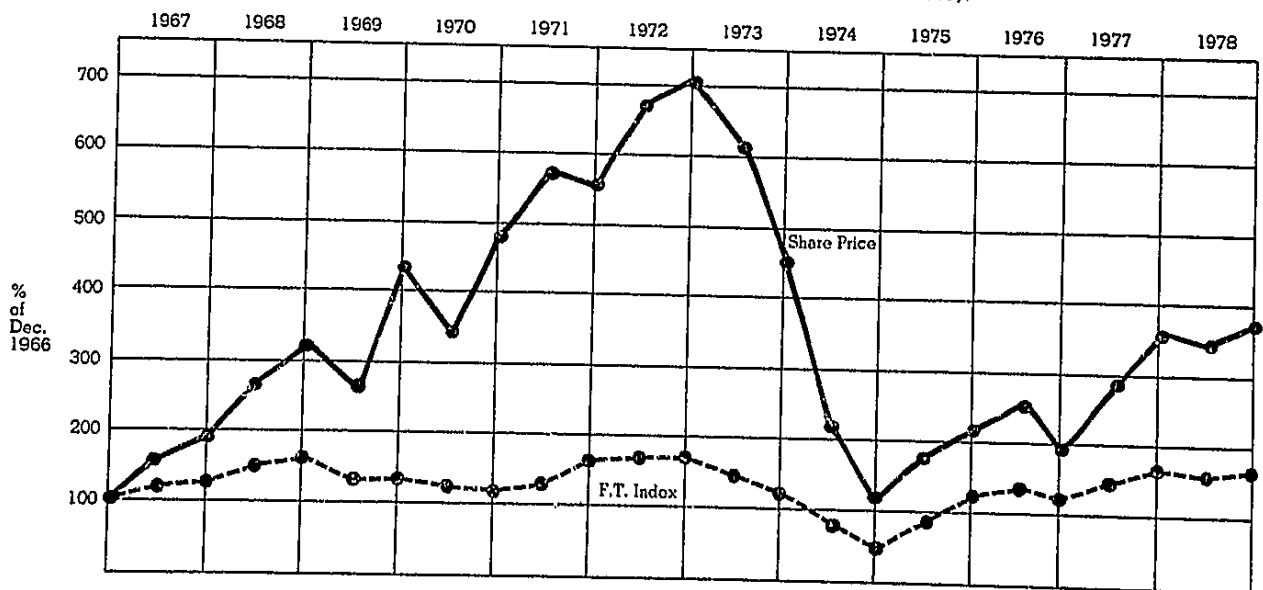
Malaya and Singapore

We hold a 24.2% interest in Cathay Organisation (Malaya) Sdn. Berhad, Cathay Organisation Private Limited and Cathay Films Distribution Company Limited. Our share of profits in these companies for the last reported financial period - year ended 31st December 1977 - amounted to M\$2.3 million which was in line with the previous year.

New Zealand - The Kerridge Odeon Corporation

The results of this company and its associated companies in which we have a 50% interest have also improved since we last reported. Our share of the Group's profits for the year ended 31st March 1978 was NZ\$1.8 million as against NZ\$1.4 million for the previous twelve months.

Movement in Prices of Ordinary Shares and Financial Times Index 1967/78
(Share Prices and Index at 30th June and 31st December).



Directors' Report

1 Principal Activities

The principal activities of the Group are shown on page 3. There has been no significant change in these during the year.

The contribution of each class of activity to the Group turnover and profit is set out on pages 44 and 45.

On 1st November 1978, the television and audio manufacturing activities of Rank Radio International Limited were transferred to Rank Toshiba Limited, a subsidiary of both The Rank Organisation Limited and Toshiba (U.K.) Limited in which the Group has a 70 per cent shareholding. Rank Radio International Limited now markets television and audio products manufactured by Rank Toshiba Limited and by other manufacturers.

2 Accounts and Dividends

The Directors present the Balance Sheets at 31st October 1978 and the Group Profit and Loss Account for the year ended on that date. These appear on pages 26 and 27.

An Interim Dividend of 4.0p per share was paid on the Ordinary shares on 2nd November 1978. The Directors recommend payment of a Final Dividend of 4.97743p per share, payable on 9th April 1979, of which 0.0886p per share is regarded as being in respect of 1977.

The amount which it is proposed should be carried to reserves is detailed in Note 17 to the Accounts on page 39.

3 Exports and Overseas Earnings

Value of goods exported by the Group in the year ended 31st October 1978	£000 49,019
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Profits of overseas subsidiaries; film revenues and royalties earned overseas; and share of profits of overseas associated companies	5,787
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Exports and overseas earnings of the Rank Xerox Companies	264,900
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4 Fixed Assets

Changes in fixed assets during the year are shown in Note 11 on pages 32 and 33.

Certain investment properties were sold during the year for a total of £14.3 million which compares with a net book amount of £12.5 million.

The disposal of Odeon Holdings (Canada) Limited with effect from 1st November 1977 resulted in a reduction in the net book amount of fixed assets of £13.0 million.

5 Directors

The following were Directors of the Company throughout the year ended 31st October 1978: Sir Robert Bellinger, Mr. T. E. Chilton, Mr. P. H. Courtney, Mr. R. F. H. Cowen, Mr. R. W. Evans, Sir Arnold France, Sir Reay Geddes, The Lord Helsby, Sir Denis Mountain, The Hon. Angus Ogilvy, Mr. Harry Smith, Mr. J. B. Smith and Sir Richard Trehane.

The Lord O'Brien of Lothbury and Sir Robert Shone were also Directors but retired on 16th March 1978.

It is with the deepest regret that the Directors record the death of The Lord Helsby on 5th December 1978.

Mr. L. H. Bond was appointed a Director on 6th November 1978. He retires in accordance with the Articles of Association and, being eligible, offers himself for re-election.

Mr. T. E. Chilton, Sir Arnold France and Sir Reay Geddes retire by rotation in accordance with the Articles of Association and, being eligible, offer themselves for re-election.

6 Directors' Interests

The beneficial interests of the Directors in shares in and debentures of the Company, which are set out in the following table, include such family interests in shares and debentures as are required to be shown by the Companies Act, 1967.

	at 31st October 1978		at 1st November 1977	
	Ord.	6½% Pref.	Ord.	6½% Pref.
Sir Robert Bellinger	50,000	—	50,000	—
T. E. Chilton	12,540	—	12,540	—
R. F. H. Cowen	70,200	—	70,200	—
Russell W. Evans	8,320	—	8,320	—
Sir Reay Geddes	1,000	—	128	—
The Lord Helsby	2,600	329	2,600	329
Sir Denis Mountain	270	1,000	270	1,000
The Hon. Angus Ogilvy	2,297	—	2,297	—
Harry Smith	5,280	—	5,280	—
J. B. Smith	206	—	206	—
Sir Richard Trehane	1,080	1,000	1,080	1,000

Directors' Report

Mr. R. F. H. Cowen is a Director and member of The Rank Foundation Limited and a Trustee of the J. Arthur Rank Group Charity and the 1961 Rank Group Charity. In those capacities he has a non-beneficial interest in the 17,586,246 Ordinary shares and 1,025 6¼% Cumulative Preference shares in the Company which are held by Rank Group Holdings Limited, a subsidiary of The Rank Foundation Limited. In another capacity, he had a further non-beneficial interest in 22,037 Ordinary shares and £20,200 10¾% Unsecured Loan Stock, 1997/2002 at 1st November 1977. This interest had reduced to 16,344 Ordinary shares and £15,200 10¾% Unsecured Loan Stock, 1997/2002 by 31st October 1978.

Sir Denis Mountain has the following non-beneficial interests in shares and Loan Stock of the Company as Trustee of:

Eagle Star Staff Pension Fund—£35,000 8%
Unsecured Loan Stock 1988/93
Eagle Star Widows' Benefit Fund—£10,000 8%
Unsecured Loan Stock 1988/93 and 10,800
Ordinary shares.

Except as stated herein, none of the Directors was interested in shares in or debentures of the Company or any of its subsidiaries at 1st November 1977 or at 31st October 1978.

None of the Directors or their families has acquired or sold any interests in shares in or debentures of the Company or its subsidiaries since 31st October 1978. Mr. L. H. Bond, who was appointed a Director on 6th November 1978, has no interests in any such shares or debentures.

7 Contracts with Directors

There were no contracts or arrangements subsisting during the year ended 31st October 1978, or at that date, in which a Director of the Company is or was materially interested and which was significant in relation to the Company's business.

8 Leisure Caravan Parks Limited

On 3rd January 1979, N. M. Rothschild & Sons Limited made a cash offer on behalf of the Company for the whole of the issued share capital of Leisure Caravan Parks Limited, which operates 14 seaside holiday caravan parks, including one in South Carolina, and two residential caravan parks as well as owning three caravan retailing depots.

The offer was recommended by the Board of Leisure Caravan Parks Limited and will absorb £19.9 million. At 24th January 1979, acceptances had been received in respect of 93% of the issued share capital and the offer became unconditional on that day.

9 Rank City Wall Canada Limited

On 16th November 1978, Rank City Wall Canada Limited, a wholly owned subsidiary of the Company, agreed to raise C\$70 million by the issue of Variable Rate Redeemable Preferred Shares to a leading Canadian chartered bank. The issue has not yet taken place.

10 Executive Share Schemes

An Executive Incentive Scheme was constituted on 19th October 1970 and provides for the Company and certain subsidiary companies to lend money through Trustees to nominated executives to enable them to acquire shares in the Company at market values. Loans made under the Scheme are currently interest free and are repayable within 10 years.

It is not intended to issue any further shares under the Scheme. 30,480 Ordinary shares are currently held by 12 participants in the Scheme. 17,560 of the shares are held by Mr. T. E. Chilton and Mr. R. W. Evans who were Directors of the Company throughout the year ended 31st October 1978.

An Executive Share Option Scheme was also adopted in 1973 but no shares have been issued under it.

