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# 1979 Annual Report and Accounts

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## 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.

J. C. Duckworth

Sir Arnold France, G.C.B.

Sir Reay Geddes, K.B.E.

P. M. Meaney

Sir Denis Mountain, Bt.

The Hon. Angus Ogilvy

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

Sir Richard Trehane, D.Sc.

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President Sir John Davis, D.Tech.

### Secretary and Register 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 1FL

### Auditors

Peat, Marwick, Mitchell & Co.

### Bankers

National Westminster Bank Limited

### Merchant Bankers

N. M. Rothschild & Sons Limited

### Brokers

Cazenove & Co.  
Carr, Seabag & Co.

## Notice of Meeting

Notice is hereby given that the forty-third Annual General Meeting of the Company will be held at the Royal Lancaster Hotel, Lancaster Terrace, Hyde Park, London W2, on Wednesday, 12th March 1980, 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 1979.
- 2 To declare a Final Dividend on the Ordinary shares.
- 3 To elect the following Directors:
  - (a) Sir Robert Bellinger  
(who is 70 on 10th March 1980)
  - (b) Mr. P. H. Courtney
  - (c) Mr. J. C. Duckworth
  - (d) Mr. P. M. Meaney
  - (e) The Hon. Angus Ogilvy
  - (f) Mr. J. B. Smith
  - (g) Sir Richard Trehane
- 4 As special business, to appoint Auditors and to authorise the Directors to fix the Auditors' Fee.
- 5 As special business, to consider and, if thought fit, pass the following resolution as a Special Resolution:

THAT the Articles of Association of the Company be altered by deleting the first sentence of Article 83 and substituting therefor the following new sentence:

"The remuneration of the Directors shall with effect from 1st March 1980 be at the rate of £5,000 per annum for each Director and such remuneration shall accrue from day to day".
- 6 As special business, to consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

THAT the proposed alteration to The Rank Organisation Executive Incentive Scheme to give effect to the proposal described in the Directors' Report dated 24th January 1980 be approved.

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 10th April 1980 (payable on 14th April 1980) to those shareholders on the Register at 29th February 1980.

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 (a) the Articles of Association of the Company, (b) Directors' service contracts of more than one year's duration, (c) the Trust Deed dated 19th October 1970 constituting The Rank Organisation Executive Incentive Scheme and Deeds supplemental thereto dated 5th May 1975 and 15th March 1977 and (d) the draft (subject to modification) of a Deed to effect the proposed alteration to the Executive Incentive Scheme referred to in Resolution 6. Such copies will also be available at the place of the Annual General Meeting at least fifteen minutes prior to and throughout the meeting.

By Order of the Board  
B. C. Owers  
Secretary

14th February 1980

## 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 copiers and duplicators as well as other items of business equipment.

The leisure interests include Odeon and Gaumont cinemas in the United Kingdom 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 television sets, radios and music centres, Wharfedale and Heco loudspeakers, cine cameras, audio visual educational equipment, Strand lighting and control equipment, stage equipment and studio lighting equipment and, in Australia only, a range of whitegoods, including refrigerators, dishwashers, home laundry, microwave ovens and air conditioning units; a range of housewares, including irons, toasters, and food preparation products; security systems and furniture. Rank Film Laboratories are the leading European processors of cinema and television film and provide a comprehensive range of video processing facilities.

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

## Financial Highlights of the Year ended 31st October 1979

	1979	1978
Turnover	£537.8 million	£485.1 million
Trading Profit	£43.8 million	£39.2 million
Associated Companies (Share of profit before taxation)	£107.3 million	£103.0 million
Profit before taxation	£131.2 million	£121.9 million
Profit attributable to the Company	£73.7 million	£68.6 million
Earnings per Ordinary share	38.4p	38.2p

# Chairman's Statement

## Statement by the Chairman Mr. Harry Smith

The Company achieved a record profit before tax for the year ended 31st October 1979, amounting to £131.2 million, compared with £121.9 million for the previous year. This profit was achieved in spite of the national strikes in the engineering and transport industries affecting the profits of Rank Xerox and some of our industrial companies. I believe this result, after taking into account the general trading conditions and these special factors outside our control, is a satisfactory performance for the year and consistent with our objective for longer term improvement in profitability.

Our share of the 1979 profits of the Rank Xerox companies was £101.9 million before tax, compared with £97.9 million for the previous year. The effect of movements in exchange rates was neutral this year, there being a net overall gain in our share of Rank Xerox profits of only £700,000, compared with a gain last year of £6 million.

Turning now to the operating companies of The Rank Organisation, trading profit before interest charges increased from £39.2 million to £43.8 million. Within this total, Industrial and Consumer Products activities and Bullin's achieved higher profits than the previous year.

Within the Leisure Services and Hotels Group there was a decline in profits, attributable to lower returns from film exhibition and to adverse results from film production and distribution. Cinema attendances for the year, affected by the unusually severe winter, compared unfavourably with the exceptionally good figures for the previous year.

Our investment in film production has increased over the last three years and, following our policy of taking a conservative view of the earnings potential of our films, provisions of £2.3 million have been made against our closing stock of films.

The poorer results of these two activities were partially offset by significantly better profits from almost all of our other leisure activities and by record results from Rank Hotels.

## Rank Toshiba

Shareholders will recall that, in 1975, Rank Radio International produced a loss of £11.7 million and that action taken since then has led to a steady improvement. Following the start of operations by Rank Toshiba on 1st November 1978, new equipment has been introduced and production facilities are being reorganised in collaboration with the Toshiba management, to ensure that we achieve in Plymouth a level of productivity comparable with the best world standards. Inevitably additional costs have been incurred during the year in commissioning new equipment and making the necessary alterations and these expenses have been written off against the year's results.

To compare the results with those of the previous year, it is necessary to deduct the loss of £1.1 million incurred by the manufacturing company, Rank Toshiba, from the profits earned by the marketing company, Rank Radio International, of £800,000. The combined result for the year was a loss of £300,000 compared with the loss of £900,000 for the previous year.

The association with Toshiba has involved many changes in design and methods of manufacture. Although excellent progress has been made, the work is by no means complete and we do not expect to see significant benefits to the profits of Rank Toshiba before the year ending 31st October 1981.

## Rank Industries Australia

Action was taken during the year to expand and widen our range of activities in Australia by the formation of two joint venture companies with the General Electric Company of America and also through the acquisition of Kerby Furniture Pty. and Permarest Pty.

The Australian company now markets a wide range of household appliances, some of which we produce in Australia, others being imported from the United States, Japan and the Far East. The manufacturing activities are supported by long term technical agreements with General Electric, Bauknecht of Germany, and NEC of Japan.

## Chairman's Statement

During the year under review, the turnover of Rank Industries Australia increased to £71 million, compared with £55 million for the previous year. The loss of £563,000 recorded for the year was disappointing. It reflected not only the substantial costs of rationalisation, but also the indirect impact on the company of strikes which were so prevalent in Australia during the financial year.

Capital employed in this operation at the year end was approximately £44 million, compared with £15 million at the end of 1978.

For the future we have a strong base for expansion. With better market prospects, together with the increasing benefits from improvements in operating efficiency, we can look to the future with confidence. For this coming year, we expect to achieve a significant level of profits and a rising trend for the future as the full benefits of these developments are achieved.

### Property

Our investment property portfolio, which has been reduced by disposals over the last five years, is now stated in our accounts at £139.4 million. Net rental income increased significantly during the year, due to rent reviews and new lettings. In addition, the valuation of investment properties by the Directors of the respective subsidiary companies disclosed a surplus over the book values of those properties of about £23 million. For the future we do not intend to embark on any large scale new developments but believe that the trends in rentals received and valuations will continue to move in our favour.

### Rank Xerox Companies

The consolidated accounts of the Rank Xerox companies for the year ended 31st October 1979 (and preceding years) are set out on pages 51 to 53.

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

I should like to take this opportunity formally to record our appreciation of the very significant contribution made by Mr. J. Maldwyn Thomas to the affairs of our jointly owned companies, Rank Xerox Limited and Rank Xerox Holding B.V., during his seven years as Chairman of the former company, from which office he retired on 31st December 1979.

### Southern Television

We own 37½% of the issued share capital of Southern Television. Advertising revenue showed a decrease from £27.7 million in the previous year to £23.5 million. Net profit before charging Exchequer levy and tax was just under £6.1 million, compared with £11.9 million in the previous year. After charging the levy of just over £3 million, the profit before tax was approximately £3 million. These results have to be viewed in the light of the industrial disputes that beset the industry during the course of the year. These resulted in the loss to the company of 86 days' transmission, almost a quarter of the year's available broadcasting time. Having these factors in mind, the trading results must be considered satisfactory.

Despite the very disturbed conditions caused by the disputes, Southern Television has maintained its momentum in programme production, and although the loss of working days necessitated many re-adjustments, the overall expenditure on productions did not fall. Further developments are planned for next year, with a substantial increase in programme budgets.

Although the Government's Bill on the future of broadcasting has yet to be published, official statements have been made to the effect that the Independent Broadcasting Authority will have the responsibility of running the fourth channel, and not an Open Broadcasting Authority as indicated by the previous government. Together with the rest of the television industry, we welcome this change of policy.

Meanwhile, the current year will see the implementation of the procedures for the awarding of Independent Television franchises for the next contract period. Southern Television has, over the years, been conscious of its responsibilities to the region it serves and is

# Chairman's Statement

confident that it has discharged them more than satisfactorily. In looking to the future, in spite of the general economic uncertainties, the company has made provisions to increase and improve its facilities in order to service the planned developments in its regional programming and contributions to the Independent Television network.

## Dividends

Your Directors recommend the payment of a final dividend of 6 pence per Ordinary share for the year ended 31st October 1979. After taking into account the interim dividend of 4.8 pence per Ordinary share, the total distribution in respect of 1979 will be 10.8 pence per Ordinary share. This represents an increase of 20% over the dividend of the previous year and is in line with our stated intention at the time of the Rights Issue in January 1979.

For the future we welcome the freedom we now have to develop our dividend policy in the light of all the relevant facts. We hope to be able to maintain a rising level of profits and also of dividend distribution but we have to take account of the need to maintain an adequate level of dividend cover, particularly in times of high inflation, in order to maintain the viability of our various activities.

## Board of Directors

I am pleased to say that Sir Robert Bollinger, who reaches the age of 70 shortly before the Annual General Meeting, has agreed to seek re-election to the Board at the meeting. Sir Robert joined the Board as a non-executive Director in 1971 and has served as a member of the Chairman's Advisory Committee since 1977.

He has made a valuable contribution to the Company, both as a member of the Board and the Advisory Committee, and I am glad that we may continue to benefit from his knowledge of our affairs and business experience.

Two additional non-executive Directors joined the Board on 1st November 1979 and their re-election will be proposed at the meeting:

John Duckworth has had a distinguished career in science, engineering and industry. Among his more recent appointments has been that of Managing Director of the National Research Development Corporation between 1959 and 1970. At a time of rapidly developing technology in industry, we welcome Mr. Duckworth as a man particularly experienced in the application of science and technology to industry.

Patrick Meaney has had a successful career in industrial management, involving all the problems relative to the control of widely diverse activities. Although the nature of our management structure and organisation is very similar to that of which Mr. Meaney has particular experience, there is no area where we are in direct conflict with the company (Thomas Tilling) of which he is Chief Executive and I welcome the knowledge and experience he can bring to bear on our affairs.

I am confident that these two new Directors will make an important addition to the breadth of experience and knowledge which is available to us through the non-executive members of the Board.

Directors' fees were last considered by shareholders in April 1971. The level then agreed and effective from 1st November 1971 was £3,750. The fees have remained unchanged since that time.

A proposal will be made to the Annual General Meeting that Directors' fees be increased to £5,000 per annum, effective 1st March 1980, which represents an average increase of under 4% per annum. This is obviously far less than the movement in the cost of living over this period or the level of increases awarded to employees but is in line with the general levels of Directors' fees in the United Kingdom. It is felt that any further increase must await a more favourable economic climate.

## Finance

Our reported earnings for the year were affected by compliance with the new Accounting Standards SSAP12 (Depreciation) and SSAP15 (Deferred Taxation) and it was also

## Chairman's Statement

necessary to restate last year's figures to allow valid comparisons. The backlog depreciation charge of £7 million was more than offset by the release of deferred tax provisions of £13 million. The net effect of these two adjustments has been dealt with through reserves. For the year under review, the additional depreciation charge was approximately £1 million, while the reduction in the tax provisions in accordance with the new standard reduced the tax charge by approximately £10 million.

During March, we received a net £62.4 million from the Rights Issue. £20 million was used to repay borrowings arising from the purchase of Leisure Caravan Parks Limited and we were also able to take advantage of the relaxation in Exchange Controls to repay a number of substantial foreign currency borrowings (including 45 million Swiss Francs and 20 million Deutschmarks, together equivalent to £17 million) not substantially matched by assets in those currencies. The unutilised proceeds of the Rights Issue were invested in the money market and the interest earned helped to offset the heavier borrowing costs incurred by the higher prevailing interest rates.