11 Shareholdings Exceeding 5 per cent.

So far as is known, the only persons holding or beneficially interested at 16th January 1979 in more than 5% of the Ordinary share capital of the Company were:

	Ordinary shares of 25p each	
Rank Group Holdings Limited	17,586,246	(10.2%)
Guaranty Nominees Limited	9,687,942*	(5.6%)
*Substantially represented by American Depository Receipts.		

Directors' Report

12 Ordinary Shares

At 31st October 1978, the issued Ordinary shares of the Company were held by 49,342 holders (excluding holders of American Depository Receipts) as follows:

Shares held	Number of Shareholders
1—100	22,577
101—250	7,355
251—500	6,202
501—1,000	6,654
1,001—5,000	5,285
5,001—10,000	429
10,001—50,000	482
Over 50,000	358

The total number of Ordinary shareholdings, including American Depository Receipts, was 69,259 (1977—73,057).

13 Close Companies—Income and Corporation Taxes Act 1970

The Company is not a close company within the meaning of the Income and Corporation Taxes Act 1970.

14 Capital Gains Tax—Finance Act 1965

For the information of shareholders and stockholders who acquired their holdings on or before 6th April 1965, the market values of the Company's shares (adjusted where appropriate for the capitalisation issues in 1973 and 1976) and loan stocks at that date were as follows:

Ordinary shares of 25p (5s.) each	
(i) which have always been Ordinary shares	57.0023p
(ii) which were formerly 'A' Ordinary shares	57.5p
6½% Cumulative Preference shares of £1 each	83.75p
8% Second Cumulative Preference shares of £1 each	110p
6% Unsecured Loan Stock 1983/88	£90 per cent

15 Employees

The average number of employees within the Group in each of the 52 weeks to 31st October 1978 and the aggregate gross remuneration for the year were:

	Number	Aggregate Gross Remuneration £000
Employees within the United Kingdom including 6,871 part-time employees	30,379	85,519
Employees outside the United Kingdom including 202 part-time employees	3,863	20,857
	<u>34,242</u>	<u>106,376</u>

16 Charitable and Political Contributions

During the year ended 31st October 1978, the Company and its subsidiaries made contributions for charitable purposes totalling £106,900. The Company contributed £30,000 to the Conservative and Unionist Party and £1,000 to the Centre for Policy Studies Limited. A contribution of £1,000 which was made during the year to Aims of Industry may also be regarded as coming within the definition of political contributions under the provisions of Section 19 of the Companies Act 1967.

17 Auditors

Messrs. Peat, Marwick, Mitchell & Co. have signified their willingness to continue in office as Auditors. A resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

By Order of the Board
B. C. Owers
Secretary

24th January 1979

Accounts

Group Profit and Loss Account	26
Balance Sheets	27
Notes to the Accounts	28-41
Source and Application of Funds	42

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

We have examined the accounts set out on pages 26 to 42 which have been prepared under the historical cost convention adjusted for the revaluation of certain properties as disclosed in note 11. In our opinion the accounts give, under that convention, a true and fair view of the state of affairs of the company and of the group at 31st October 1978 and of the profit and source and application of funds of the group for the year to that date and comply with the Companies Acts 1948 and 1967.

London
24th January 1979


PEARL MARWICK MITCHELL & Co.,
Chartered Accountants

Group Profit & Loss Account

for the year ended 31st October 1978

	Note	1978 £000	1977* £000
Turnover		485,096	442,666
Trading profit	2	40,265	37,967
Associated companies	3		
Companies owned jointly with Xerox Corporation		97,899	105,301
Others		5,070	4,350
		<u>143,234</u>	<u>147,618</u>
Interest	4	20,203	22,611
Profit before taxation		<u>123,031</u>	<u>124,807</u>
Taxation	5	60,533	53,043
		<u>62,498</u>	<u>71,764</u>
Minority interests		2,465	3,252
Profit before extraordinary items		<u>60,033</u>	<u>68,512</u>
Extraordinary items	6	1,694	(11,655)
Profit attributable to The Rank Organisation Limited	9	<u>61,727</u>	<u>56,857</u>
Dividends	7	16,077	14,453
Profit retained	8	<u>45,650</u>	<u>42,404</u>
Earnings per Ordinary Share	10	<u>34.4p</u>	<u>39.4p</u>

The notes to the accounts are on pages 28 to 41.

*The figures for 1977 have been restated (see note 1 (xi) on page 29)

Balance Sheets

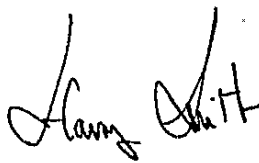
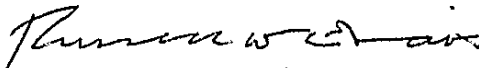
at 31st October 1978

	Note	Group		Company	
		1978 £000	1977 £000	1978 £000	1977 £000
Assets employed					
Fixed assets	11				
Investment properties		136,626	159,605	—	—
Others		193,833	190,037	48,974	47,386
Interest in subsidiaries	13	—	—	262,607	269,458
Investments	14	188,225	159,403	1,205	1,804
Goodwill		41,144	42,491	4,271	4,271
Deferred revenue expenditure		1,101	1,156	46	77
Current assets less liabilities and provisions	15	74,206	49,521	(5,104)	(32,940)
		635,135	603,113	311,999	290,056
 Financed by					
Ordinary share capital	16	43,148	43,148	43,148	43,148
Reserves	17	305,835	265,649	143,754	119,573
Ordinary shareholders' funds		348,983	308,797	186,902	162,721
Preference share capital	16	12,598	12,598	12,598	12,598
Deferred taxation	18	20,171	12,325	3,915	2,176
Minority interests		13,072	11,466	—	—
Loan capital and borrowed money	19	240,311	257,927	108,584	112,561
		635,135	603,113	311,999	290,056

HARRY SMITH

RUSSELL W. EVANS

} Directors

The notes to the accounts are on pages 28 to 41.

Notes to the Accounts

1 Accounting policies

(i) Historical cost convention

The accounts of the Group have been prepared under the historical cost convention, adjusted for the revaluation of certain properties as disclosed in Note 11.

(ii) Subsidiary companies

The Group accounts include the audited accounts, made up to 31st October 1978, of all subsidiary companies. Details of principal subsidiary companies are given in Note 13.

(iii) Associated companies

The Group Profit and Loss Account includes the proportion of the results of associated companies attributable to the shareholdings of The Rank Organisation Limited and its subsidiaries. The principal cases where accounts have been used which are not co-terminous with those of The Rank Organisation Limited, are as follows:

<i>Company</i>	<i>Accounting date</i>
Cathay Organisation (Malaya) Sdn. Berhad	31st December 1977
The Greater Union Organisation Pty. Limited	30th June 1978
Kerridge Odeon Corporation Limited	31st March 1978

In the Group Balance Sheet the investments in associated companies are shown at the aggregate of cost (less amounts written off) and the Group's share of post-acquisition retained profits and reserves. Details of principal associated companies are given in Note 14.

(iv) Exchange rates

The Company and its subsidiaries

Assets and liabilities and profit and loss account items in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Exchange differences on trading transactions are dealt with in arriving at trading profit. Realised exchange differences on non-trading transactions, to the extent not dealt with in earlier years, are included in the Profit and Loss Account in extraordinary items. All other exchange differences are dealt with in reserves.

Associated companies owned jointly with Xerox Corporation

Foreign currency current assets other than stocks, and all liabilities other than deferred taxation, are translated into sterling at the rates ruling at the balance sheet date. Stocks, fixed assets (including related depreciation) and deferred taxation are translated at the rates ruling at the dates of acquisition or origin. All exchange differences are dealt with in arriving at trading profit.

(v) Turnover

Turnover consists of sales of goods and services, admission receipts, film distribution revenues, royalties, commissions and gross rents receivable from investment properties and proceeds of sale of properties held as trading assets.

Turnover of associated companies is not included.

(vi) Goodwill

Goodwill represents the net excess of the cost of shares in subsidiaries over the net tangible assets at dates of acquisition and is stated at cost less amounts written off.

(vii) Stocks

Raw materials, work in progress, finished goods, other stocks and film productions are stated at the lower of cost (including, where appropriate, manufacturing overheads) and net realisable value on bases consistent with the previous year. Long term work in progress is stated net of progress payments receivable.

Notes to the Accounts

(viii) Deferred revenue expenditure

Deferred revenue expenditure comprises:

- (a) pre-opening expenses which are written off on a straight line basis over ten years.
- (b) oil exploration expenditure which is carried forward until a decision can be reached as to whether or not the project to which such expenditure relates has prospects for development on a commercial basis. Provisions are made to reduce expenditure to estimated realisable value.

(ix) Depreciation of fixed assets

The following is a summary of the Group's policy for depreciation of fixed assets.

Properties held for investment

- (a) No depreciation has been provided on freehold land and buildings.
- (b) No depreciation has been provided on leasehold properties where the leases have more than 50 years to run. Other leasehold properties have been depreciated on a straight line basis over the remaining terms of the leases.

Other properties

- (a) No depreciation has been provided on freehold land.
- (b) Freehold properties situated in the United Kingdom qualifying for industrial buildings allowances are depreciated on a straight line basis at 2% per annum. With the exception of certain overseas properties, other freehold properties are not depreciated.
- (c) Leasehold properties are depreciated on a straight line basis over the remaining terms of the leases.

Plant, vehicles and equipment

Depreciation is provided on a straight line basis to write off the cost of the assets over their estimated useful lives.

(x) Deferred taxation

Deferred taxation mainly represents (1) taxation set aside at current rates on the excess of the book values over the written down values for tax purposes of the relevant fixed assets and (2) stock relief claimed under section 37 Finance Act 1976 and is stated after deduction of losses available to be carried forward and advance corporation tax considered to be recoverable against future corporation tax liabilities. No provision has been made for taxation payable:

- (a) in the event of the profits of certain overseas subsidiary and associated companies being distributed and
- (b) on capital gains which might arise from the sale of properties at the values at which they are stated in the Group Balance Sheet.

(xi) Comparative figures

The 1977 comparative figures in the Group Profit and Loss Account set out on page 26 have been restated to give effect to the adjustment to the share of profits of associated companies owned jointly with Xerox Corporation arising from a change in the basis of accounting for capital leases. This change has had the effect of increasing profits before taxation by £345,000 and of reducing the taxation charge by £26,000, increasing minority interests by £15,000 and profits retained by £356,000; a further £918,000 relating to previous years has been debited to reserves (see note 17 on page 39).

	1978	1977
2 Trading profit	£000	£000
Trading profit is arrived at after crediting		
Surplus on purchase of own debentures and loan stock	1,005	580
And after charging		
Depreciation	9,353	9,007
Auditors' remuneration (Company £94,000, 1977 £86,000)	725	705

Notes to the Accounts

3 Associated companies

	Companies owned jointly with Xerox Corporation		Others	
	1978 £000	1977 £000	1978 £000	1977 £000
Share of profits less losses before taxation	97,899	105,301	5,070	4,350
Taxation (Note 5)	(48,139)	(41,972)	(2,567)	(2,354)
Minority interests	(1,977)	(2,518)	—	—
Extraordinary items (Note 6)	—	—	585	47
	<u>47,783</u>	<u>60,811</u>	<u>3,091</u>	<u>2,043</u>
Dividends receivable by the Group	22,041	32,114	1,258	2,311
Profits less losses for the year retained by associated companies (Note 8)	<u>25,742</u>	<u>28,697</u>	<u>1,833</u>	<u>(268)</u>

4 Interest

	1978 £000	1977 £000
Interest on bank loans and overdrafts	9,006	8,624
Interest on other loans not fully repayable within 5 years	9,329	10,776
Interest on other loans fully repayable within 5 years	2,741	3,036
Discount on acceptance credits	832	2,186
Interest receivable	(1,709)	(1,811)
	<u>20,203</u>	<u>22,811</u>

5 Taxation

	1978			Total £000	1977 Total £000
	Company and its subsidiaries £000	Associated Owned jointly with Xerox Corporation £000	Companies Others £000		
The charge is based on profit before taxation and comprises					
United Kingdom corporation tax					
Current tax	3,358	10,918	1,139	15,415	9,336
Deferred tax	6,077	(484)	(46)	5,547	4,616
	<u>9,435</u>	<u>10,434</u>	<u>1,093</u>	<u>20,962</u>	<u>13,952</u>
Overseas					
Current tax	1,105	41,888	1,507	44,554	43,403
Deferred tax	(713)	(4,183)	(87)	(4,983)	(4,312)
	<u>392</u>	<u>37,705</u>	<u>1,420</u>	<u>39,571</u>	<u>39,091</u>
	<u>9,827</u>	<u>48,139</u>	<u>2,567</u>	<u>60,533</u>	<u>53,043</u>

United Kingdom corporation tax for the Company and its subsidiaries is provided at 52% and is stated after crediting double tax relief of £170,000 (1977 £2,851,000) in respect of income from subsidiaries and £641,000 (1977 £583,000) in respect of dividends from associated companies.

Notes to the Accounts

6 Extraordinary items

	1978 £000	1977 £000
Profits less losses on disposals of properties	2,223	8,307
Provision against diminution in value of remaining long term investment properties	—	(7,000)
Losses on cessation of businesses	(2,331)	(2,533)
Provision against costs of cancellation of onerous hotel lease in Belgium	—	(8,000)
Profits less losses on disposal of investments in subsidiary, associated and other companies	3,123	4
Goodwill written off (1977 mainly additional costs of acquisition of a subsidiary)	(29)	(821)
Exchange profits less losses on repayment of overseas loans	(180)	877
Release of provision against loans to the Trustees of the Executive Incentive Scheme	—	342
Other items	7	1
	2,813	(8,823)
Taxation relating thereto	(1,839)	(2,834)
	974	(11,657)
Share of extraordinary items of associated companies	588	47
	1,562	(11,610)
Attributable to minorities	(132)	45
	1,694	(11,655)

7 Dividends

	1978 £000	1977 £000
<i>Preference Shares</i>		
6½% Cumulative Preference	437	437
8% Second Cumulative Preference	146	146
	583	583
<i>Ordinary Shares</i>		
Interim of 4p per share, since paid (1977 interim of 2.1875p per share)	6,904	3,776
Final of 4.97743p per share, proposed (1977 final of 5.848622p per share)	8,590	10,094
	15,494	13,870
	16,077	14,453

By virtue of the Finance Acts 1972 and 1976, the dividends payable on the 6½% Cumulative Preference Shares and 8% Second Cumulative Preference Shares are calculated at the rates of 4.375% and 5.6% per annum respectively. The final dividend on Ordinary Shares for 1978 includes 0.0886p per share which is regarded as being in respect of 1977.

8 Profit retained

	1978 £000	1977 £000
The Rank Organisation Limited and subsidiaries	18,075	13,975
Associated companies		
Companies owned jointly with Xerox Corporation	25,742	28,697
Others	1,833	(268)
	45,650	42,404

Notes to the Accounts

9 Profit attributable to The Rank Organisation Limited

Dealt with in the accounts of The Rank Organisation Limited

1978	1977
£000	£000
40,141	27,483

10 Earnings per Ordinary Share

The calculation of earnings per Ordinary Share is based upon profit before extraordinary items of £60,033,000, from which is deducted Preference dividends totalling £583,000, giving earnings of £59,450,000 (1977 £67,929,000), and on Ordinary Shares in issue during the year of 172,592,000 (1977 172,592,000 shares).

11 Fixed assets

Group	Completed properties		Properties held for and in course of development		Total £000
	Freehold £000	Leasehold £000	Freehold £000	Leasehold £000	
Investment properties					
At cost	51,474	50,653	19,252	718	122,097
At Directors' valuation in					
1971	6,009	4,958	—	—	10,967
1973	8,150	—	—	—	8,150
1975	4,005	—	—	—	4,005
	69,638	55,611	19,252	718	145,219
Accumulated depreciation	137	456	990	10	1,593
Net book amount (before provision) at 31st October 1978	69,501	55,155	18,262	708	143,626
Provision against diminution in value					7,000
Net book amount at 31st October 1978					136,626
<i>Movements during year:</i>					
Net book amount (before provision) at 31st October 1977*	73,419	63,728	28,264	1,194	166,605
Transfers to other fixed assets	52	—	(459)	—	(407)
Exchange adjustments	(6,353)	(3,448)	(2,113)	—	(11,914)
Additions at cost	598	349	1,004	—	1,951
Developments completed	2,877	486	(2,877)	(486)	—
Disposals at book amount	(1,092)	(5,888)	(5,557)	—	(12,537)
Depreciation for year	—	(72)	—	—	(72)
Net book amount (before provision) at 31st October 1978	69,501	55,155	18,262	708	143,626
Provision against diminution in value					7,000
Net book amount at 31st October 1978					136,626

Notes to the Accounts

Fixed assets continued

Other fixed assets	Freehold land and buildings £000	Leasehold land and buildings £000	Plant, vehicles and equipment £000	Total £000
At cost	98,641	52,463	111,614	262,718
At Directors' valuation in				
1975	1,051	—	—	1,051
1978	1,465	—	—	1,465
Accumulated depreciation	101,157 <u>7,956</u>	52,463 <u>7,630</u>	111,614 <u>55,805</u>	265,234 <u>71,451</u>
Net book amount at 31st October 1978	<u>93,191</u>	<u>44,833</u>	<u>55,809</u>	<u>193,833</u>

Movements during year:

Net book amount at 31st October 1977*	95,714	44,789	50,434	190,937
Revaluation adjustment	(1,926)	—	—	(1,926)
Transfers from investment property	—	—	407	407
Exchange adjustments	856	277	(17)	1,116
Subsidiaries sold	(10,677)	(452)	(1,822)	(12,951)
Additions at cost	10,636	1,719	16,085	28,440
Disposals at book amount	(1,363)	(961)	(1,461)	(3,785)
Provisions for losses on disposal released	333	390	153	876
Depreciation for year	(382)	(929)	(7,970)	(9,281)
Net book amount at 31st October 1978	<u>93,191</u>	<u>44,833</u>	<u>55,809</u>	<u>193,833</u>

Company

At cost	26,520	15,953	32,743	75,216
Accumulated depreciation	4,059	3,917	18,266	26,242
Net book amount at 31st October 1978	<u>22,461</u>	<u>12,036</u>	<u>14,477</u>	<u>48,974</u>

Movements during year:

Net book amount at 31st October 1977*	22,329	11,657	13,400	47,386
Inter group transfers at book amount	—	—	2	2
Additions at cost	650	619	3,407	4,676
Disposals at book amount	(813)	(338)	(398)	(1,549)
Provision for losses on disposal released	333	390	153	876
Depreciation for year	(38)	(292)	(2,087)	(2,417)
Net book amount at 31st October 1978	<u>22,461</u>	<u>12,036</u>	<u>14,477</u>	<u>48,974</u>

*The opening balances have been adjusted in respect of assets reclassified.

The net book amount of investment properties and other leasehold land and buildings at 31st October 1978 (before making provision against diminution in value) includes for the Group £11,595,000 (1977 £12,709,000) and for the Company £4,631,000 (1977 £4,411,000) in respect of leases with less than 50 years to run.

The net book amount of investment and other properties not depreciated at 31st October 1978 (before making provision against diminution in value) was, in respect of the Group £215,575,000 (1977 £235,292,000) and in respect of the Company £21,344,000 (1977 £21,099,000). Interest payable, rents payable and other outgoings, after appropriate tax relief, amounting to £450,000 (1977 £1,636,000) incurred in the year, have been charged to investment properties in course of development or construction.