The increase in minority interests in the Balance Sheet, from £13.1 million to £44.1 million primarily reflects the refinancing of Rank City Wall Canada by the issue of U.S. \$61.5 million Redeemable Preference Shares.

The benefits of the Rights Issue, together with the issue of the Canadian preference shares and the cash and profits generated within the Group, resulted in a further decrease in the gearing ratio, despite the cost of the Australian acquisitions and their associated borrowings. The gearing ratio now stands at 36%, compared with 63% at the end of 1978. Although no significant reduction in interest charges has been achieved in the year, we estimate that without the Rights Issue the net interest charge would have increased by £5 million.

Once again we have recalculated the results using recommended current cost accounting conventions and we estimate that the current cost operating profit would be £25.8 million compared with the trading profit of £43.8 million reported in the conventional historic cost accounts. Applying the same conventions, the

share of associated company profits is reduced to £85.7 million and the Group current cost profit before tax becomes £97.6 million, compared with the reported pre tax profit of £131.2 million.

### Personnel and Management

The removal of government controls and the reduction in direct taxation have enabled us to start the process of removing the many anomalies which have arisen in our pay structure during recent years. Our objective now must be to create conditions where higher productivity can be achieved and thus enable us to pay proper rewards for personal endeavour, skill and responsibility and at the same time achieve a level of profitability sufficient to ensure the modernisation and expansion of our activities.

In this context we attach great importance to the development of employee communication procedures which have now been established in all our United Kingdom subsidiary companies. We have also introduced a new corporate management development programme. This enables us to ensure that those we employ can develop their careers within the Company and we, on our part, are able as far as possible to fill the various vacancies and opportunities for promotion in middle and senior management from within the Organisation.

Once again we have completed a year with an excellent safety record. Six of our subsidiary companies have received National Awards for their safety practice throughout the year and it is to the credit of all our employees that such a high standard continues to be maintained.

It has become in recent years increasingly noticeable that young people leaving schools and universities have little understanding of industry or the career opportunities which are available. We are providing support to a number of organisations whose objectives are to improve the supply of information for school leavers and graduates and to develop a real understanding between management and those concerned with education.

Our employees at all levels have responded well to the challenges which have faced us. I should like to take this opportunity of recording the Board's appreciation of their loyal support.



# Chairman's Statement

## Economic Outlook

The Government has already made important policy changes in the management of the economy through reduction in direct taxation and the intention to limit government spending to a level which can be afforded. These measures, together with a number of steps designed to create an environment in which industry and commerce can grow and contribute more effectively to the wealth of the nation, are welcomed. I believe these changes were necessary and will lead to a more stable and prosperous society. In the short term we will all face difficulties affecting the level of industrial activity and employment, and there will remain a gap between the level of social services which many would like to see and those which we can afford. These short-term problems will, unfortunately, be increased by the effects of a general recession in world trade, which now seems evident, coupled with the serious consequences of the sharply rising cost of oil.

I believe that, in the longer term, industry will respond to the challenge now presented by the changes in government policy but it will take time for the real benefits to become apparent in terms of the levels of employment and general living standards. It is therefore, in my view, essential that the Government's new strategy is given adequate time to work rather than that we revert too hastily to remedies which have been tried before and lead inevitably to costly and ineffective bureaucratic controls.

## Prospects

Since 1975 the Group trading profit has increased from £16.2 million to £43.8 million, an average improvement of some 28% per annum. In spite of this strong performance, the profit earned as a percentage of net operating assets is still far too low at 9.3% overall. The figure becomes 10.7% after excluding our investment property interests where different investment criteria apply.

These average ratios are seriously affected by two large sectors of the Group at present earning a nil return: Rank Toshiba/Rank Radio International and Rank Industries Australia. During the next five years we expect to achieve significant improvements in these two areas of activity as well as benefiting from a continued drive to improve profitability levels throughout the Group. This will, I believe, enable us to maintain a strongly rising trend in Group profits and also a

marked improvement in the percentage of profits earned to net operating assets employed.

Turning now to the prospects for the current year, many uncertainties exist regarding the general world economic and political scene which make it unusually difficult to predict the performance of the Group. All I can now say is that, on the basis of information we have and forecasts which have been made by our operating companies, we expect a further improvement in their profits this year. This, coupled with the outlook in the report of the Rank Xerox companies, indicates a satisfactory performance for 1980.

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 – £113,986,000 (1978 – £105,756,000)

Trading profit – £9,192,000 (1978 – £10,093,000)

**Film Exhibition – United Kingdom**

Theatre Director – Mr. G. Pinches

The circuit had a difficult trading year with cinema admissions considerably down on 1978, though the trend remains favourable compared with 1977. Product was generally not as strong as in 1978 and the increase in VAT to 15% was an additional difficulty. Towards the end of the year, with stronger product ('Moonraker' and 'Alien'), the circuit traded satisfactorily.

Live show activity remained buoyant throughout the year and admissions were substantially ahead of last year's.

Five unprofitable sites were closed (with the loss of seven screens) and six new auditoria were added at Westbourne Grove Odeon, Roding Odeon, Southampton Odeon, Manchester Odeon and Kensington Odeon. At the year end the Division was operating 271 screens on 139 sites.

**Film Exhibition and Distribution – Holland**

Rank Tuschinski Beheer

Managing Director – Mr. R. Gorschanowitz

The harsh winter and lack of good product combined to produce disappointing results in Holland.

During the year, Rank Tuschinski's operations have been extended by the addition of two screens, in Rotterdam and The Hague. The company currently controls 42 screens on 23 sites.

**Film Exhibition and Distribution – Portugal**

Sociedade Anglo-Portuguesa de Cinemas

Administrator – Mr. F. Duarte

Although there was little evidence of improvement in the Portuguese economy, admissions increased and cost inflation was offset by pricing action so that profits from exhibition were ahead of last year. Results from film distribution also improved.

**Film Exhibition – Eire**

Odeon (Ireland)

Managing Director – Mr. J. Walls

Total admissions declined compared with 1978, due mainly to a shortage of suitable films during the first eight months of trading. Disruption of public transport, restricted supplies of petrol and the effects on tourism of the prolonged industrial dispute in the Irish Post Office, also had an adverse effect.

The Savoy, our principal cinema in Dublin, underwent further reconstruction, one of its theatres being divided into three smaller auditoria. Since re-opening in July 1979, trading in the new Savoy five screen complex, aided by more attractive films, has shown a marked improvement.

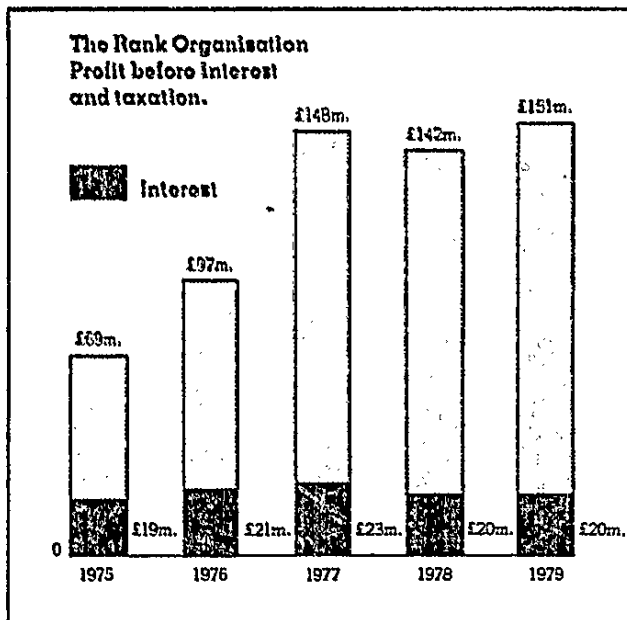
**Top Rank Clubs**

Operations Controller – Mr. L. R. Clarke

Trading was at a record level and the Division improved its profit performance yet again.

For most of the year, the Division operated 70 units. No new clubs were opened but the Wandsworth Top Rank Club was closed towards the end of the year.

The programme of modernising and improving Club facilities was continued in 1979 and many units now include cabaret in their programmes.



# Review of Operations

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

Profits from all activities showed a significant improvement over last year.

Private functions have played an important part in the Division's profit results, and further growth of the function business is expected. Cabaret bars in Blackpool and Brighton have also traded successfully while the Southampton Ice Rink has had an excellent trading year, with record profits.

## Catering Director and Operations Controller - Miss S. King

Profit for the year was more than double that of 1978. An important contributory factor was the new interim rent agreement negotiated by the Motorway Service Areas Operators' Committee with the Ministry of Transport. This agreement excludes sales of fuel from the turnover figures on which participating rent is charged, with consequential benefit to our customers in lower fuel prices. The agreement runs until March 1980, when it is hoped that permanent amendments to the company's leases will be negotiated.

During the year, major refurbishment schemes were undertaken at Farthing Corner and Forton Motorports. This is the second stage of the five year plan to modernise all Rank Leisure Services' Motorports.

Further progress has been made towards expanding the Division's operating base through the establishment of fast-food outlets. Since the year end 14 Wimpy Bars have been acquired and are trading profitably.

## Pinewood Studios - Operation of film studios. Chairman - Mr. T. E. Chilton Managing Director - Mr. C. R. Howard Turnover - £4,469,000 (1978 - £3,746,000) Trading profit - £401,000 (1978 - £385,000)

The year started off slowly for the Studios but then recovered well so that overall profits were higher than in 1978.

Altogether thirteen films were in production at Pinewood, including "Superman II". The Studios also provided post-production services for many other films.

Plans for the "Pinewood Tours" project, which were withdrawn following the District Council's request for further details, have been re-submitted.

## 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) - £5,701,000 (1978 -  
£3,746,000)  
Trading loss (British Isles) - £1,635,000 (1978 -  
Profit £212,000)

Rank Film Distributors. Profit for the year was lower than in 1978, when the company had the benefit of the very successful "Star Wars". However, income from overseas has increased substantially and significant sales were achieved at the Cannes film festival.

During 1980 the company will be releasing "The Empire Strikes Back" which is the sequel to "Star Wars" and there are several other factors which should have a favourable effect on the company's future business, including an expected increase in revenue from television rights. Overseas sales, particularly to the United States, are forecast to grow. Rank Film Distributors entered the video cassette and video disc markets and important contracts have been secured. The company is confident that these markets will form a significant source of revenue worldwide.

Rank Film Productions. Following its success in the United Kingdom the company's production, "The Thirty-Nine Steps", has been well received overseas wherever it has played. Despite the favourable notices received by our three subsequent productions, "The Riddle of the Sands", "The Lady Vanishes" and "Eagle's Wing", similar box office success has not been achieved in the United Kingdom and the films have not yet been played in major overseas markets. As a result of this, provisions totalling £2.3 million were deemed necessary against our closing stock of films and the adverse impact of these is reflected in the loss for the year of £1.6 million.

Two productions were undertaken during 1979, "Bad Timing" and "Silver Dream Racer". Both films are due for release in 1980.

# Review of Operations

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

Chairman – Mr. T. E. Chilton

Managing Director – Mr. D. R. Thomas

The increase in cinema attendances in 1978 and the considerable publicity given to the medium by such films as "Star Wars" and "Close Encounters of the Third Kind" created a favourable climate for cinema advertising in 1979. The ITV strike also produced additional business as advertisers switched spending to other media including screen advertising. In consequence, trading profits of this subsidiary showed satisfactory gains over the previous year.

The Rank Cinema Advertising Awards were held on 5th November 1979. The Grand Prix was won by the "Garrison" commercial for Benson & Hedges Silk Cut cigarettes.

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

Chairman – Mr. T. E. Chilton

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

The company's two marinas on the River Hamble were fully occupied. Despite the addition of a further 121 berths during the previous winter, there are long waiting lists of prospective berth holders. It is hoped that some further expansion of the facilities will be permitted by the responsible authorities.

**Rank Hotels** – Operation of hotels in the United Kingdom and Europe.

Chairman – Mr. T. E. Chilton

Managing Director – Mr. S. A. May

Turnover – £38,318,000 (1978 – £34,849,000)

Trading profit – £3,506,000 (1978 – £2,797,000)

The London hotels again provided the major contribution to the company's improved profit figures although occupancies in these hotels were slightly lower than in 1978, especially during July and August. The downturn in holiday visitors during these months is attributed to the relatively high cost of staying in London compared with other tourist destinations.

Our overseas hotels have shown a marked improvement in trading and the Royal Windsor Hotel in Brussels has substantially reduced, though not entirely eliminated, its trading loss.

The turnover of the out-of-London hotels showed a reduction on the previous year as a result of the disposal of the Wiltshire Hotel,

Swindon during the year. Profits for these hotels improved, however, as a result of excellent trading at the Unicorn Hotel, Bristol. The 51 bedroom extension and additional banqueting facilities at the Great Danes Hotel, Maidstone are due for completion in the Spring.