Notes to the Accounts

12 Future capital expenditure

	Group		Company	
	1978 £000	1977 £000	1978 £000	1977 £000
Commitments	7,131	3,974	310	236
Authorised by the Directors but not contracted	10,598	15,902	1,854	698
	17,729	19,876	2,164	934
United Kingdom	14,915	9,047		
Overseas	2,814	10,829		
	17,729	19,876		

As disclosed in the Directors' Report, since 31st October 1978, an offer has been made to acquire the whole of the share capital of Leisure Caravan Parks Limited.

13 Interest in subsidiaries

	1978 £000	1977 £000
Shares in subsidiaries at or under cost	122,148	122,687
Amounts owing by subsidiaries including dividends receivable	217,503	204,590
Interest receivable	7,539	8,742
	347,190	336,019
Less: Amounts owing to subsidiaries	83,542	66,561
Interest payable	1,041	—
	262,607	269,458

Of the £217,503,000 owing by subsidiaries £74,500,000 has been subordinated to other creditors as an alternative to increasing the share capital of certain subsidiaries.

Details of the principal subsidiary companies:	Nature of principal operations	Class of capital owned	Percentage of share capital owned at 31st October 1978		
			Direct	Indirect	Total
Leisure services and hotels					
Odeon (Ireland) Limited	Film exhibition and property	Ordinary	—	100	100
Rank Advertising Films Limited	Advertising films	Ordinary	100	—	100
Rank Film Distributors Limited	Film distribution	Ordinary	100	—	100
Rank Leisure Services Limited	Manages theatres, bingo clubs, ballrooms, suites and motorports	Company limited by guarantee			
Rank Tuschinski Beheer B.V.	Film exhibition	Ordinary	—	100	100
Rank Hotels Limited	Hotels	Ordinary	100	—	100
Industrial and consumer products					
Rank Audio Visual Limited	Manufacture and factoring of audio, theatre lighting, photographic, professional film, electronic and educational equipment	Ordinary	100	—	100
Rank Film Laboratories Limited	Film processing	Ordinary	100	—	100
Rank Industries Australia Pty. Limited	Manufacture and factoring of television, audio, optical and electronic equipment	Ordinary	—	100	100

Notes to the Accounts

Details of the principal subsidiary companies <i>continued</i>	Nature of principal operations	Class of capital owned	Percentage of share capital owned at 31st October 1978		
			Direct	Indirect	Total
Rank Precision Industries Limited	Manufacture of optical, mechanical and electronic equipment	Ordinary	30	64	94
Rank Radio International Limited	Manufacture and marketing of television and radio receivers —Note (a)	Ordinary	100	—	100
<p>(a) As disclosed in the Directors' Report, since 31st October 1978, the manufacturing activities have been sold to a 70% owned subsidiary, Rank Toshiba Limited.</p>					
Holiday centres					
Bullin's Limited	Holiday centres	6% Cumulative Preference	100	—	100
		Ordinary	100	—	100
Property					
City Wall Properties Limited	Property	Ordinary	—	100	100
Rank City Wall Limited	Property	Ordinary	100	—	100
Rank City Wall Canada Limited	Property	Ordinary	—	100	100
		9% Cumulative Redeemable Preference	—	100	100
Holding and other companies					
English Numbering Machines Limited	Manufacture of counting and numbering devices	Ordinary	60	40	100
A. Kershaw & Sons, Limited	Note (b)	8% 'A' Cumulative Preference	78	—	78
		12½% 'B' Non-Cumulative Preference	85	—	85
		Ordinary	80	—	80
Rank Overseas Holdings Limited	Note (c)	Ordinary	100	—	100
Rank Precision Industries (Holdings) Limited	Note (d)	5% Cumulative Preference	56	35	91
		Ordinary	60	32	92
Rank RX Holdings Limited	Note (e)	Ordinary	50	46	96

(b) A. Kershaw & Sons, Limited holds 43% of the preference and 40% of the ordinary share capital of Rank Precision Industries (Holdings) Limited.

(c) Rank Overseas Holdings Limited owns the Group's investment in Rank Industries Australia Pty. Limited and overseas subsidiary and associated companies with film exhibition and industrial interests.

(d) Rank Precision Industries (Holdings) Limited owns 70% of the share capital of Rank Precision Industries Limited and 50% of the share capital of Rank RX Holdings Limited.

(e) Rank RX Holdings Limited owns directly and indirectly the whole of the Group's shareholdings in companies owned jointly with Xerox Corporation.

(f) All companies listed above are incorporated and operate in Great Britain other than:

Odeon (Ireland)—Eire

Rank Industries Australia—Australia

Rank City Wall Canada—Canada

Rank Tuschinski Beheer—Holland

Notes to the Accounts

	1976	1977
	£000	£000
14 Investments		
Group		
Associated companies owned jointly with Xerox Corporation		
Unlisted		
Shares at par	14,883	14,883
Shares at cost	689	687
Share of retained profits and reserves	144,213	117,991
	<hr/>	<hr/>
Subordinated unsecured loan notes at cost	159,785	133,561
	1,200	1,200
	<hr/>	<hr/>
	160,985	134,761
	<hr/>	<hr/>
Other associated companies		
Unlisted		
Shares at Directors' valuation	639	194
Shares at cost less amounts written off	3,192	3,621
Scrip issue at par	902	902
Share of retained profits and reserves	20,290	19,188
Advances	21	89
	<hr/>	<hr/>
	25,044	23,994
Listed		
Shares at cost (Market value £113,000, 1977 £113,000)	51	104
	<hr/>	<hr/>
	25,095	24,098
	<hr/>	<hr/>
Other investments		
Unlisted shares at cost less amounts written off	42	483
Listed shares at cost less amounts written off (Market value £45,000, 1977 £43,000)	49	61
Promissory note	2,054	—
	<hr/>	<hr/>
	2,145	544
	<hr/>	<hr/>
Total		
Unlisted	188,125	159,238
Listed	100	165
	<hr/>	<hr/>
	188,225	159,403
	<hr/>	<hr/>
Company		
Associated companies owned jointly with Xerox Corporation		
Subordinated unsecured loan notes at cost	—	600
	<hr/>	<hr/>
Other associated companies		
Unlisted		
Shares at cost	266	265
Scrip issue at par	902	902
	<hr/>	<hr/>
	1,168	1,167
	<hr/>	<hr/>
Other investments		
Listed shares at cost (Market value £20,000, 1977 £21,000)	37	37
	<hr/>	<hr/>
Total	1,205	1,804
	<hr/>	<hr/>

Notes to the Accounts

Investments continued

Details of the principal investments

	Country of incorporation and operation	Class of capital owned	Percentage of share capital owned	
			Group	Company
Associated companies owned jointly with Xerox Corporation				
Rank Xerox Limited	Great Britain	B	96	—
		D	96	—
Rank Xerox Holding B.V.	Holland	B	96	—
		C	96	—
Rank Xerox Investments Limited	Bermuda	B	96	—

The business of Rank Xerox Limited consists mainly of the manufacture and marketing in the United Kingdom of xerographic equipment for high speed document copying and duplicating, the marketing of such equipment abroad through subsidiaries operating in Europe, Asia, Africa and Australasia and the manufacturing and marketing operations of Fuji Xerox Co. Ltd., a company incorporated in Japan, which is 50% owned. The subsidiaries are wholly owned apart from those operating in Australasia which are 75% owned, Nigeria which is 60% owned, Iran which is 75% owned and one of the subsidiaries operating in France which is 67% owned.

The issued share capital of Rank Xerox Limited at 31st October 1978 was held as follows:

- Rank RX Holdings Limited - 7,401,254 'B' Shares and 7,481,370 'D' Shares
- Xerox Corporation and subsidiary - 7,401,254 'A' Shares and 7,481,388 'C' Shares
- Trustees of employee share purchase scheme - 57,475 'E' Shares

All classes of shares are of £1 each.

The 'A', 'B' and 'E' Shares carry no votes. The 'C' Shares are entitled to 21 votes for every 20 such shares. The 'D' Shares are entitled to 20 votes for every 20 such shares, representing approximately 48.8% of the total votes attaching to the 'C' and 'D' Shares.

Rank Xerox Holding B.V., owns the entire share capital of Rank Xerox Manufacturing (Nederland) B.V. whose manufacturing facilities are employed mainly in the manufacture of xerographic equipment and ancillary supplies. Société Industrielle Rank Xerox S.A. and Rank Xerox Fabrikations GmbH, companies incorporated in France and West Germany respectively, are also subsidiaries of Rank Xerox Holding B.V. Under arrangements currently in force, the xerographic equipment and ancillary supplies manufactured by Rank Xerox Manufacturing (Nederland) B.V. and Société Industrielle Rank Xerox S.A. are sold to Rank Xerox Limited and its subsidiaries. Voting rights in Rank Xerox Holding B.V. are held as to 51.2% by Xerox Corporation and 48.8% by Rank RX Overseas Limited, a wholly owned subsidiary of Rank RX Holdings Limited.

Rank Xerox Investments Limited was incorporated on 2nd February 1978 as an investment holding company and owns 75% of the share capital of Xerox Egypt S.A.E., whose business consists mainly in the marketing of xerographic equipment and ancillary supplies.

Under an agreement with Xerox Corporation dated 21st October 1977 effective from 1st November 1976, the Group, through Rank RX Holdings Limited, is entitled to a share in the annual combined profits before taxation of Rank Xerox Limited and its subsidiaries, Rank Xerox Holding B.V. and its subsidiaries and Rank Xerox Investments Limited and its subsidiary of an amount equal to one half of such profits up to a maximum annual sum of £3,700,627 plus one third of the amount by which such profits exceed £7,401,254, from which is deducted the related taxation. For this purpose, the combined profits before taxation are calculated after making such adjustments as are necessary to eliminate charges made since 1st November 1976 by Xerox Corporation for research and development and corporate overhead costs and the effect of inter-group trading.

Notes to the Accounts

	Country of incorporation and operation	Class of capital owned	Percentage of share capital owned	
Details of the principal investments <i>continued</i> Other associated companies			Group	Company
Film Exhibition				
Cathay Organisation (Malaya) Sdn. Berhad	Malaysia	Ordinary	24.2	—
Cathay Organisation Private Limited	Singapore	Ordinary	24.2	—
Ceylon Theatres Limited	Sri Lanka	Ordinary	28.4	—
The Greater Union Organisation Pty. Limited	Australia	Ordinary	50.0	—
Kerridge Odeon Corporation Limited	New Zealand	Ordinary	50.0	—
Manufacture				
Bush (Ireland) Limited	Eire	'A' Ordinary 'B' Ordinary	30.0 49.0	— —
Bush India Limited	India	Ordinary	40.0	—
Murphy India Limited	India	Ordinary	33.4	—
Property				
Rank Estates Limited	Great Britain	Ordinary	47.5	47.5
Television				
Southern Television Limited	Great Britain	Ordinary	37.6	37.6
15 Current assets less liabilities and provisions				
	1978	1977	Group	
	£000	£000	1978	1977
			£000	£000
Current assets				
Stocks				
Raw materials and work in progress	26,828	25,135	—	—
Finished goods and other stocks	45,146	52,604	2,781	2,545
Film productions	7,747	4,058	6,668	2,787
	79,721	81,797	9,449	5,332
Debtors and prepayments	77,037	79,036	2,292	7,583
Loans to Trustees of the Executive Incentive Scheme (after provisions of £121,000, 1977 £121,000 for the Group and £70,000, 1977 £70,000 for the Company)	65	61	40	36
Advance corporation tax recoverable on dividends provided in the accounts	4,240	7,353	4,102	7,245
Dividends receivable from associated companies	11,870	17,349	—	—
Short term deposits	16,811	4,338	10,000	9
Cash at bank and in hand	9,200	7,677	6,212	5,180
	198,944	197,611	32,085	25,385
Liabilities and provisions				
Creditors, provisions and accrued expenses	101,312	102,158	17,399	18,016
Acceptances by banks	—	19,000	—	19,000
United Kingdom corporation tax	1,439	59	—	—
Overseas taxation	1,779	5,214	—	—
Dividends				
Accrued on preference shares	194	194	194	194
Payable and proposed on Ordinary Shares	15,494	13,870	15,494	13,870
Minority shareholders of subsidiaries	280	220	—	—
Advance corporation tax	4,240	7,375	4,102	7,245
	124,738	148,090	37,189	58,325
Current assets less liabilities and provisions	74,206	49,521	(5,104)	(32,940)

Notes to the Accounts

16 Share capital

	1978		1977	
	Authorised	Issued and fully paid	Authorised	Issued and fully paid
6½% Cumulative Preference Shares of £1 each	£000	£000	£000	£000
8% Second Cumulative Preference Shares of £1 each	10,000	9,996	10,000	9,996
Ordinary Shares of 25p each	3,000	2,602	3,000	2,602
	50,000	43,148	£0,000	43,148
	<u>63,000</u>	<u>55,746</u>	<u>63,000</u>	<u>55,746</u>

4,937,944 of the unissued Ordinary shares are reserved against conversions of the outstanding 4½% Convertible Loan 1993.

17 Reserves

	Group		Company	
	1978	1977	1978	1977
Share premium account	£000	£000	£000	£000
Other reserves	85,457	85,457	85,457	85,457
	220,378	180,192	58,297	34,116
	<u>305,835</u>	<u>265,649</u>	<u>143,754</u>	<u>119,573</u>

	Group			Company
	Company and its subsidiaries	Associated companies	Total	
	£000	£000	£000	£000
Movements in other reserves				
Balances at 31st October 1977	47,705	132,487	180,192	34,116
Prior year items (see note 1(xi) on page 29) 1977	—	356	356	—
Before 1977	—	(918)	(918)	—
Exchange adjustments	(2,658)	(777)	(3,435)	117
Surplus (deficit) on revaluation of properties	(1,926)	449	(1,477)	—
Adjustment in respect of subsidiary sold	420	(420)	—	—
Sundry	(7)	17	10	—
Profit retained	18,075	27,575	45,650	24,064
Balances at 31st October 1978	<u>61,609</u>	<u>158,769*</u>	<u>220,378</u>	<u>58,297</u>
Not regarded as available for distribution	<u>3,246</u>	<u>158,769</u>	<u>162,015</u>	<u>1,012</u>

*Includes £138,480,000 in respect of companies owned jointly with Xerox Corporation.

18 Deferred taxation

	Group		Company	
	1978	1977	1978	1977
Capital allowances	£000	£000	£000	£000
Stock appreciation relief	23,420	18,438	6,956	4,962
Other timing differences	8,477	10,545	589	542
Losses	(5,170)	(5,826)	(429)	1,575
	(3,450)	(5,745)	(63)	(1,063)
	<u>23,277</u>	<u>17,412</u>	<u>6,994</u>	<u>6,016</u>
Advance corporation tax	(3,106)	(5,087)	(3,079)	(3,840)
	<u>20,171</u>	<u>12,325</u>	<u>3,915</u>	<u>2,176</u>

Notes to the Accounts

19 Loan capital and borrowed money

	Group		Company	
	1978 £000	1977 £000	1978 £000	1977 £000
Not fully repayable within 5 years				
4½% Convertible Loan 1993	33,329	39,693	33,329	39,693
Debenture stocks, mortgages and other loans				
repayable in part by annual sinking funds or by instalments				
Final redemption dates from 1983 to 1993	41,482	45,168	21,260	23,102
Final redemption dates after 1993	44,320	53,239	21,097	26,039
	<u>119,131</u>	<u>138,100</u>	<u>75,686</u>	<u>88,834</u>
Fully repayable within 5 years				
Bank loans	89,979	83,809	32,891	23,714
Bank overdrafts	7,946	15,436	—	—
Other short term loans	35,433	32,760	7	13
	<u>133,358</u>	<u>132,005</u>	<u>32,898</u>	<u>23,727</u>
Total	252,489	270,105	108,584	112,561
Deduct: Parallel loans	12,178	12,178	—	—
Net total	<u>240,311</u>	<u>257,927</u>	<u>108,584</u>	<u>112,561</u>
Secured				
Sterling	28,240	32,516	22	25
Other currencies	9,054	18,263	—	—
	<u>37,294</u>	<u>50,779</u>	<u>22</u>	<u>25</u>
Unsecured				
Sterling	54,278	51,296	54,169	51,175
Other currencies	160,917	168,030	54,393	61,361
	<u>215,195</u>	<u>219,326</u>	<u>108,562</u>	<u>112,536</u>
Total	252,489	270,105	108,584	112,561
Deduct: Parallel loans	12,178	12,178	—	—
Net total	<u>240,311</u>	<u>257,927</u>	<u>108,584</u>	<u>112,561</u>

All the above loans are repayable at par.

The average rate of interest payable on debenture stocks, mortgages and other loans not fully repayable within 5 years was, for the Group 8.8% (1977 9.1%) and for the Company 9.6% (1977 9.7%).

Holders of the 4½% Convertible Loan 1993 have the right to convert into fully paid Ordinary shares of the Company exercisable until 12th February 1993 on the basis of U.S. \$14.10 of the loan for one Ordinary share of 25p. No conversion rights had been exercised by 31st October 1978. During the year the company purchased and cancelled U.S. \$3,450,000 of the loan.

In 1976, a subsidiary entered into two parallel loan agreements with an overseas third party. Under each agreement the subsidiary initially borrowed US. \$10,000,000 and lent the third party the sterling equivalent thereof. Under these agreements the subsidiary has now borrowed U.S. \$22,949,000 and has lent the third party the sterling equivalent thereof.

As disclosed in the Directors' Report, since 31st October 1978, a subsidiary has announced its intention to issue at par Canadian \$70 million of Variable Rate Redeemable Preferred Shares to a bank. The proceeds will be used to prepay certain borrowings repayable within 5 years.

Notes to the Accounts

20 Contingent liabilities

A claim for damages arising out of the 1975 Offer for Sale remains outstanding. The damages claimed, apart from interest, are under £600,000. The Company is advised that it has a good defence to the claim and accordingly no provision has been made. A claim for damages for alleged breach of contract was made during the year to 31st October 1977 against a third party in which a subsidiary of the Company is named as second defendant. Damages are claimed which, apart from interest and general damages, amount to approximately £750,000. From the evidence available the claim is believed to be without foundation and accordingly no provision has been made.

In addition there are the following items:

Group There are contingent liabilities in respect of (a) guarantees amounting in aggregate to approximately £12,500,000 (1977 £8,200,000) including £300,000 (1977 £600,000) relating to advances by third parties at 31st October 1978 to associated companies and (b) additional taxation payable in the event of the profits of certain overseas subsidiary and associated companies being distributed.

Company There are contingent liabilities mainly in respect of advances by third parties at 31st October 1978 to (a) subsidiaries amounting in aggregate to approximately £86,100,000 (1977 £85,100,000) of which £83,900,000 (1977 £82,900,000) is included as liabilities in the Group balance sheet and (b) associated companies of approximately £300,000 (1977 £300,000).

The Company is included in a normal group value added tax registration. Companies within the group registration are jointly and severally liable for the total value added tax due by such group. At 31st October 1978 the contingent liability under these arrangements amounted to £3,430,000 (1977 £2,375,000).