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

Chairman – Mr. J. B. Smith

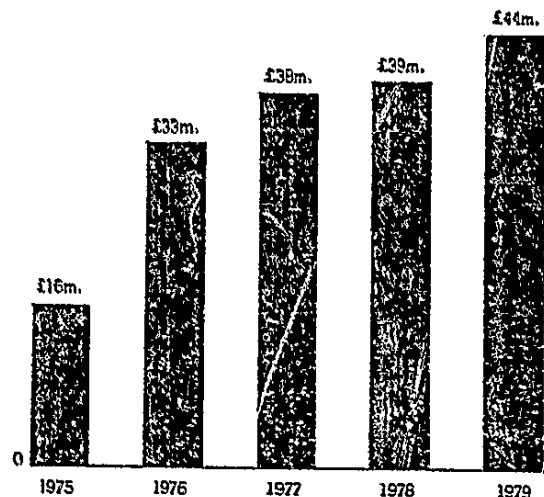
Managing Director – Mr. D. N. James

Turnover – £55,832,000 (1978 – £61,730,000)

Trading profit – £2,556,000 (1978 – £2,119,000)

1979 marked a major change in Rank Audio Visual with the relinquishment of distributorships in Hi-Fi Electronics (Akai and Rotel) during the first half of the year and of the major photographic distributorships (Nikon and Pentax) at the end of the year. This necessitated a review of the company's organisation which resulted in the decision to decentralise accounting, administration and personnel to the operating units and create self-sufficient operations on the manufacturing sites for Hi-Fi United Kingdom (Wharfedale, Bradford) and Rank Strand (Kirkcaldy). In addition the Hi-Fi Overseas operations were rationalised on the cessation of the Danish hi-fi operation.

The Rank Organisation  
Trading Profit.



## Review of Operations

Despite the re-organisation problems, trading profits exceeded those of 1978, with particular improvement in the second half of the year.

The termination of our factored businesses in hi-fi electronics and photographic equipment has produced a greater dependence on the company's own manufactured products, exports of which have increased.

### Hi-Fi United Kingdom

Director and General Manager - Mr. J. M. Holt

The Wharfedale loudspeaker brand had an encouraging year with the E series speakers setting a European trend in quality and efficiency. It is expected that this Series will enable market penetration to be improved not only within Europe but also in the United States and Japan. Investment in new products continues to maintain Wharfedale leadership in the loudspeaker market.

### Hi-Fi Germany - Heco

Managing Director - Mr. K. Balke

Heco speakers, manufactured in Schmittlen, near Frankfurt, continue to improve their market share and high quality image within Germany. However, until sales can be expanded significantly and margins improved, the results will continue to be unsatisfactory.

### Photographic and Film Services

General Manager - Mr. R. H. Sharp

1979 proved to be a very successful year for Nikon and Pentax despite the agreement to terminate these distributorships on 31st October 1979. The company continues to distribute Sanyo, Singer and Rank Aldis photographic products.

Rank Aldis has had an encouraging year in training films and equipment, obtaining its first order from the People's Republic of China and winning the premier world award at the United States Industrial Film Festival in Chicago with "How to Close the Sale", after winning a similar award in the United Kingdom.

Rank Film Library launched a number of films with sub-titles for the deaf and hard of hearing which have been enthusiastically received and it is intended to extend the range of such films.

### TV, Theatre and Auditorium Equipment

Director and General Manager - Mr. G. Templeton

Rank Strand had another difficult year with the transport and engineering strikes having an adverse effect on profits and on the company's ability to supply to export markets.

The Division's manufacturing facilities were rationalised by the transfer of electronic control systems to Kirkcaldy from Brentford. In addition the labour force at Brentford and Kirkcaldy was reduced by 25% as a result of improvements in manufacturing and processing techniques.

Rank Film Equipment operated successfully and, strengthened by the acquisition of Tele-Stage Associates and Mole Richardson (Stage and Studio Engineering), the company is now able to offer a total equipment and service package to the television, theatre and film exhibition industries. Major contracts have been obtained for the equipping of television studios in Belgrade and Iraq and a major theatre complex in Ljubljana.

### Rank Precision Industries

Chairman - Mr. J. B. Smith

Managing Director - Mr. C. Crook

Turnover - £40,355,000 (1978 - £40,801,000)

Trading profit - £4,154,000 (1978 - £5,561,000)

Overall profits of Rank Precision Industries declined in 1979. Two factors in particular were responsible: the national engineering strike, which caused production losses at two of the company's plants, and a contraction in demand for the night vision equipment supplied by Rank Pullin Controls, Debden.

It had been apparent for some time that, in view of competitive pressures, particularly from the Far East, certain optical businesses could not be made viable. It was therefore decided to rationalise these businesses: in September it was announced that the factory at Leeds would be run down and that Rank Precision Industries would withdraw from the television lens business.

A new trading subsidiary has been formed in Japan principally to distribute the Rank Taylor Hobson range of metrology products.

Rank Cintel - Manufacture and marketing of broadcast television equipment, paper moisture measurement equipment, process control equipment, medical equipment and specialised cathode ray tubes.

Director and General Manager - Mr. J. Etheridge

A record number of Rank Cintel's broadcast telecine systems was sold during the year. Several significant microprocessor-based advances were introduced including "Topsy", a sophisticated remote control system. "Digiscan", a digital system which facilitates the use of the company's flying spot telecine in the United States, was also introduced.

# Review of Operations

Rank Electronic Tubes consolidated its position in the market for special cathode ray tubes for industrial and avionic applications. The Division won a significant order for tubes for American military aircraft against stiff United States competition.

**Rank Hilger** – Manufacture and marketing of analytical instrumentation and scintillation crystals.  
Director and General Manager – Mr. W. Ramsden

The downturn in the world metal processing industry affected the demand for the Division's emission spectroscopy equipment. Nevertheless, sales and profits came close to previous expectations.

The "Chemispek" automatic analyser was introduced to the clinical chemistry market during the year. Early results are encouraging.

**Rank Pullin Controls** – Manufacture and marketing of optical and electronic equipment including night vision equipment, sonar, industrial and metal detection equipment.

Directors and General Managers –  
Mr. W. J. Griffiths and Mr. L. H. Weall

**Brentford.** Sales and profits during 1979 and the opening order book for 1980 were all at record levels.

The first substantial deliveries of the Division's hard-copy recorder, used in military applications, were made during the year. The Division's activities in this market have been consolidated by a continuing development programme.

A substantial order for motorway signalling control equipment was received from the Ministry of Transport.

**Debden.** Demand for night and day/night viewing equipment was weak and expected levels of sales and profit were accordingly not achieved. New products and systems are being introduced in an endeavour to widen this Division's customer base.

As part of the more general reorganisation of the optical businesses, military optics will in future be concentrated at Debden.

**Rank Taylor Hobson** – Manufacture and marketing of precision measurement equipment and infra-red and optical lenses.

Director and General Manager – Mr. M. James

Demand for metrology products has far outstripped the current production capacity. A new factory is under construction and will be brought on stream during 1980. The difficulties

which followed the introduction of the "Talysurf 5" product range have been overcome and the outlook for 1980 is very good.

The Division has extended its range of three-dimensional co-ordinate measuring machines by obtaining the right to distribute the products made by an American company, Pneumo Precision Inc.

A "teaching company" has been formed in conjunction with Leicester University. Its principal activities are in advanced robotics.

**Rank Optics** – Fibre optics, machine tools and optical lenses.

Director and General Manager – Mr. M. James

Following the decision to phase out operations at the Leeds factory, efforts are being directed to its orderly closure. Generous redundancy terms have been agreed and, wherever possible, alternative employment has been offered within the Organisation.

The company's efforts are now directed to ensuring that the remaining optical businesses, at Leicester and Debden, trade profitably.

**Rank Film Laboratories** – Processing for the motion picture and TV industries with complete film and videotape facilities.

Chairman – Mr. J. B. Smith

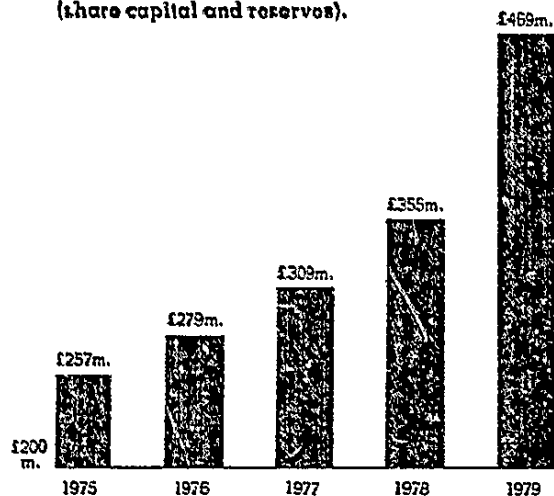
Managing Director – Mr. J. Daly

Turnover – £21,228,000 (1978 – £18,213,000)

Trading profit – £2,338,000 (1978 – £1,682,000)

Overall profit for the year is a record, approximately 39% higher than in 1978.

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



## Review of Operations

**Film Laboratory.** Footage of film processed increased to over 313 million feet. Film processing profits show a rise of 33% over the previous year despite the strike in Independent Television which caused losses from the two News Laboratories during the last three months of the year.

This record performance was, however, achieved while conditions in the industry were relatively buoyant and competition was less severe, since the company's principal competitor has been engaged in re-equipping. There are indications that American film investment may fall in 1980. That market accounts for 60% of the Laboratories' release printing.

Although the company may expect more competitive conditions in the current year, it is operating efficiently and is well placed to hold its leading position in this market.

**Video Centro (and Post Productions).** After a promising start, results were disappointing. Trading in the last three months of the year was adversely affected by the Independent Television strike.

At the year end, agreement was reached with staff to introduce more flexible operating procedures and to reduce manning levels. This, coupled with new cassette duplication plant, lays the foundation for a profitable business in 1980. Improvements can be expected in the long term with the increasing demand for video cassettes and the introduction of the fourth television channel.

**Rank Radio International - Marketing television sets and audio equipment.**

Chairman - Mr. J. B. Smith

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

Turnover - £57,411,000 (1978 - £58,074,000)

Trading profit - £798,000 (1978 - Loss £932,000)

Rank Radio International's first year of operation as solely a marketing company proved encouraging.

In the United Kingdom, the market for all the company's products remained highly competitive. Colour television sales dropped back somewhat from the previous year with lower sales to major customers and a lack of competitively priced small screen colour television sets. The delivery problems caused by the transport strike in early 1979 also contributed to this problem. However, a substantial gain in market share was achieved

with small screen monochrome sets. The company's music centre business was on budget in sales terms but margins were unsatisfactorily low.

A major change in pricing policy has been instituted on the Murphy products. This has made them much more competitive and better sales are expected in the current year.

Rank Radio International distributed 150 Viewdata sets during the year as part of a controlled experiment by the Post Office. Although the market for a consumer product offering this facility is still limited at this time, there are some immediate possibilities for business use. A contract was concluded with Toshiba for the supply of a video cassette recorder under the Bush name and distribution started on 1st November 1979.

Overall, with its strong brand names and considerable marketing and sales expertise, Rank Radio International should achieve a further improvement in 1980 and increasing profits in the future.

Although the company's export activities continued to be disappointing, satisfactory progress was made by the three associated companies Bush Ireland, Bush India, and Murphy India. The Irish company not only became profitable but provided substantial business for Rank Radio International through the purchase of components and finished products and royalties for the trade mark. Both Indian companies made significantly higher profits.

**Rank Toshiba - Manufacture of television sets and audio equipment.** The company is 70% owned by The Rank Organisation and 30% by Toshiba.

Chairman - Mr. K. Hiyama

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

Turnover - £43,896,000 (of which £43,510,000 was inter-group sales to Rank Radio International)

Trading loss - £1,089,000.

Rank Toshiba's first year of operation produced lower sales than expected owing to a reduced requirement for colour television sets from Rank Radio International and to production problems at the end of the year. The overall trading situation reflected the highly competitive European colour television market. However Rank Radio International's monochrome television needs were well above expectation, providing excellent business for Rank Toshiba.

The company was involved in the major investment programme required to enable colour

# Review of Operations

television sets based on the Toshiba designed chassis to be in mass production by September 1979. This project has generally gone well, with the installation of plant on schedule, but component supply difficulties in the first two months of operation resulted in output being lower than planned. These difficulties have now been overcome.

1980 will certainly see higher production as the company will be supplying requirements for Toshiba marketing companies throughout Europe. Total production is planned to rise by about 50%. There will, however, be no government aid available in the current year, with the result that continued losses are likely in 1980. A first instalment of £1 million of aid was received in 1979.

The combined figures for Rank Toshiba and Rank Radio International show a substantial reduction in our losses compared with the figures for 1978, when Rank Radio International was engaged in both manufacturing and marketing.

**English Numbering Machines - Manufacture of counting devices, matrix printers and hand numbering machines.**

Chairman - Mr. J. B. Smith  
 Director and General Manager - Mr. M. P. Harrie.

A significantly improved profit was achieved in 1979 with a strong opening order book for 1980.

The company's new electro-sensitive printer was launched in trade journals and at exhibitions in Munich, Geneva and Birmingham. Initial response has been encouraging. Sales of hand numbering machines increased as distributors finally cleared excessive stocks.

The company's reorganisation into two divisions, one to manufacture and sell counters and numbering machines and the other to manufacture and market the electro-sensitive printer, is working well.

The company is settling in well in its new premises to which it moved in January 1980. This new plant should provide the environment necessary for a more efficient and developing operation.

**Butlin's - Operation of holiday centres and hotels; boat hire in the United Kingdom and France.**

Chairman - Mr. R. W. Evans  
 Managing Director - Mr. R. F. Butlin

Turnover - £77,084,000 (1978 - £55,969,000)  
 Trading profit - £14,386,000 (1978 - £8,684,000)

Butlin's trading profits have again improved. This improvement was achieved in spite of the restriction imposed by the Price Commission on the planned tariff increases for the Main Centres. Holiday bookings, at 1,500,000, were again a record for the company.

Despite the general economic uncertainties, the company looks forward to another successful year in 1980.

### Main Centres

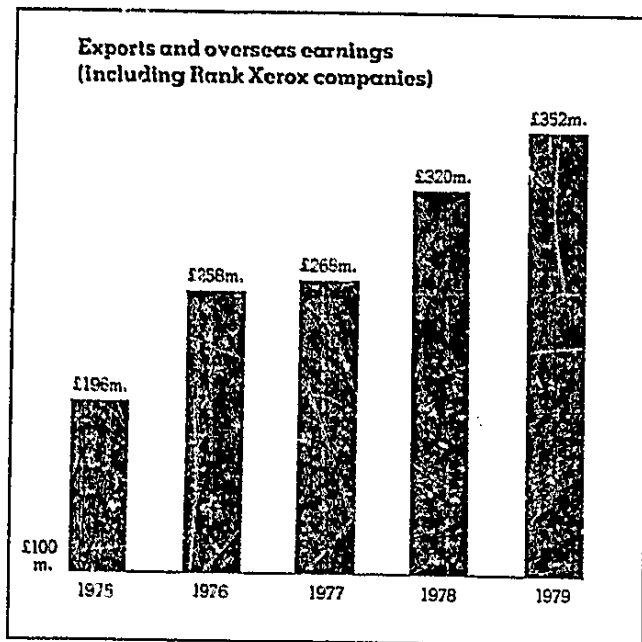
Divisional Director - Mr. F. H. Foulkes

The five-year programme to provide single sittings for meals at our Main Centres continued during the year and will be completed this winter with reconstruction work currently in progress at Ayr. There were further conversions to self-catering at Pwllheli and Skegness which, together with the continuing programme of upgrading facilities and equipment replacement, will have involved capital expenditure at the Main Centres during 1978/79 of approximately £5 million.

### Small Centres

Divisional Director - Mr. T. H. North

In the Small Centres Division, 1979 saw the purchase of the Grand Hotel at Scarborough, the





## Review of Operations

opening of a new self-catering site at Doniford in Somerset and further expansion of caravan and tent operations in France.

Since the end of the year, the motor cruiser fleet of Richardsons has been extended by the acquisition of Bushnells of Maidenhead, a major operator of motor cruisers on the River Thames. During 1980 the Division will also benefit from the opening of new caravan sites in France.

**Leisure Caravan Parks**  
Divisional Director - Mr. R. L. Webb

As a result of The Rank Organisation's acquisition in January 1979 of Leisure Caravan Parks Limited, Butlin's is now responsible for this company's operations, which include 14 seaside holiday caravan parks (one of which is in South Carolina, U.S.A.), two marinas, three caravan retailing depots and two residential caravan parks. The profits of £4 million since acquisition were in line with expectations.

**Rank City Wall - Property investment.**  
Chairman - Mr. R. W. Evans  
Turnover - £14,930,000 (1978 - £13,398,000)  
Profit - £8,295,000 (1978 - £7,567,000)

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

The main emphasis in the United Kingdom has remained on completion of the letting programme and dealing with rent reviews and reversions on existing leases. The rent roll increased by £1.1 million from rent reviews and new or reversionary lettings.

Sales totalling £4.2 million have been completed or agreed in respect of United Kingdom properties and FF11.2 million will be realised from disposal of part of the company's investment in France.

**Canada**  
Executive President - Mr. D. H. Montague

The company's major development at Sheppard Centre in Toronto, comprising commercial, residential and office areas, is virtually fully leased.

At 2 Bloor West, the building of the tunnel under Yonge Street should be finished by late Spring and all other works to link this development with adjoining properties will also be completed this year.

The office building in Calgary was the winner of the Premier Gold Star Award in the commercial class of that city's first urban design competition.

Rent reviews on the Canadian portfolio are now starting to take effect and will progressively improve the company's net income over the next few years.

**Eire**

Rent reviews for the investment properties owned and managed by Odeon (Ireland) were duly completed during the year with the result that rental income doubled as against 1978.

**Rank Industries Australia - Manufacture of television sets, whitegoods, housewares and furniture; marketing of audio equipment, microwave ovens, air conditioning units, security equipment and various Rank Organisation products in Australia.**

Chairman and Managing Director -  
Mr. K. S. Russett

Turnover - £70,931,000 (1978 - £55,137,000)  
Trading loss - £563,000 (1978 - Profit £823,000)

The difficult trading conditions reported in 1978 continued through 1979. Against this unfavourable background, the company has widened its product range to lessen its dependence upon the manufacture and distribution of television and on agency and factoring businesses while maintaining its leading position in the now static colour television industry. It has also progressed with the manufacture of refrigerators and freezers under the Rank-Arena brand.

The new factory which was built to manufacture refrigerators and freezers with the technical assistance of G. Bauknecht GmbH is now in production. The products have been favourably received by retailers and consumers. This project was, however, completed later than expected, due to delays in the arrival of capital equipment from overseas. These delays were costly and adversely affected marketing plans and results for the year.

In June 1979, the company relinquished the photographic and business equipment agencies previously conducted with Canon and other Japanese companies in those fields.

During March 1979, Rank Industries Australia concluded a major agreement with The General Electric Company of the United States under which it acquired a controlling equity in General Electric's appliance operations in Australia. The

# Review of Operations

two new companies formed for this purpose have entered into agreements with General Electric covering the use of trade marks and assuring long term technical assistance. Rank Industries Australia further extended its range of products retailed through similar distribution channels by the acquisition of a controlling interest in Kerby Furniture Pty. Limited.

The costs of rationalisation in relation to these new businesses have been substantial, resulting in a loss for the year. The acquisitions have however broadened the company's business base and performance improved in the last quarter. It is expected that trading performance will continue to improve in 1980, although the full benefit of these moves will not be realised for another year or two.

**Rank Industries America and Rank Industries Canada** - Manufacture and/or marketing of theatre and studio lighting and controls, precision measurement equipment, broadcast television equipment, metal detectors, optical equipment including night vision and cine lenses, hand numbering devices, hi-fi loudspeakers, specialised cathode-ray tubes, and custom made neon signs.  
 Chairman - Mr. J. B. Smith  
 President - Mr. B. A. Edney  
 Turnover - £17,348,000  
 Trading profit - £692,000

Turnover and trading profits improved significantly in 1978/79, the first full year of trading for Rank Industries America and Rank Industries Canada, with major contributions arising from theatre lighting/control and precision measurement activities in the United States.

**Strand Century.** The introduction of new products enabled Strand Century to maintain its marketing momentum together with continued expansion into television markets for both lighting and controls in the United States. During the year, a \$2 million project to equip two new television studios for the Christian Broadcasting Network organisation in Virginia Beach, Virginia was commissioned. In Canada, little market growth was seen in traditional product lines, but a range of professional sound equipment was introduced, with some early successes.

**Rank Precision Industries.** It was a very successful year for the total range of metrology products, with orders increasing throughout the year both for locally and United Kingdom manufactured

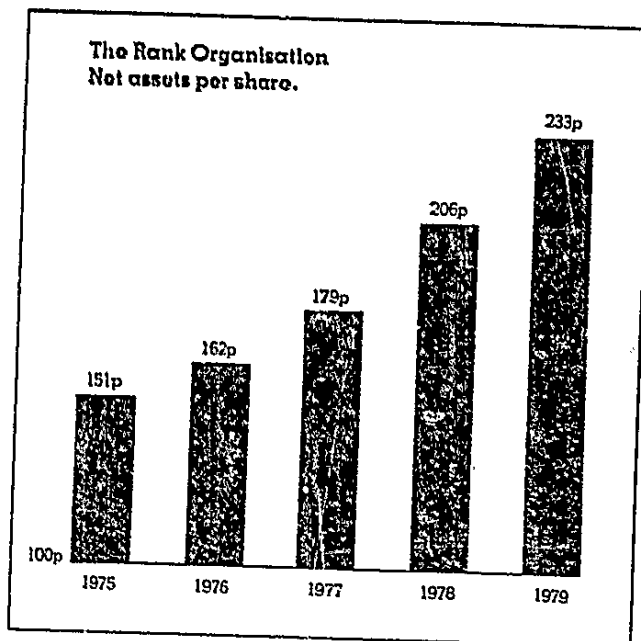
equipment. The product line was broadened further and penetration of the broadcast television market with the flying spot telecine progressed satisfactorily.

**Rank Scherr-Tumico.** The assets of Scherr-Tumico, Inc. were purchased in 1979 following a number of years of close collaboration between Scherr-Tumico and Rank Precision Industries. The latter continues to distribute the bulk of measuring devices manufactured by Rank Scherr-Tumico. Agreements have recently been made with several distributors to penetrate the industrial consumables and automotive markets. Scherr-Tumico won the Sears' Symbol of Excellence Award for 1978 based on consistent quality and delivery performance.

**Sign Companies.** It was a somewhat disappointing year for Neon Sales & Service and Steel Art Company, reflecting very competitive conditions.

The two businesses were reorganised under one management in the second half of 1979 to take more advantage of marketing opportunities throughout Canada and to exploit new products under development. The 25% minority interest in Steel Art Company owned by Mr. L. Hrivnak, the former President of the company, has been acquired by Rank Industries Canada.

The Rank Organisation  
Not assets per share.



## Review of Operations

**Rank Industries Asia** – Marketing of a wide range of Rank Organisation and other products in the Far East.

Chairman – Mr. J. B. Smith

Managing Director – Mr. P. W. Blaxtan

Turnover – £9,629,000 (1978 – £7,884,000)

Trading profit – £650,000 (1978 – £321,000)

The holding company for the O'Connors businesses in the Far East has now been re-named Rank Industries Asia. It currently operates through subsidiaries in Singapore, East and West Malaysia, Hong Kong and Brunei.

Considerable emphasis has been placed on achieving growth within the company. Technical Division has established a building services group to exploit a growing market for security and building automation. Rank Industries Asia also obtained an agency from NEC to handle their range of PABX and Key Phone Systems in Malaysia.

Whilst the outstanding order book is greater than last year, the company is experiencing increasing delays in the award of Government projects. In Singapore, the company has been highly dependent on consumer sales but the technical businesses are being expanded successfully.

### Overseas Associated Companies

**Australia – The Greater Union Organisation Pty. Limited**

The improving trend in cinema attendances to which reference was made in the last report continued during the year ended 30th June 1979. Our 50% share of the profits of the GUO Group for that year was A \$3.9 million compared with A \$2.5 million in the previous year.

The Chairman of the company, Sir Norman Rydge, retired at the end of 1979 and has been succeeded by Mr. Charles Curran. Under Sir Norman's leadership GUO, incorporated in 1931, has become established as the major film exhibition company in Australia with other important interests in the film industry.

**New Zealand – The Kerridge Odeon Corporation**

We have a 50% interest in this company and its associated companies. The results have again improved and our share of the Group's profits for the year ended 31st March 1979 was NZ \$2.4 million compared with NZ \$1.8 million in the previous year.

We are sorry to record the death, on 26th April 1979, of Sir Robert Kerridge who founded the company which, consequent upon Rank acquiring its interest in 1946, became The Kerridge Odeon Corporation.

Kerridge Odeon's pre-eminent position in New Zealand's cinema and leisure industries is largely due to Sir Robert's firm and able direction of the company's affairs as Chairman and Managing Director until his retirement in 1977 when he was succeeded as Chairman by Mr. Owen Foster.

### Malaysia and Singapore

At the year end we held a 24.2% interest in Cathay Organisation (Malaya) Sdn. Berhad, Cathay Organisation Private Limited and Cathay Films Distribution Company Limited. Our share of the profits of these companies for the year ended 31st December 1978 was M \$1.9 million as against M \$2.2 million in the previous year.