21 Emoluments of Directors of The Rank Organisation Limited

	In respect of services as Directors		Other emoluments	
	1978 £000	1977 £000	1978 £000	1977 £000
Chairman	—	1	33	30
Highest paid Director	—	—	47	41
Other Directors	Number of Directors			
	1978	1977		
Nil— £2,500	2	1		
£2,501— £5,000	7	10		
£5,001— £7,500	1	1		
£20,001— £22,500	—	1	46	42
£25,001— £27,500	1	2	78	83
£30,001— £32,500	2	—		
	46	43	158	154
Contributions to pension schemes	—	—	22	34
Total emoluments	46	43	180	188

22 United Kingdom employees receiving remuneration of more than £10,000

	Number of employees	
	1978	1977
£10,001—£12,500	69	32
£12,501—£15,000	23	17
£15,001—£17,500	19	10
£17,501—£20,000	8	5
£20,001—£22,500	1	2
£22,501—£25,000	5	—

Source and Application of Funds

for the year ended 31st October 1978

	1978 £ million	1977 £ million
Source of funds		
Within the Group		
Profit after taxation	60.0	68.5
Extraordinary items	1.7	(11.7)
Items debited to reserves	(5.5)	(12.6)
Items included above not requiring (providing) funds		
Profit retained in associated companies	(27.6)	(28.4)
Depreciation	9.4	9.0
Minority interests	0.6	1.8
Exchange adjustments	3.6	12.2
Deferred tax and other items	5.8	7.2
	48.0	46.0
Net proceeds from the sale of:		
Net assets and goodwill of subsidiaries	14.4	—
Other investments	—	0.2
Properties and plant	17.8	31.8
	32.2	32.0
	80.2	78.0
Outside the Group		
Mortgages and other loans		
Fully repayable within 5 years	39.3	22.2
Not fully repayable within 5 years	9.0	0.6
	48.3	22.8
Total	128.5	100.8
Application of funds		
Acquisition of net assets and goodwill of subsidiaries	1.6	0.9
Other investments	2.2	5.1
Additions to fixed assets		
Investment properties	2.0	9.6
Other fixed assets	36.4	18.4
Repayment of mortgages and other loans		
Fully repayable within 5 years	35.6	24.7
Not fully repayable within 5 years	11.3	3.2
Dividends paid	14.4	12.9
	104.0	74.8
Increase in working capital	24.5	26.0
Comprising		
(Increase) in creditors and accrued expenses	(8.6)	(12.0)
Decrease in bank overdrafts less cash and short term deposits	20.0	8.2
Decrease in acceptance credits	19.0	—
(Decrease) in stock and work in progress	(0.8)	20.4
(Decrease) in debtors	(5.1)	9.4
	24.5	26.0

Note: To eliminate distortions arising from changes in foreign currency exchange rates, the figures are presented on the basis that exchange rates ruling at 31st October of each year had applied throughout that year.

Geographical Analysis of Turnover and Profit

A geographical analysis of turnover and trading profit of trading operations carried on by the Company and its subsidiaries for the year ended 31st October 1978 is as follows:

	Turnover £000	Trading Profit £000
United Kingdom	354,708	34,538
Germany	13,570	80
Holland	15,176	912
Eire	4,454	568
Rest of Europe	13,644	(120)
Canada	9,939	3,216
U.S.A.	10,527	370
Australia	55,137	323
Rest of World	7,941	252
Deduct: Unallocated central costs		(374)
	485,096	40,265

Information per Ordinary Share

	1978	1977	1976	1975	1974
Sterling (pence)					
Earnings	34.4	39.4	20.2	13.9	19.4
Dividends	8.9974	8.0361	7.1268	6.4789	5.5793
Net Assets*	202.2	178.9	161.9	151.1	150.6
U.S. Dollars (cents) (exchange rate)	(\$2.09)	(\$1.84)	(\$1.59)	(\$2.08)	(\$2.34)
Earnings	71.9	72.5	32.1	28.9	45.4
Dividends	18.8046	14.7864	11.3316	13.4762	13.0555
Net Assets*	422.6	329.2	257.4	314.2	352.4

*In calculating net assets per share, the investment in the Rank Xerox Companies has been included at balance sheet value only.

The Rank Organisation

Analysis of Turnover

	1978 £000	1977 £000	1976 £000	1975 £000	1974 £000
Leisure services and hotels					
Film exhibition					
British Isles	41,118	30,809	27,165	29,929	24,035
Overseas	8,811	31,807	35,723	25,318	32,951
Dancing and bingo	33,337	28,021	21,914	18,995	16,137
Motorports and restaurants	20,183	17,970	16,336	13,668	11,916
Film studios	3,746	3,137	2,493	1,732	1,795
Film production and distribution					
British Isles	5,250	3,124	2,778	4,520	4,910
Overseas	2,307	1,858	2,598	2,865	136
Hotels	34,849	31,631	25,652	18,889	14,812
	<u>149,601</u>	<u>148,357</u>	<u>134,659</u>	<u>114,716</u>	<u>97,495</u>
Industrial and consumer products (except Australia)					
Audio visual	76,499	70,290	69,748	31,052	25,786
Film laboratories	18,213	14,891	12,115	9,858	7,851
Radio and television	58,074	38,602	30,633	71,829	76,512
Scientific instruments, optics and electronics	45,797	39,309	35,151	26,360	23,285
	<u>198,583</u>	<u>163,092</u>	<u>147,647</u>	<u>139,099</u>	<u>133,434</u>
Industrial and consumer products (Australia)					
Television	29,700	42,331	58,993	33,959	519
Other products	25,437	18,219	19,722	8,451	9,864
	<u>55,137</u>	<u>60,550</u>	<u>78,715</u>	<u>42,410</u>	<u>10,383</u>
Holiday centres	55,969	47,774	42,039	37,947	30,662
Property	13,398	14,636	12,519	8,565	6,637
Other activities	12,408	8,257	10,738	9,926	9,075
	<u>485,096</u>	<u>442,666</u>	<u>429,317</u>	<u>352,663</u>	<u>287,666</u>

Financial Information

Analysis of Trading Profit

	1978	1977	1976	1975	1974
	£000	£000	£000	£000	£000
Leisure services and hotels					
Film exhibition					
British Isles					
Overseas	3,777	1,363	532	308	1,734
Dancing and bingo	789	2,426	3,292	2,501	2,788
Motorports and restaurants	4,860	4,450	3,134	3,068	2,094
Film studios	438	477	366	315	206
Film production and distribution	366	301	69	(450)	15
British Isles					
Overseas	212	66	118	(32)	552
Hotels	113	(66)	102	234	(25)
	<u>2,813</u>	<u>1,530</u>	<u>(904)</u>	<u>(2,278)</u>	<u>(2,804)</u>
	<u>13,504</u>	<u>10,317</u>	<u>6,709</u>	<u>4,656</u>	<u>4,490</u>
Industrial and consumer products (except Australia)					
Audio visual	2,729	3,129	1,911	3,644	2,577
Film laboratories	1,682	1,514	1,134	881	963
Radio and television	(932)	(3,166)	(5,771)	(11,726)	(821)
Scientific instruments, optics and electronics	5,649	5,471	4,737	1,616	839
	<u>9,128</u>	<u>6,948</u>	<u>2,011</u>	<u>(5,585)</u>	<u>3,558</u>
Industrial and consumer products (Australia)					
Television	64	4,528	8,941	5,626	(59)
Other products	759	669	992	628	363
	<u>823</u>	<u>5,197</u>	<u>9,933</u>	<u>6,254</u>	<u>264</u>
Holiday centres	9,430	7,675	6,693	6,104	5,464
Property	7,567	8,428	7,287	5,293	3,536
Other activities	187	(211)	556	179	1,382
	<u>40,639</u>	<u>38,354</u>	<u>33,189</u>	<u>16,901</u>	<u>18,694</u>
Deduct:					
Unallocated central costs (1978 net of £967,000 1977 net of £512,000 profits on redemption of loans and debentures)	374	387	588	749	886
Trading profit	<u>40,265</u>	<u>37,967</u>	<u>32,601</u>	<u>16,152</u>	<u>17,808</u>

The Rank Organisation

	1978 October (year) £000	1977 October (year) £000	1976 October (year) £000	1975 October (year) £000
Turnover	<u>485,096</u>	<u>442,666</u>	<u>426,317</u>	<u>382,663</u>
Profits				
Trading profit before depreciation	49,618	46,974	43,472	27,159
Depreciation	9,353	9,007	10,242	9,935
Expenditure on abortive oil exploration and discontinued property development	—	—	29	1,072
Trading profit	<u>40,265</u>	<u>37,967</u>	<u>32,601</u>	<u>16,152</u>
Share of profits before taxation of associated companies				
Companies owned jointly with Xerox Corporation	97,899	105,301	59,163	49,200
Others	5,070	4,350	5,145	4,128
Dividends and interest receivable	1,705	1,811	1,634	1,408
Interest payable	<u>144,939</u>	<u>149,429</u>	<u>98,543</u>	<u>70,888</u>
Profit before taxation	<u>21,908</u>	<u>24,622</u>	<u>23,854</u>	<u>20,221</u>
Profit before taxation	<u>123,031</u>	<u>124,607</u>	<u>75,589</u>	<u>50,667</u>
Taxation				
The Rank Organisation Limited and subsidiaries	9,827	8,717	6,219	(779)
Associated companies				
Companies owned jointly with Xerox Corporation	48,139	41,972	29,377	25,693
Others	2,567	2,354	2,547	1,882
	<u>60,533</u>	<u>53,043</u>	<u>38,143</u>	<u>26,596</u>
Profit after tax	<u>62,498</u>	<u>71,764</u>	<u>37,445</u>	<u>24,071</u>
Minority interests	2,465	3,252	2,039	1,334
	<u>60,033</u>	<u>68,512</u>	<u>35,407</u>	<u>22,737</u>
Extraordinary items	1,694	(11,655)	8,302	(2,699)
	<u>61,727</u>	<u>56,857</u>	<u>41,709</u>	<u>20,038</u>
Appropriation				
Dividends of Parent Company:				
Preference	583	583	583	583
Ordinary	15,494	12,110	12,300	11,025
Additions to reserves etc.				
The Rank Organisation Limited and subsidiaries	18,075	13,975	12,998	(1,056)
Associated companies				
Companies owned jointly with Xerox Corporation	25,742	28,697	13,824	7,806
Others	1,833	(268)	2,004	1,680
	<u>61,727</u>	<u>56,857</u>	<u>41,709</u>	<u>20,038</u>
Assets employed				
Fixed assets	330,459	350,542	394,751	355,325
Investments—				
Companies owned jointly with Xerox Corporation	160,985	134,761	101,229	91,687
Other	27,240	24,642	29,460	20,309
Goodwill and deferred revenue expenditure	42,245	43,647	43,245	44,162
Net current assets	74,206	49,521	35,022	49,215
Taxation on unrealised profits within the Rank Xerox Group	—	—	—	—
	<u>635,135</u>	<u>603,113</u>	<u>603,707</u>	<u>560,698</u>
Financed by				
Ordinary share capital and reserves	348,983	308,797	279,372	257,051
Preference share capital	12,598	12,598	12,598	12,598
Deferred taxation	20,171	12,325	6,699	7,034
Minority interests	13,072	11,466	8,776	7,597
Loan capital and borrowed money	240,311	257,927	296,262	276,418
	<u>635,135</u>	<u>603,113</u>	<u>603,707</u>	<u>560,698</u>

Figures for periods ended October 1970 to 1978 include the full share of profits of associated companies. Figures for the year ended October 1977 have been restated. See note 1(xi) on page 29.