We had been considering for some time the disposal of our investment in Cathay Organisation (Malaya) as its value to us was likely to diminish and there was growing pressure for Malaysian participation in the company. Following discussions with the other principal shareholders, an agreement was reached to sell our shareholding to a Malaysian purchaser. The sale was completed in December 1979 for a consideration of M \$9,318,000. Our investment in the other Cathay associated companies is unchanged.

# Directors' Report

## 1 Principal Activities

The principal activities of the Group are shown on page 5. The only significant changes in these during the year were the addition of the caravan parks owned by Leisure Caravan Parks Limited, in January 1979, and the whitegoods and housewares businesses of Australian General Electric Appliances Pty. Limited, in March 1979.

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

## 2 Accounts and Dividends

The Directors present the Balance Sheets at 31st October 1979 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 4.8p per share was paid on the Ordinary shares on 2nd November 1979. The Directors recommend payment of a Final Dividend of 6p per share, payable on 14th April 1980. Any shares issued as a result of the acquisition of R. E. Ingham & Company Limited referred to in paragraph 8 of this Report will not qualify for the Final Dividend.

The amount which it is proposed should be carried to reserves is detailed in Note 15 to the Accounts on page 39.

## 3 Exports and Overseas Earnings

Value of goods exported by the Group in the year ended 31st October 1979.	£000 47,848
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Profits of overseas subsidiaries; film revenues and royalties earned overseas; and share of profits of overseas associated companies	6,990
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Exports and overseas earnings of the Rank Xerox companies	297,217
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## 4 Fixed Assets

Changes in fixed assets during the year are shown in Note 11 on pages 33 and 34. As indicated in the Chairman's Statement, a valuation of investment properties by the Directors of the respective subsidiary companies disclosed a surplus over the book values of about £23 million. The Directors are satisfied that the aggregate market value of other land and buildings does not differ significantly from the value at which they are included in the Balance Sheets.

## 5 Directors

The following were Directors of the Company throughout the year ended 31st October 1979: 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, Sir Denis Mountain, The Hon. Angus Ogilvy, Mr. Harry Smith, Mr. J. B. Smith and Sir Richard Trehane.

Mr. L. H. Bond was appointed a Director on 6th November 1978 and was re-elected at the Annual General Meeting on 13th March 1979.

The Lord Helsby, a Director of the Company, died on 5th December 1978.

Mr. J. C. Duckworth and Mr. P. M. Meaney were appointed Directors on 1st November 1979. They retire in accordance with the Articles of Association and, being eligible, offer themselves for re-election.

Mr. P. H. Courtney, The Hon. Angus Ogilvy, Mr. J. B. Smith and Sir Richard Trehane retire by rotation in accordance with the Articles of Association and, being eligible, offer themselves for re-election.

Sir Robert Bellinger, who is 70 on 10th March 1980, retires in accordance with the provisions of the Companies Act 1948. His proposed re-election will be the subject of a resolution of which special notice has been given.

Of the Directors proposed for re-election, only the executive Directors, Mr. P. H. Courtney and Mr. J. B. Smith, have service contracts with the Company. Both contracts are terminable by either party on not less than three years' notice.

## 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 1979		at 1st November 1978	
	Ord.	6½% Pref.	Ord.	6½% Pref.
Sir Robert Bellinger	50,000	—	50,000	—
T. E. Chilton	12,540	—	12,540	—
P. H. Courtney	1,500	—	—	—
R. F. H. Cowen	81,900	—	70,200	—
Russell W. Evans	9,706	—	8,320	—
Sir Reay Geddes	1,166	—	1,000	—
Sir Denis Mountain	315	1,000	270	1,000
The Hon. Angus Ogilvy	2,679	1,000	2,297	—
Harry Smith	6,160	—	5,280	—
J. B. Smith	240	—	206	—
Sir Richard Trehane	1,260	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.

As a Trustee of the J. Arthur Rank Group Charity and The Rank Prize Funds, Mr. Cowen has a further non-beneficial interest in 2,931,035 Ordinary shares acquired as a result of the exercise of rights renounced by Rank Group Holdings Limited. In another capacity, he has a further non-beneficial interest in 13,144 Ordinary shares (1978-16,344 shares) and £15,200 10¾% Unsecured Loan Stock 1997/2002.

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

Eagle Star Pension Fund - £35,000 8%

Unsecured Loan Stock 1988/93

Eagle Star Widows' Benefit Fund - £10,000 8%

Unsecured Loan Stock 1988/93 and 12,600 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 1978 or at 31st October 1979.

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 1979. Mr. P. M. Meaney, who was appointed a Director on 1st November 1979, is interested in 8 Ordinary shares and £76 10¾% Unsecured Loan Stock, 1997/2002.

## 7 Contracts with Directors

There were no contracts or arrangements subsisting during the year ended 31st October 1979, 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 Acquisitions

On 24th January 1979, the Company declared unconditional its cash offer for the whole of the issued share capital of Leisure Caravan Parks Limited, which became a wholly-owned subsidiary on 18th June 1979. The total consideration was £19.9 million of which £9.3 million was attributable to goodwill.

On 9th January, 1980, the Company made an agreed bid for the whole of the share capital of R. E. Ingham & Company Limited, a specialist manufacturer of loudspeakers and loudspeaker cabinets. Ingham's factories are in Yorkshire and its activities will complement those of Rank Hi-Fi's Wharfedale works at Bradford. This was a cash offer with a share alternative and, at 24th January 1980, acceptances had been received in respect of 96% of the Ingham's shares which will involve the issue of 610,000 Rank Organisation Ordinary shares and the payment of £624,000 in cash.

## 9 Rights Issue

28,765,382 additional Ordinary shares were issued on 14th March 1979, having been offered at 225p per share to existing Ordinary shareholders on the basis of one new Ordinary share for every six held.

The net proceeds of the issue amounted to £62.4 million.

## 10 Executive Share Schemes

Under the Executive Incentive Scheme constituted on 19th October 1970, Group employing companies were enabled to lend money to nominated executives so as to enable them to acquire shares in the Company at market values, the loans currently being interest free and ultimately repayable within ten years. Two amendments have been made, one in May 1975 so as to enable participants to repay (or the Trustees in some circumstances to require repayment of) loans eight rather than five years after the date of issue of the shares and the second in March 1977, with the approval of shareholders, when a stop-loss provision was introduced.

The amendments were made so as to alleviate potential losses to participants having regard to changes in market values. Share prices generally have declined during the past year and the economic outlook for this year remains uncertain. Repayment of the loans on their due dates might impose serious financial burdens on participants on the basis of current market values. Accordingly, the Directors are proposing a further alteration to the Scheme Rules so as to extend the ultimate repayments from ten years to thirteen years, which will apply to all participants. There are presently 24,395 shares in issue under the Scheme, which involves amounts owing by participants to the Trustees of some £83,300, of which 18,946 shares are held by Mr. T. E. Chilton and

# Directors' Report

Mr. R. W. Evans (the participants no longer able to exercise the stop-loss provision), both of whom are and have been Directors of the Company during the last financial year.

The alteration proposed for the extension of the period of ultimate repayment of the loans requires the consent of the shareholders in general meeting under the Rules of the Scheme before it is made and you will see that Resolution No. 6 in the Notice of Meeting on page 4 is to be proposed as special business.

No shares have been issued under the Scheme since April 1972 and it is not intended that further shares should be issued, but loans were made in accordance with the Scheme Rules at the time of the rights issue in March 1979 so as to enable certain participants to take up their entitlements.

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 person holding or beneficially interested at 15th January 1980 in more than 5% of the Ordinary share capital of the Company was Rank Group Holdings Limited which held 17,586,246 Ordinary shares at that date, 8.7% of the Ordinary shares. Rank Group Holdings' rights under the rights issue were renounced in favour of the J. Arthur Rank Group Charity and The Rank Prize Funds - see paragraph 6 of this Report.

## 12 Ordinary Shares

At 31st October 1979, the issued Ordinary shares of the Company were held by 48,595 holders (excluding holders of American Depository Receipts) as follows:

Shares held	Number of Shareholders
1-100	20,349
101-250	7,082
251-500	6,239
501-1,000	7,204
1,001-5,000	6,299
5,001-10,000	468
10,001-50,000	503
Over 50,000	451

The total number of Ordinary shareholdings, including American Depository Receipts, was 66,577 (1978 - 69,259).

## 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 Employees

The average number of employees within the Group in each of the 52 weeks to 31st October 1979 and the aggregate gross remuneration for the year were:

	Number	Aggregate Gross Remuneration £000
Employees within the United Kingdom including 6,637 part-time employees	30,533	98,610
Employees outside the United Kingdom including 367 part-time employees	5,764	29,675
	<u>36,297</u>	<u>128,285</u>

## 15 Charitable and Political Contributions

During the year ended 31st October 1979, the Company and its subsidiaries made contributions for charitable purposes totalling £144,003. The Company contributed £50,000 to the Conservative and Unionist Party and £1,000 to the Centre for Policy Studies Limited. A contribution of £2,500 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.

## 16 Auditors

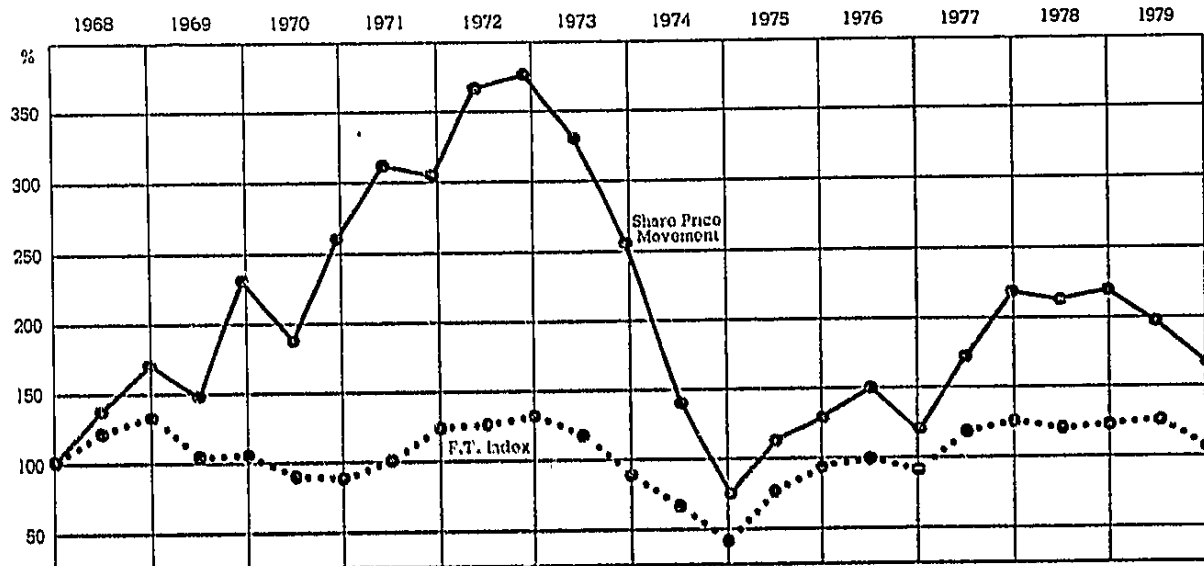
Messrs. Peat, Marwick, Mitchell & Co. have signified their willingness to continue in office as Auditors. A resolution for their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board  
B. C. Owers  
Secretary

24th January 1980

# The Rank Organisation

Percentage movement in price of Ordinary shares  
and Financial Times Industrial Ordinary Share Index  
31st December 1967 = 100  
(Share prices and Index at 30th June and 31st December)



## The Financial Calendar

The Interim Results for the 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 \$14.523 per Ordinary share.

### 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

## Accounts

Group Profit and Loss Account	26
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### 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 1979 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 1980

  
PEAT, MARWICK, MITCHELL & Co.,  
Chartered Accountants



# Group Profit & Loss Account

for the year ended 31st October 1979

	Note	1979 £000	1978* £000
Turnover		<u>537,832</u>	<u>485,096</u>
Trading profit	2	43,779	39,164
Associated companies	3		
Companies owned jointly with Xerox Corporation		101,889	97,899
Others		5,414	5,070
		<u>151,082</u>	<u>142,133</u>
Interest	4	19,893	20,203
Profit before taxation		<u>131,189</u>	<u>121,930</u>
Taxation	5	53,727	52,857
		<u>77,462</u>	<u>69,073</u>
Minority interests		3,476	2,540
Profit before extraordinary items		<u>73,986</u>	<u>66,533</u>
Extraordinary items	6	(323)	2,084
Profit attributable to The Rank Organisation Limited	7	<u>73,663</u>	<u>68,617</u>
Dividends	8	22,330	16,077
Profit retained	9	<u>51,333</u>	<u>52,540</u>
Earnings per Ordinary Share	10	<u>38.4p</u>	<u>38.2p</u>

\*The figures for 1978 have been restated (see note 1 (xi) on page 30).  
The notes to the accounts are on pages 29 to 42.

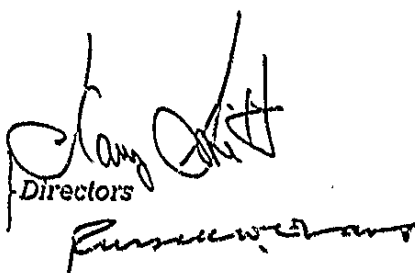
# Balance Sheets

at 31st October 1979

	Note	Group		Company	
		1979 £000	1978* £000	1979 £000	1978* £000
<b>Assets employed</b>					
Fixed assets	11				
Investment properties		139,426	136,626	—	—
Others		223,372	186,810	47,408	46,192
Interest in subsidiaries	13	—	—	323,005	262,607
Investments	14	224,903	188,183	4,202	1,202
Goodwill		50,774	41,144	4,031	4,271
Deferred revenue expenditure		1,044	1,101	29	46
Net current assets/(liabilities)	18	54,736	28,949	(11,430)	(14,982)
		<u>694,255</u>	<u>582,813</u>	<u>367,245</u>	<u>299,336</u>
<b>Financed by</b>					
Ordinary share capital	15	50,339	43,148	50,339	43,148
Reserves	15	418,179	311,615	212,436	144,327
Ordinary shareholders' funds		<u>468,518</u>	<u>354,763</u>	<u>262,775</u>	<u>187,475</u>
Preference share capital	15	12,598	12,598	12,598	12,598
Minority interests		44,103	13,146	—	—
Deferred taxation	17	5,217	7,294	1,511	560
Loan capital and borrowed money	16	163,819	195,012	90,361	98,703
		<u>694,255</u>	<u>582,813</u>	<u>367,245</u>	<u>299,336</u>

HARRY SMITH

RUSSELL W. EVANS

  
 Directors

\*The figures for 1978 have been restated (see note 1 (xi) on page 30).  
The notes to the accounts are on pages 29 to 42.

# Source and Application of Funds

for the year ended 31st October 1979

	1979 £ million	1978* £ million
<b>Source of funds</b>		
<b>Within the Group</b>		
Profit after taxation	74.0	66.5
Extraordinary items	(0.3)	2.0
Items credited to reserves	0.1	(5.5)
<b>Items included above not requiring (providing) funds</b>		
Profit retained in associated companies	(30.5)	(27.6)
Depreciation	12.9	10.4
Exchange adjustments	1.3	3.6
Deferred tax and other items	(4.7)	(1.4)
	52.8	48.0
<b>Net proceeds from the sale of:</b>		
Net assets and goodwill of subsidiaries	—	14.4
Properties and plant	6.7	17.8
	59.5	80.2
<b>Outside the Group</b>		
Borrowings other than bank overdrafts		
Amount repayable within 5 years	9.3	40.4
Amount not repayable within 5 years	2.7	7.9
Rights issue of Ordinary Shares	62.4	—
Issue of shares of subsidiaries to minorities	30.4	—
	104.8	48.3
<b>Total</b>	164.3	128.5
<b>Application of funds</b>		
Acquisition of net assets and goodwill of subsidiaries	27.5	1.6
Other investments	7.1	2.2
Additions to fixed assets		
Investment properties	2.5	2.0
Other fixed assets	28.4	36.4
Repayment of borrowings other than bank overdrafts	80.4	47.4
Dividends paid	16.1	14.4
	162.0	104.0
<b>Increase in working capital</b>	2.3	24.5
<b>Comprising</b>		
(Increase) in creditors and accrued expenses	(5.9)	(8.6)
(Increase) in acceptance credits and bank overdrafts less cash and short term deposits	(13.1)	39.0
Increase in stock and work in progress	12.2	(0.8)
Increase in debtors	9.1	(5.1)
	2.3	24.5

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.

\*Figures for 1978 have been restated see note 1 (xi) on page 30.

**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 1979, 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 1978
The Greater Union Organisation Pty. Limited	30th June 1979
Kerridge Odeon Corporation Limited	31st March 1979

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. Work in progress is stated net of progress payments receivable.

**(viii) Deferred revenue expenditure**

Deferred revenue expenditure comprises:

- (a) 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.
- (b) pre-opening expenses which are written off on a straight line basis over ten years.

# Notes to the Accounts

**(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) Since 28th June 1964 and until 31st October 1978 no depreciation had been provided on freehold buildings situated in the United Kingdom not qualifying for industrial buildings allowances for taxation purposes. With certain minor exceptions all other freehold buildings wherever situated had been depreciated on a straight line basis at 2% per annum. From 1st November 1978 depreciation is being provided on a straight line basis to write off the cost of all freehold buildings over their estimated useful lives which do not exceed 100 years. Depreciation in respect of the period prior to 1st November 1978 has been charged to reserves (see note 1 (xi) below).

(c) Leasehold properties are depreciated over the shorter of their estimated useful lives which do not exceed 100 years and the 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 mainly at rates between 5% and 25% per annum.

**(x) Deferred Taxation**

*The Company and its subsidiaries*

Until 31st October 1978 provision was made for deferred taxation regardless of whether the tax relief was expected to continue. To comply with the Statement of Standard Accounting Practice No. 15, from 1st November 1978 deferred taxation is only provided where required by local regulations, or where it cannot be demonstrated with reasonable probability that tax reliefs obtained will continue to benefit the Group for the foreseeable future. The comparative figures for the year ended 31st October 1978 have been adjusted to reflect the change in basis of accounting (see note 1 (xi) below).

No provision is made for taxation payable in the event of the profits of certain overseas subsidiary and associated companies being distributed and on capital gains which might arise from the sale of properties at the values at which they are stated in the Group Balance Sheet.

The amounts of deferred taxation provided and the relevant potential liability are set out in note 17 on page 41.

*Companies owned jointly with Xerox Corporation*

Full provision is made for deferred taxation. See "Statement by the Chairmen of the Rank Xerox Companies" on page 48.

**(xi) Comparative figures**

The 1978 comparative figures in the Group Profit and Loss Account and the Balance Sheets set out on pages 26 and 27 have been restated to give effect to the adjustments referred to in notes (ix) and (x) above. These changes have had the effect of reducing trading profit and profit before taxation by £1,101,000, taxation by £7,676,000, and of increasing minority interests by £75,000, extraordinary items by £390,000 and profit retained by £8,890,000. In the Balance Sheets, fixed assets have been reduced by £7,023,000 for the Group and £2,782,000 for the Company, deferred taxation has been reduced by £12,877,000 for the Group (which excludes £3,797,000 permanent stock relief credited in 1979) and £3,355,000 for the Company, reserves have been increased by £5,780,000 for the Group and £573,000 for the Company and minority interests have increased by £74,000. In addition the amount of loan capital and borrowed money repayable within one year or on demand has been included in current liabilities and the comparative figures have been restated accordingly.

<b>2 Trading profit</b>	1979	1978
	£000	£000
Trading profit is arrived at after crediting		
Surplus on purchase of debentures and loan stock	1,467	967
And after charging		
Depreciation	12,883	10,454
Auditors' remuneration (Company £111,000, 1978 £94,000)	891	725

# Notes to the Accounts

## 3 Associated companies

	Companies owned jointly with Xerox Corporation		Others	
	1979 £000	1978 £000	1979 £000	1978 £000
Share of profits less losses before taxation	101,889	97,899	5,414	5,070
Taxation (note 5)	(49,722)	(48,139)	(2,660)	(2,567)
Extraordinary items (note 6)	—	—	17	588
Dividends receivable by the Group	52,167 (22,919)	49,760 (22,953)	2,771 (1,229)	3,091 (1,258)
Profits less losses for the year retained by associated companies	29,248	26,807	1,542	1,833
Minority interest	(1,056)	(1,065)	—	—
Amounts retained attributable to shareholders of the company (note 9)	28,192	25,742	1,542	1,833

## 4 Interest

	1979 £000	1978 £000
Interest on bank loans and overdrafts	10,412	9,006
Interest on other loans fully repayable within 5 years	4,131	2,741
Interest on other loans not fully repayable within 5 years	8,701	9,329
Discount on acceptance credits	814	832
Interest receivable	(4,165)	(1,705)
	19,893	20,203

## 5 Taxation

	Company and its subsidiaries £000	1979 Associated companies		Total £000	Company and its subsidiaries £000	1978 Associated companies		Total £000
		Owned jointly with Xerox Corporation £000	Others £000			Owned jointly with Xerox Corporation £000	Others £000	
United Kingdom corporation tax								
Current tax	5,339	16,614	709	22,662	2,135	10,918	1,139	14,192
Deferred tax	(1,241)	(2,587)	(32)	(6,860)	2,630	(484)	(46)	2,100
Advance corporation tax	(1,075)	—	—	(1,075)	(3,453)	—	—	(3,453)
	23	14,027	677	14,727	1,312	10,434	1,093	12,839
Overseas								
Current tax	763	38,444	2,057	41,264	1,105	41,888	1,561	44,554
Deferred tax	559	(2,749)	(74)	(2,264)	(266)	(4,183)	(87)	(4,536)
	1,322	35,695	1,983	39,000	839	37,705	1,474	40,018
	1,345	49,722	2,660	53,727	2,151	48,139	2,567	52,857

United Kingdom corporation tax is provided at 52% and is stated after crediting double tax relief of £239,000 (1978 £170,000) in respect of income from subsidiaries and £738,000 (1978 £641,000) in respect of dividends from associated companies. The charge for taxation for the Company and its subsidiaries has been reduced in respect of accelerated capital allowances, stock appreciation relief and other timing differences aggregating £9,946,000 (1978 £7,676,000). The charge for taxation for 1979 has also been reduced by £3,797,000 for the Company and its subsidiaries and by £3,980,000 for associated companies owned jointly with Xerox Corporation in respect of permanent stock relief granted by the Finance (No. 2) Act 1979.

# Notes to the Accounts

## 6 Extraordinary items

	1979 £000	1978 £000
Release in 1979 of surplus provision against diminution in value of investment properties less net losses on disposal	4,240	1,503
Profits less losses on disposals of other properties	269	720
Losses on cessation of businesses	(3,310)	(2,324)
Losses less profits on disposal of investments in subsidiary, associated and other companies	(82)	3,123
Goodwill written off	(2,151)	(29)
Exchange losses less profits on repayment of overseas loans	(737)	(180)
	(1,771)	2,813
Taxation relating thereto	1,022	(1,454)
	(749)	1,359
Share of extraordinary items of associated companies	17	588
	(732)	1,947
Attributable to minorities	(409)	(137)
	(323)	2,084

## 7 Profit attributable to The Rank Organisation Limited

	1979 £000	1978 £000
Dealt with in the accounts of The Rank Organisation Limited	35,145	41,657
Retained in subsidiary companies	8,784	(615)
Retained in associated companies	29,734	27,575
	73,663	68,617

## 8 Dividends

	1979 £000	1978 £000
<i>Preference Shares</i>		
6½% Cumulative Preference	437	437
8% Second Cumulative Preference	146	146
	583	583
<i>Ordinary Shares</i>		
Interim of 4.8p per share, since paid (1978 interim of 4p per share)	9,665	6,904
Final of 6p per share, proposed (1978 final of 4.97743p per share)	12,082	8,590
	21,747	15,494
	22,330	16,077

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.

# Notes to the Accounts

## 9 Profit retained

	1979	1978
	£000	£000
The Rank Organisation Limited and subsidiaries	21,599	24,965
Associated companies		
Companies owned jointly with Xerox Corporation	28,192	25,742
Others	1,542	1,833
	51,333	52,540

## 10 Earnings per Ordinary Share

The calculation of earnings per Ordinary Share is based upon profit before extraordinary items of £73,986,000, from which is deducted Preference dividends totalling £583,000, giving earnings of £73,403,000 (1978 £65,950,000), and on the weighted average of Ordinary Shares in issue during the year of 191,227,000 (1978 172,592,000 shares). Earnings per share for the year ended 31st October 1978 have been restated to give effect to the change in bases of accounting referred to in note 1 (xi) on page 30.