Ten Year Review

1974 October (year) £000	1973 October (year) £000	1972 October (year) £000	1971 October (year) £000	1970 October (52 weeks) £000	1970 October (70 weeks) £000	1969 June (52 weeks) £000
<u>287,686</u>	<u>260,293</u>	<u>195,219</u>	<u>157,027</u>	<u>141,869</u>	<u>187,133</u>	<u>237,094</u>
27,119 8,257	31,453 6,786	21,353 5,246	14,350 4,758	14,471 3,958	19,185 5,297	77,190 21,286
1,054	—	—	—	—	—	—
<u>17,808</u>	<u>24,657</u>	<u>16,107</u>	<u>9,592</u>	<u>10,513</u>	<u>13,888</u>	<u>50,204</u>
54,306 3,930 2,943	47,384 3,963 3,619	36,320 2,838 1,154	29,187 2,071 1,055	24,456 1,549 935	30,934 2,060 1,215	— — 2,811
<u>78,987</u> <u>18,767</u> <u>60,220</u>	<u>79,633</u> <u>11,223</u> <u>68,410</u>	<u>56,419</u> <u>6,043</u> <u>50,376</u>	<u>41,905</u> <u>5,286</u> <u>36,619</u>	<u>37,453</u> <u>3,803</u> <u>33,650</u>	<u>46,097</u> <u>5,028</u> <u>43,069</u>	<u>59,015</u> <u>6,708</u> <u>52,307</u>
2,666	8,539	5,298	2,904	4,062	5,310	24,614
24,832 1,881	22,881 1,918	17,204 1,437	13,351 1,043	11,245 807	14,123 1,048	— —
<u>28,379</u> <u>30,841</u> <u>1,173</u>	<u>33,338</u> <u>35,072</u> <u>956</u>	<u>23,939</u> <u>26,437</u> <u>709</u>	<u>17,298</u> <u>19,321</u> <u>533</u>	<u>16,114</u> <u>17,536</u> <u>656</u>	<u>20,481</u> <u>22,588</u> <u>844</u>	<u>24,614</u> <u>27,693</u> <u>16,435</u>
29,668 (10,845)	34,116 690	25,728 58	18,788 2,752	16,880	21,744 340	11,258 39
<u>18,823</u>	<u>34,806</u>	<u>25,786</u>	<u>21,540</u>		<u>22,084</u>	<u>11,297</u>
583 8,379	622 7,588	833 8,193	833 7,810		1,114 8,116	833 3,996
(14,071)	8,434	17,344	4,616		4,325	6,468
23,666 266	15,733 2,429	(1,185) 601	7,808 473		8,291 239	— —
<u>18,823</u>	<u>34,806</u>	<u>25,786</u>	<u>21,540</u>		<u>22,084</u>	<u>11,297</u>
312,606	278,854	133,261	121,698		85,132	168,586
83,232 16,355 44,249 52,439	57,784 25,957 42,451 68,107	41,399 20,427 21,488 51,651	42,632 16,015 21,650 36,062		34,501 24,212 21,166 22,106	— 6,019 18,828 33,945
—	—	—	—		—	6,657
<u>508,881</u>	<u>473,153</u>	<u>268,226</u>	<u>238,057</u>		<u>187,117</u>	<u>234,033</u>
226,132 12,598 13,743 6,550 249,858	222,141 12,598 8,799 5,375 224,240	153,264 12,598 6,890 4,024 91,450	134,878 12,598 5,332 3,782 81,467		107,798 12,598 4,416 6,996 55,309	79,755 12,598 9,036 43,731 88,913
<u>508,881</u>	<u>473,153</u>	<u>268,226</u>	<u>238,057</u>		<u>187,117</u>	<u>234,033</u>

The figures for the period ended June 1969 include Rank Xerox Limited as a subsidiary and only dividends from associated companies.

Rank Xerox Companies

Statement of the Chairmen of the Rank Xerox Companies

Turnover of the group, for the year to 31st October 1978, rose by 13% to a record £1,087 million. Profits before tax amounted to £252 million against £277 million in 1977. The decrease in profits was due to exchange rate effects caused by the movement of the pound sterling against other currencies.

A better indication of our operating performance can be seen by excluding exchange rate effects for both years. On this basis our profits before tax grew by 7% on a turnover rise of 16%.

Against a background of sluggish economic activity around the world, high inflation and a competitive environment, we took steps to enable a renewal of strong growth in the future. These measures included the introduction of five new products; increased advertising and promotion of products; programmes to improve the productivity of our operations; and numerous marketing developments including the provision of trade-in allowances for customers who have bought machines - for which we have made a charge to earnings in anticipation of future liabilities. These actions, which will have positive effects on our business in 1979 and thereafter, had an adverse impact on profits in the second half of 1978.

Erratic currency movements over the past few years, particularly around the end of the financial year, have tended to distort the underlying profits trend and in 1978 have masked a creditable performance in the face of difficult economic conditions. In 1978, favourable currency effects were considerably smaller than in 1977. Exchange rate movements resulted in a net profits gain of £6 million in 1978, allowing for the changes in average exchange rates between 1977 and 1978 and including the effects of Statement Number 8 of the United States Financial Accounting Standards Board.

Our Japanese associated company, Fuji Xerox Co. Ltd., had another good year and contributed profits before tax of £22 million against £20 million in 1977. Exchange rate effects caused

by the movement of the yen against the pound sterling obscured underlying profits growth of 15% during the year.

The group's share of the research, development and corporate overhead costs of Xerox Corporation amounted to £41 million, against £39 million in 1977. Since sharing of profits from the jointly-owned companies is calculated before the allocation of these charges, the profits attributable to The Rank Organisation are not affected.

The effective tax rate for the year rose to 48% against 38% in the previous year which included a larger figure of non-taxable currency gains. This has resulted in profits after tax of £130 million against £170 million in 1977.

The Market

The number of net placements of machines made in 1978 was more than double the number in 1977, partly reflecting the group's success in outright sales of machines.

Over the past three years outright sales have become an important part of the pricing options we offer to customers. Competitive prices together with attractive contracts for the service and maintenance of machines have enabled us to improve our market position.

There has been strong demand to purchase the Rank Xerox 660 copier and the Xerox 3100 family of machines by new customers as well as by existing rental customers on favourable conversion terms. The Xerox 2202 copier, referred to below, has also met with excellent demand.

Copy volume on rented machines remained good throughout the year, boosted by the continuing success of the Xerox 9200 duplicator at the top end of the product range.

Generally, rental prices were stable, but price changes continued to lag behind inflation in most countries. Despite this, overall rental revenues rose during the year.

There was no slackening in the competitive environment and this, together with significant inflation in many countries in which we operate, has led to inevitable pressures on trading margins.

Rank Xerox Companies

We expect, however, that with the measures already initiated to control operating costs and to improve productivity in all aspects of our business, these pressures will be offset.

As well as examining ways to reduce costs and improve productivity, we have been looking for opportunities to expand into new areas. During the year a trading company was formed in Egypt, owned by a new jointly-owned company, Rank Xerox Investments Limited, together with a local minority partner.

Products

The new products introduced during the second half of the year were the Xerox 2202, 3400, 5400, 9400 and the 850 display typing system.

Starting at the lower end of the market, the Xerox 2202 is a flat platen machine that will produce A4 copies at the rate of 10 a minute. It is intended primarily for small businesses and local use in large companies in situations where the monthly copy volume is up to about 3,000. The 2202 is designed and manufactured by Fuji Xerox.

The Xerox 3400 is the first low to medium volume copier with a built-in sorter. It also has a document handler and two paper trays to bring high productivity to copying. It is one of our first products with a diagnostic support system that tells users, if a malfunction occurs, how they – or a Rank Xerox service engineer – can correct it. The 3400 produces 26 copies a minute.

For the medium volume sector of the market there is the Xerox 5400 which has all the features of the 3400 but is bigger and faster – copies are made at the rate of 45 a minute. The machine can also copy automatically on both sides of paper.

These products have been very well received in the market place and will start contributing to group profits in 1979.

At the top end of our range is the Xerox 9400, a highly automated duplicator for central reprographic areas and satellite copy centres of large organisations. The machine delivers two sheets a second – 7,200 an hour – in a virtually unlimited number of automatically collated sets. It has an automatic two-sided copying feature. The 9400 has been successfully test-marketed and will be launched in our markets from 1979 onwards.

The fifth new product is the Xerox 850 display typing system, of which there are two versions. One has a single line display on the typewriter, and the other a separate full-page display. They join the Xerox 800 and 800C word processing systems to extend the group's range from low to medium text editing requirements up to large scale revision and complex format and layout. The 850 uses floppy discs that store up to 280 pages of information. The machine is compatible with other storage media (such as tape or card) as well as with some competitive machines.