## 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					
At Directors' valuation in	64,337	51,687	2,628	154	118,806
1971	6,016	5,008	—	—	11,024
1973	8,150	—	—	—	8,150
1975	3,956	—	—	—	3,956
	82,459	56,695	2,628	154	141,936
Accumulated depreciation (including provisions for losses)	1,855	516	132	7	2,510
Net book amount at 31st October 1979	80,604	56,179	2,496	147	139,426
<i>Movements during year:</i>					
Net book amount (before provision) at 31st October 1978*	69,502	55,697	18,273	154	143,626
Transfers to other fixed assets	20	—	(250)	—	(230)
Exchange adjustments	(789)	(539)	(130)	—	(1,458)
Additions at cost	1,333	1,091	76	—	2,500
Developments completed	12,465	14	(12,476)	(3)	—
Disposals at book amount	(217)	(8)	(2,997)	(4)	(3,226)
Provision for losses on disposal	(1,710)	—	—	—	(1,710)
Depreciation for year	—	(76)	—	—	(76)
Net book amount (before provision) at 31st October 1979	80,604	56,179	2,496	147	139,426
Provision against diminution in value Amount provided at 31st October 1978					7,000
Provision utilised or released					(7,000)
Net book amount at 31st October 1979					139,426



# 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				
At Directors' valuation in				
1975	130,927	54,583	131,091	316,601
1978	1,037	—	—	1,037
1979	1,275	—	—	1,275
	250	—	—	250
Accumulated depreciation	133,489	54,583	131,091	319,163
Net book amount at 31st October 1979	24,366	8,713	62,712	95,791
	109,123	45,870	68,379	223,372
<i>Movements during year:</i>				
Net book amount at 31st October 1978 as previously reported*	93,270	44,642	55,921	193,833
Depreciation for prior years arising on change in basis of accounting 1978	(1,101)	—	—	(1,101)
Before 1978	(5,922)	—	—	(5,922)
Net book amount at 31st October 1978 as restated	88,247	44,642	55,921	186,810
Transfers from investment property	250	—	—	230
Exchange adjustments	(1,671)	(153)	(20)	(2,253)
New subsidiaries	21,785	192	5,597	27,574
Additions at cost	6,618	3,432	18,374	28,424
Disposals at book amount	(2,215)	(914)	(1,355)	(4,484)
Provisions for losses on disposal	(15)	(113)	6	(122)
Depreciation for year	(1,876)	(1,216)	(9,715)	(12,807)
Net book amount at 31st October 1979	109,123	45,870	68,379	223,372
<b>Company</b>				
At cost				
Accumulated depreciation	26,675	16,394	34,995	78,064
Net book amount at 31st October 1979	7,000	4,263	19,393	30,656
	19,675	12,131	15,602	47,408
<i>Movements during year:</i>				
Net book amount at 31st October 1978 as previously reported*	22,580	11,913	14,481	48,974
Depreciation for prior years arising on change in basis of accounting 1978	(315)	—	—	(315)
Before 1978	(2,467)	—	—	(2,467)
Net book amount at 31st October 1978 as restated	19,798	11,913	14,481	46,192
Inter group transfers at book amount	—	—	(7)	(7)
Additions at cost	949	979	3,651	5,579
Disposals at book amount	(697)	(289)	(176)	(1,162)
Provision for losses on disposal	(15)	(113)	6	(122)
Depreciation for year	(360)	(359)	(2,353)	(3,072)
Net book amount at 31st October 1979	19,675	12,131	15,602	47,408

\*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 1979 includes for the Group £13,243,000 (1978 £11,595,000) and for the Company £5,320,000 (1978 £4,631,000) in respect of leases with less than 50 years to run. The net book amount of investment properties not depreciated at 31st October 1979 was, in respect of the Group £137,467,000 (1978 £141,360,000).

# Notes to the Accounts

## 12 Future capital expenditure

	Group		Company	
	1979	1978	1979	1978
	£000	£000	£000	£000
Commitments	6,468	7,131	428	310
Authorised by the Directors but not contracted	11,577	10,598	3,422	1,854
	18,045	17,729	3,850	2,164
United Kingdom	14,492	14,915		
Overseas	3,553	2,814		
	18,045	17,729		

## 13 Interest in subsidiaries

	1979	1978
	£000	£000
Shares in subsidiaries at or under cost	142,473	122,148
Amounts owing by subsidiaries including dividends receivable	254,847	217,503
Interest receivable	3,115	7,539
Less: Amounts owing to subsidiaries	400,435	347,190
Interest payable	76,421	83,542
	1,009	1,041
	323,005	262,607

Of the amounts owing by subsidiaries £74,500,000 (1978 £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 1979		Total
			Direct	Indirect	
<b>Leisure services and hotels</b>					
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 Hotels Limited	Hotels	Ordinary	100	—	100
Rank Film Productions Limited	Film production	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 and distribution	Ordinary	—	100	100
<b>Industrial and consumer products</b>					
English Numbering Machines Limited	Manufacture of counting and numbering devices	Ordinary	100	—	100
Rank Audio Visual Limited	Manufacture and factoring of audio, theatre lighting, professional film, electronic and educational equipment	Ordinary	100	—	100
Rank Film Laboratories Limited	Film processing and video	Ordinary	100	—	100
Rank Industries America Inc.	Manufacture and marketing of lighting and control equipment, marketing of stereo music speaker systems and scientific instruments.	Ordinary	—	100	100

# Notes to the Accounts

## Details of the principal subsidiary companies *continued*

	Nature of principal operations	Class of capital owned	Percentage of share capital owned at 31st October 1979		
			Direct	Indirect	Total
Rank Industries Asia Pte. Limited	Marketing of photographic, audio visual, electronic, lighting, and domestic equipment	Ordinary	—	100	100
Rank Industries Australia Pty. Limited	Manufacture and factoring of television, audio, optical electronic and domestic electrical equipment, and furniture	Ordinary	—	100	100
Rank Industries Canada Limited	Manufacture and marketing of illuminated signs, marketing of scientific instruments, lighting and control equipment	Ordinary	—	100	100
Rank Precision Industries Limited	Manufacture of optical, mechanical and electronic equipment	Ordinary	30	65	95
Rank Radio International Limited	Marketing of television and audio equipment	Ordinary	100	—	100
Rank Toshiba Limited	Manufacture of television and audio equipment	Ordinary	—	70	70
<b>Holiday centres</b>					
Butlin's Limited	Holiday centres	6% Cumulative Preference	100	—	100
Leisure Caravan Parks Limited	Caravan parks	Ordinary	100	—	100
		Ordinary	100	—	100
<b>Property</b>					
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
<b>Holding companies</b>					
A. Kershaw & Sons, Limited	Note (a)	8% 'A' Cumulative Preference	78	—	78
		12½% 'B' Non-Cumulative Preference	85	—	85
Rank Overseas Holdings Limited	Note (b)	Ordinary	82	—	82
Rank Precision Industries (Holdings) Limited	Note (c)	Ordinary	100	—	100
		5% Cumulative Preference	56	35	91
Rank RX Holdings Limited	Note (d)	Ordinary	60	33	93
		Ordinary	50	46	96

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

(b) 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.

(c) 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.

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

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

Odeon (Ireland) - Eire  
Rank Industries America - U.S.A.  
Rank Industries Asia - Singapore  
Rank Industries Australia - Australia

Rank Industries Canada - Canada  
Rank City Wall Canada - Canada  
Rank Tuschinski Beheer - Holland

# Notes to the Accounts

## 14 Investments

	1979	1978
Group	£000	£000
<b>Associated companies owned jointly with Xerox Corporation</b>		
Unlisted		
Shares at par	14,883	14,883
Shares at cost	4,145	689
Share of retained profits and reserves	173,461	144,213
	<hr/>	<hr/>
Subordinated unsecured loan notes	192,489	159,785
Promissory notes	1,200	1,200
	537	—
	<hr/>	<hr/>
	194,226	160,985
	<hr/>	<hr/>
<b>Other associated companies</b>		
Unlisted		
Shares at Directors' valuation	639	639
Shares at cost less amounts written off	3,435	3,637
Scrip issue at par	902	902
Share of retained profits and reserves	20,463	19,845
Advances	113	21
	<hr/>	<hr/>
	25,552	25,044
	<hr/>	<hr/>
Listed		
Shares at cost (Market value £117,000, 1978 £113,000)	48	51
	<hr/>	<hr/>
	25,600	25,095
	<hr/>	<hr/>
<b>Other investments</b>		
Listed shares at cost less amounts written off (Market value £3,259,000, 1978 £45,000)	3,047	49
Promissory note	2,030	2,054
	<hr/>	<hr/>
	5,077	2,103
	<hr/>	<hr/>
<b>Total</b>		
Unlisted	221,808	188,083
Listed	3,095	100
	<hr/>	<hr/>
	224,903	188,183
	<hr/>	<hr/>
<b>Company</b>		
<b>Other associated companies</b>		
Unlisted		
Shares at cost	266	266
Scrip issue at par	902	902
	<hr/>	<hr/>
	1,168	1,168
	<hr/>	<hr/>
<b>Other investments</b>		
Listed shares at cost (Market value £3,236,000, 1978 £20,000)	3,034	34
	<hr/>	<hr/>
<b>Total</b>	4,202	1,202
	<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
<b>Associated companies owned jointly with Xerox Corporation</b>				
Rank Xerox Limited	Great Britain	'B' Ordinary	96.4	—
Rank Xerox Business Equipment Inc.	U.S.A.	'D' Ordinary	96.4	—
Rank Xerox Holding B.V.	Holland	'B' Ordinary	96.4	—
Rank Xerox Investments Limited	Bermuda	'C' Ordinary	96.4	—
<b>Other associated companies</b>				
<b>Film Exhibition</b>				
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	—
<b>Manufacture</b>				
Bush (Ireland) Limited	Eire	'A' Ordinary	30.0	—
Bush India Limited	India	'B' Ordinary	49.0	—
Murphy India Limited	India	Ordinary	40.0	—
<b>Property</b>				
Rank Estates Limited	Great Britain	Ordinary	47.5	47.5
<b>Television</b>				
Southern Television Limited	Great Britain	Ordinary	37.6	37.6

The business of Rank Xerox Limited consists mainly of the manufacture in the United Kingdom of xerographic equipment for high speed document copying and duplicating, the marketing of such equipment 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 and one of the subsidiaries operating in France which is 67% owned.

Rank RX Holdings Limited owns all the 'B' and 'D' shares in Rank Xerox Limited and is entitled to approximately 48.8% of the total votes. Xerox Corporation and a subsidiary own all the 'A' and 'C' shares and are entitled to approximately 51.2% of the total votes. 57,475 'E' shares in Rank Xerox Limited are held by the Trustees of the Rank Xerox employee share purchase scheme and carry no votes.

Rank Xerox Business Equipment Inc. is an investment holding company which acquired the Eastern Hemisphere Special Businesses of Xerox Corporation in April 1979. These businesses, which are conducted through wholly owned subsidiaries of Rank Xerox Business Equipment Inc. in the United Kingdom, Belgium, France and West Germany, comprise the manufacture and marketing of office equipment and the publication of books and training programmes. Xerox Corporation is entitled to 51% of the voting rights in Rank Xerox Business Equipment Inc. and Rank RX Overseas Limited (a wholly owned subsidiary of Rank RX Holdings Limited) is entitled to 49%.

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., incorporated and operating in France, is also a subsidiary of Rank Xerox Holding B.V. The xerographic equipment and ancillary supplies manufactured by Rank Xerox Manufacturing (Nederland) B.V. and Société Industrielle Rank Xerox S.A. are sold mainly to other Rank Xerox companies. 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.

Rank Xerox Investments Limited is an investment holding company and owns 75% of the share capital of Xerox Egypt S.A.E., whose business consists mainly of the marketing of xerographic equipment and ancillary supplies.

Under an agreement with Xerox Corporation made in 1977, the Group, through Rank RX Holdings Limited, is entitled to a share in the annual combined profits before taxation of all the associated companies owned jointly with Xerox Corporation. This share amounts 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 by Xerox Corporation for research and development and corporate overhead costs and the effect of inter-group trading.

# Notes to the Accounts

## 15 Share capital and reserves

### Share capital

	1979		1978	
	Authorised	Issued and fully paid	Authorised	Issued and fully paid
	£000	£000	£000	£000
6½% Cumulative Preference Shares of £1 each	10,000	9,996	10,000	9,996
8% Second Cumulative Preference Shares of £1 each	3,000	2,602	3,000	2,602
Ordinary Shares of 25p each	57,000	50,339	50,000	43,148
	70,000	62,937	63,000	55,746

At 31st October 1979, 1,337,396 of the unissued Ordinary shares were reserved against conversions of the outstanding 4½% Convertible Loan 1993. The proposed acquisition of R. E. Ingham & Company Limited, referred to in paragraph 8 of the Directors' Report, could result in the issue of a maximum of 680,000 additional Ordinary shares.