Personnel

The process of consolidation in 1978 – including the launch of new products, the continuing transition to outright sales at the lower end of the market, and increased net placements of machines in the market place – would not have been successfully managed without the skills and dedicated efforts of our employees in all functions. We are grateful to them, especially considering that our business growth in 1978 was achieved without increasing our year-end manpower.

The measures we are taking to streamline the organisation will bring structural changes in some areas of the business, but we are managing the changes in a way that as far as possible will minimise any disruption to employees.

Social Policy

Under our international charitable programme, each unit is able to support causes of social, medical, educational or cultural importance. Some 563 causes were helped during the year, involving £715,000.

The Social Service Leave Scheme, whereby a number of employees are released on full pay for up to six months to work for projects of value to the community, was continued successfully.

A separate report on Rank Xerox in South Africa has been published in response to a number of Codes: the Code of Conduct for EEC companies operating in the Republic; the six Sullivan Principles (to which Xerox Corporation is a signatory in the United States); and the Code drawn up by the Urban Foundation and the South African Consultative Committee on Labour Affairs.

Rank Xerox Companies

This report gives a comprehensive account of our policy and practice regarding pay and benefits, equal employment opportunity, industrial relations and working conditions. Copies of "Rank Xerox in South Africa - A Progress Report, 1978" are available on request from the Secretary of Rank Xerox Limited.

Management

During the year the following senior executives were appointed to the Board of Rank Xerox Limited: J. R. Milligan, D. L. Stephenson and R. A. Holmes.

F. J. Pipp and M. Smith resigned from the Board on their return to Xerox Corporation. M. A. Hynes resigned and J. C. Delafon retired after 16 years service with the group. Our thanks are due to all of them for their contribution to the progress of the group.

There were no changes to the Supervisory Board of Rank Xerox Holding B.V.

Government Enquiries

Following discussions with the Office of Fair Trading (OFT) certain undertakings have been given to the Secretary of State for Prices and Consumer Protection by Rank Xerox (U.K.) Limited.

The discussions were initiated by the OFT after the publication of the Monopolies and Mergers Commission's Report on "The Supply of Indirect Electrostatic Reprographic Equipment" in December 1976, and were concluded last summer. While it has been necessary to introduce certain changes and accept a number of constraints with respect to our prices and contract terms in the United Kingdom, we are confident that we will be able to maintain and expand the successful business we have built up through the quality of our products and service.

The Future

As an international group operating in more than 80 countries, with an impressive array of copier products and a highly efficient service organisation,

we can give strong support to customers. With these strengths we are planning for vigorous growth both in our traditional market and in new technologies.

In many ways Rank Xerox is in a process of transition. We are changing the way we do business to meet the challenges in the market place.

The expansion of the reprographic market is more than adequate to support good growth into the foreseeable future.

The favourable reception given to our new products and the steps we have taken in 1978 should, as we have indicated, provide us with a basis for an improved performance in 1979. In a world of fluctuating exchange rates, however, it is not possible to predict the impact of currency movements on our profits.

At the same time as expanding our reprographic business, we are continuing to diversify into office information systems. Rank Xerox has established a group of specialists in our operating companies and at international headquarters. This group has established Rank Xerox as a leading supplier of electronic typing systems. With the introduction of the 850 system, together with the trials of advanced experimental systems in Europe, Rank Xerox is moving into the forefront of advanced technological developments for the office of the future.

D. T. Kearns
Chairman
Rank Xerox Holding B.V.

J. M. Thomas
Chairman
Rank Xerox Limited

Source and Application of Funds

Source of funds	Year ended	
	31st October 1976	31st October 1975
	£ million	£ million
Source of funds		
Within the Group		
Profit after taxation		
Deduct: Profit retained in associated company	128.4	9.0
Add: Items charged against profits not requiring funds	—	—
Depreciation	108.0	—
Deferred taxation and other charges	27.8	—
Disposals of fixed assets	—	—
		11.1
		266.3
Outside the Group		
Additional share capital, long-term loans and non current liabilities		35.6
		301.9
		—
Application of funds		
Additions to rental equipment		114.4
Additions to properties and plant		35.2
Net increase in loans for the purchase of 'E' shares		0.1
Additional deferred expenditure		17.4
Repayment of long-term loans		46.8
Dividends paid		67.7
		281.6
		—
Increase in net current assets		20.3
		—
Comprising		
Increase in stocks and stores		3.9
Increase in debtors and prepayments		41.7
Decrease in bank overdrafts and acceptances		22.5
Decrease in marketable securities, short-term deposits, bank balances and cash		(2.5)
Increase in long-term loans repayable in one year		(4.8)
Increase in creditors and accrued expenses		(40.5)
		20.3
		—

Rank Xerox Companies

	1978 October (year) £000	1977 October (year) £000	1976 October (year) £000	1975 October (year) £000
Turnover	1,086,862	960,569	753,558	612,417
Profits				
Trading profit before depreciation	398,143	407,733	284,728	241,391
Depreciation	108,025	90,185	83,566	72,940
Trading profit	290,118	317,548	201,162	168,381
Share of profit before taxation of Fuji Xerox	22,309	19,612	1,325	1,895
Dividends and interest receivable	7,414	9,247	5,209	2,463
Interest payable	319,841	346,407	207,696	175,739
Profit before taxation and central costs	26,986	30,300	31,883	30,731
Central costs (Note 3)	292,855	316,107	175,813	145,008
Profit before taxation	40,461	39,341	—	—
Taxation based thereon	252,394	276,766	175,813	145,008
Profit after taxation	122,233	106,350	85,193	71,385
Profit attributable to minority interests	130,161	170,416	89,620	73,623
Extraordinary items	1,714	1,593	1,116	767
Deduct: Amount attributable to Xerox Corporation and 'E' shareholders	128,447	168,823	88,504	72,856
Profit after taxation attributable to The Rank Organisation Group	78,514	105,193	58,339	(4,996)
Assets employed	49,933	63,630	30,165	23,247
Fixed assets	486,241	459,477	414,377	410,139
Goodwill and patent rights	—	—	—	—
Investment in Fuji Xerox	34,616	25,637	17,612	25,092
Loans for the purchase of 'E' shares	2,161	3,630	3,212	3,144
Net current assets/(liabilities)	102,363	63,985	60,733	34,619
Deferred expenditure:				
Taxation on unrealised intra-group profits	111,961	104,327	77,038	56,813
Development expenditure	10,469	11,928	10,339	10,045
Financed by	747,811	668,984	583,311	539,852
Share capital and reserves				
The Rank Organisation Group	159,739	132,930	99,986	85,587
Xerox Corporation	300,772	248,380	183,662	156,210
'E' shareholders	3,074	3,074	3,074	2,979
Minority interests	9,360	8,035	6,047	4,554
Loan capital and borrowed money repayable after one year	157,295	177,962	213,373	216,866
Deferred taxation	95,052	87,929	77,169	73,656
Non-current taxation and other liabilities	22,519	10,874	—	—
Total	747,811	668,984	583,311	539,852

1. The figures stated above for 1974 to 1978 relate to Rank Xerox Limited and its subsidiaries and also Rank Xerox Holding B.V. and its subsidiaries. Figures for prior periods relate only to Rank Xerox Limited and its subsidiaries.
2. The figures for 1977 have been restated to give effect to a change in basis of accounting for capital leases. Figures for prior periods have not been restated.

Ten Year Review

1974 October (year) £000	1973 October (year) £000	1972 October (year) £000	1971 October (year) £000	1970 October (52 weeks) £000	1970 October (70 weeks) £000	1969 June (52 weeks) £000
477,522	370,341	268,131	207,132	163,444	206,372	115,275
231,150	192,608	143,651	112,521	92,081	117,056	66,618
59,154	48,650	37,924	29,275	22,952	29,503	17,697
171,996	143,958	105,727	83,246	69,129	87,553	48,921
9,377	7,245	4,565	5,159	4,111	4,979	—
1,567	1,464	1,430	940	976	1,261	797
182,940	152,667	111,722	89,345	74,216	93,793	49,718
22,358	13,346	6,133	5,179	4,216	5,526	3,671
160,582	139,321	105,589	84,166	70,000	88,267	46,047
—	—	—	—	—	—	—
160,582	139,321	105,589	84,166	70,000	88,267	46,047
73,247	67,099	49,970	38,400	32,130	40,226	21,324
87,335	72,222	55,619	45,766	37,870	48,041	24,723
885	563	165	223	160	226	171
86,450	71,659	55,454	45,543	37,710	47,815	24,552
—	—	—	—	—	—	(397)
86,450	71,659	55,454	45,543	37,710	47,815	1,155
56,976	47,156	36,338	29,707	24,499	31,004	15,496
—	—	—	—	—	—	—
29,474	24,503	19,116	15,836	13,211	16,811	8,659
—	—	—	—	—	—	—
360,302	253,304	194,462	154,213	—	118,356	88,073
25,675	17,313	14,038	11,848	—	5,915	90
2,425	1,756	1,112	—	—	—	444
(18,633)	(6,015)	(22,737)	974	—	(1,918)	180
36,993	25,246	18,235	12,040	—	9,512	6,985
10,934	8,664	5,455	2,497	—	1,081	469
417,696	300,268	210,565	181,572	—	132,946	96,241
—	—	—	—	—	—	—
80,503	56,585	40,199	41,432	—	33,301	24,012
147,120	100,772	69,210	70,523	—	54,822	37,044
2,416	1,665	1,088	—	—	—	—
3,801	2,813	1,285	1,120	—	897	556
115,731	86,569	68,623	45,431	—	20,405	20,708
68,028	48,338	25,260	14,166	—	8,932	6,121
97	3,526	4,900	8,900	—	14,589	7,800
417,696	300,268	210,565	181,572	—	132,946	96,241

3. In accordance with the agreement with Xerox Corporation, The Rank Organisation's share of the results of companies owned jointly with Xerox Corporation is computed by reference to the profits before deduction of charges made since 1st November 1976 by Xerox Corporation for research and development and corporate overhead costs ("central costs").