### Reserves

	Group		Company	
	1979	1978	1979	1978
	£000	£000	£000	£000
Share premium account	140,621	85,457	140,621	85,457
Other reserves	277,558	226,158	71,815	58,870
	418,179	311,615	212,436	144,327

### Movements in share capital and share premium account

	Issued ordinary share capital £000	Share premium account £000
Balances at 31st October 1978	43,148	85,457
Rights issue of Ordinary Shares	7,191	57,535
Expenses of issue	—	(2,371)
Balances at 31st October 1979	50,339	140,621

### Movements in other reserves

	Group			Company
	Company and its subsidiaries £000	Associated companies £000	Total £000	£000
Balances at 31st October 1978	61,609	158,769	220,378	58,297
Prior year items (see note 1(xi) on page 30)				
1978	6,890	—	6,890	1,516
Before 1978	(1,110)	—	(1,110)	(943)
Balances at 31st October 1978 as restated	67,389	158,769	226,158	58,870
Exchange adjustments	991	(1,591)	(600)	130
Surplus on revaluation of fixed assets	—	660	660	—
Sundry	—	7	7	—
Profit retained	21,599	29,734	51,333	12,815
Balances at 31st October 1979	89,979	187,579*	277,558	71,815
Not regarded as available for distribution	5,346	187,579	192,925	1,102

\*Includes £166,672,000 in respect of companies owned jointly with Xerox Corporation.

# Notes to the Accounts

## 16 Loan capital and borrowed money

	Group		Company	
	1979 £000	1978 £000	1979 £000	1978 £000
Bank overdrafts	8,422	7,946	—	—
Bank loans				
Amounts repayable				
Within one year or on demand	14,688	31,038	13,377	8,681
Between one and two years	6,158	24,664	5,999	10,460
Between two and five years	23,303	29,623	14,750	13,750
In five years or more	9,873	6,016	6,000	6,000
	<u>53,822</u>	<u>91,341</u>	<u>40,126</u>	<u>38,891</u>
Other borrowings				
4½% Convertible Loan 1993				
Remainder	30,277	33,329	30,277	33,329
Amounts repayable				
Within one year	3,041	6,315	1,206	1,200
Between one and two years	9,042	16,706	1,205	1,200
Between two and five years	37,985	29,274	3,614	3,607
Between five and fifteen years	21,977	32,186	7,419	9,260
In fifteen years or more	35,694	35,392	21,097	21,097
	<u>138,016</u>	<u>153,202</u>	<u>64,818</u>	<u>69,693</u>
<b>Total</b>	<u>200,260</u>	<u>252,489</u>	<u>104,944</u>	<u>108,584</u>
Secured				
Sterling	27,612	28,240	19	22
Other currencies	11,423	9,054	—	—
	<u>39,035</u>	<u>37,294</u>	<u>19</u>	<u>22</u>
Unsecured				
Sterling	51,876	54,278	49,164	54,169
Other currencies	109,349	160,917	55,761	54,393
	<u>161,225</u>	<u>215,195</u>	<u>104,925</u>	<u>108,562</u>
<b>Total as above</b>	<u>200,260</u>	<u>252,489</u>	<u>104,944</u>	<u>108,584</u>
Deduct: Parallel loans	10,290	12,178	—	—
	<u>189,970</u>	<u>240,311</u>	<u>104,944</u>	<u>108,584</u>
Deduct: Amounts repayable within one year or on demand included in current liabilities	20,151	45,299	14,583	9,881
	<u>163,819</u>	<u>195,012</u>	<u>90,361</u>	<u>98,703</u>

Other borrowings shown above, other than the 4½% Convertible Loan 1993, include borrowings not fully repayable within five years totalling £74,631,000 (1978 £79,703,000) for the Group and £34,540,000 (1978 £36,357,000) for the Company. These borrowings are repayable in part by annual sinking funds or by instalments and are all repayable at par. The average rate of interest payable on these borrowings was, for the Group 8.7% (1978 9.1%) and for the Company 9.5% (1978 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. \$14.523 of the Loan for one Ordinary share of 25p each. No conversion rights had been exercised by 31st October 1979 at which date U.S. \$62,992,000 nominal of the loan was outstanding. During the year the Company purchased and cancelled U.S. \$6,633,000 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 U.S. \$10,000,000 and lent the third party the sterling equivalent thereof. At 31st October 1979, the amount outstanding under these agreements totalled U.S. \$22,949,000 (1978 U.S. \$22,949,000) by the subsidiary and £10,290,000 (1978 £12,178,000) by the third party.

# Notes to the Accounts

## 17 Deferred taxation

	Group		Company		Potential liability to deferred taxation (See note 1(x) on page 30)			
	1979 £000	1978* £000	1979 £000	1978* £000	Group		Company	
Capital allowances	2,294	2,232	639	—	30,885	23,420	7,213	6,956
Stock appreciation relief	1,178	5,621	116	—	7,186	8,477	604	589
Other timing differences	2,578	1,466	1,587	2,565	(5,194)	(5,170)	(1,197)	(488)
Losses	—	—	—	—	(1,405)	(3,450)	—	(63)
Advance corporation tax	6,050 (833)	9,319 (2,025)	2,342 (831)	2,565 (2,005)	31,472 (833)	23,277 (3,106)	6,620 (831)	6,994 (3,079)
	<u>5,217</u>	<u>7,284</u>	<u>1,511</u>	<u>560</u>	<u>30,639</u>	<u>20,171</u>	<u>5,789</u>	<u>3,915</u>

\*The figures for 1978 have been restated (see note 1(xi) on page 30).

The above figures exclude 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.

## 18 Net current assets/(liabilities)

	Group		Company	
	1979 £000	1978 £000	1979 £000	1978 £000
<b>Current assets</b>				
Stocks				
Raw materials and work in progress	39,317	26,828	—	—
Finished goods and other stocks	62,087	45,146	3,365	2,781
Film productions	8,785	7,747	7,906	6,668
Debtors and prepayments	110,189	79,721	11,271	9,449
Loans to Trustees of the Executive Incentive Scheme (after provisions) of £121,000, 1978 £121,000 for the Group and £70,000, 1978 £70,000 for the Company)	84,368	77,079	3,347	2,285
Dividends receivable from associated companies	71	65	46	40
Short term deposits	11,263	11,670	—	—
Cash at bank and in hand	28,138	16,811	25,676	10,000
	8,209	9,200	4,767	6,212
	<u>252,238</u>	<u>194,746</u>	<u>45,107</u>	<u>27,986</u>
<b>Current liabilities</b>				
Amount of loan capital and borrowed money repayable within one year or on demand	26,151	45,299	14,583	9,881
Creditors, provisions and accrued expenses	120,102	101,312	20,013	17,399
Acceptances by banks	22,913	—	—	—
United Kingdom corporation tax	3,280	1,439	—	—
Overseas taxation	1,724	1,779	—	—
Dividends				
Accrued on preference shares	194	194	194	194
Payable and proposed on Ordinary Shares	21,747	15,494	21,747	15,494
Minority shareholders of subsidiaries	1,391	280	—	—
	<u>197,502</u>	<u>165,797</u>	<u>56,537</u>	<u>42,968</u>
<b>Net current assets/(liabilities)</b>	<u>54,736</u>	<u>28,949</u>	<u>(11,430)</u>	<u>(14,982)</u>



# Notes to the Accounts

## 19 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.

In addition there are the following items:

Group There are contingent liabilities in respect of (a) guarantees amounting in aggregate to approximately £16,700,000 (1978 £12,500,000) including £300,000 (1978 £300,000) relating to advances by third parties at 31st October 1979 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 1979 to (a) subsidiaries amounting in aggregate to approximately £90,600,000 (1978 £86,100,000) of which £88,800,000 (1978 £83,900,000) is included as liabilities in the Group balance sheet and (b) associated companies of approximately £300,000 (1978 £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 1979 the contingent liability under these arrangements amounted to £5,388,000 (1978 £3,430,000).

## 20 Emoluments of Directors of The Rank Organisation Limited

	In respect of services as Directors		Other emoluments	
	1979 £000	1978 £000	1979 £000	1978 £000
Chairman	—	—	38	33
Highest paid Director	—	—	52	47
Other Directors	Number of Directors			
	1979	1978		
Nil— £5,000	7	9		
£5,001—£10,000	1	1		
£25,001—£30,000	1	1		
£30,001—£35,000	1	2	43	46
£35,001—£40,000	2	—	117	78
	43	46	207	158
Contributions to pension schemes	—	—	65	22
Pension paid to former director	—	—	3	2
Total emoluments	43	46	275	182

## 21 United Kingdom employees receiving remuneration of more than £20,000

	Number of employees	
	1979	1978
£20,001—£25,000	10	6
£25,001—£30,000	3	—

# The Rank Organisation

## 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 1979 is as follows:

	Turnover £000	Trading Profit £000
United Kingdom	387,000	38,214
Germany	11,728	(314)
Holland	13,344	(305)
Eire	5,427	912
Rest of Europe	14,667	822
Canada	10,763	3,475
U.S.A.	14,343	1,056
Australia	70,931	(563)
Asia	9,629	631
<i>Deduct: Unallocated central costs net of profits on redemption of debentures</i>		(149)
	<u>537,832</u>	<u>43,779</u>

## Information per Ordinary Share

(in pence per share)

	1979	1978	1977	1976	1975
Earnings	38.4	38.2	39.4	20.2	13.9
Dividends	10.8	8.9774	8.0361	7.1268	6.4789
Net Assets	232.7	205.5	178.9	161.9	151.1

Net assets and earnings per share for 1978 have been restated to give effect to the change in basis of accounting for depreciation and deferred taxation. See note 1 (xi) on page 30.

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

	1979 £000	1978 £000	1977 £000	1976 £000	1975 £000
<b>Leisure services and hotels</b>					
Film exhibition	50,057	49,929	62,616	62,888	55,307
Entertainment, banqueting and bingo	36,912	33,337	28,021	21,914	18,995
Catering including motorports	24,514	20,183	17,970	16,336	12,668
Film studios	4,469	3,746	3,137	2,493	1,732
Film production and distribution	8,204	7,557	4,982	5,376	7,125
Hotels	38,318	34,849	31,631	25,652	18,889
	<u>162,474</u>	<u>149,601</u>	<u>148,357</u>	<u>134,659</u>	<u>114,716</u>
<b>Industrial and consumer products (except Australia)</b>					
Audio visual	72,604	76,499	70,290	69,748	31,052
Film laboratories	21,228	18,213	14,891	12,115	9,858
Scientific instruments, optics and electronics	48,018	45,797	39,309	35,151	26,360
Radio and television	57,887	58,074	38,602	30,633	71,829
	<u>199,737</u>	<u>198,583</u>	<u>163,092</u>	<u>147,647</u>	<u>139,099</u>
<b>Industrial and consumer products (Australia)</b>					
Television	22,348	29,700	42,331	58,993	33,959
Other products	48,583	25,437	18,219	19,722	8,451
	<u>70,931</u>	<u>55,137</u>	<u>60,550</u>	<u>78,715</u>	<u>42,410</u>
<b>Holiday centres</b>	77,084	55,969	47,774	42,039	37,947
<b>Property</b>	14,930	13,398	14,636	12,519	8,565
<b>Other activities</b>	12,676	12,408	8,257	10,738	9,926
	<u>537,832</u>	<u>485,096</u>	<u>442,666</u>	<u>426,317</u>	<u>352,663</u>

# Financial Information

## Analysis of Trading Profit

	1979 £000	1978* £000	1977 £000	1976 £000	1975 £000
<b>Leisure services and hotels</b>					
Film exhibition	2,517	4,357	3,789	3,824	3,799
Entertainment, banqueting and bingo	5,683	4,864	4,200	3,134	3,068
Catering including motorports	912	435	477	366	315
Film studios	401	385	301	69	(450)
Film production and distribution	(1,555)	325	20	220	202
Hotels	3,508	2,797	1,530	(904)	(2,278)
	<u>11,464</u>	<u>13,163</u>	<u>10,317</u>	<u>6,709</u>	<u>4,656</u>
<b>Industrial and consumer products (except Australia)</b>					
Audio visual	3,258	2,729	3,129	1,911	3,644
Film laboratories	2,338	1,682	1,514	1,134	881
Scientific instruments, optics and electronics	4,705	5,649	5,471	4,737	1,616
Radio and television	(291)	(932)	(3,166)	(5,771)	(11,726)
	<u>10,010</u>	<u>9,128</u>	<u>6,948</u>	<u>2,011</u>	<u>(5,585)</u>
<b>Industrial and consumer products (Australia)</b>					
Television	212	64	4,528	8,941	5,626
Other products	(775)	759	669	992	628
	<u>(563)</u>	<u>823</u>	<u>5,197</u>	<u>9,933</u>	<u>6,254</u>
<b>Holiday centres</b>	14,386	8,684	7,675	6,693	6,104
<b>Property</b>	8,295	7,567	8,428	7,287	5,293
<b>Other activities</b>	336	176	(211)	556	179
	<u>43,928</u>	<u>39,541</u>	<u>38,354</u>	<u>33,189</u>	<u>16,901</u>
Unallocated central costs	(1,616)	(1,344)	(699)	(588)	(749)
Profits on redemption of loans and debentures	1,467	967	512	—	—
<b>Trading profit</b>	<u>43,779</u>	<u>39,164</u>	<u>37,967</u>	<u>32,601</u>	<u>16,152</u>

\* Figures for 1978 have been restated. See Note 1 (xi) on page 30.

# The Rank Organisation

	1979 October (year) £000	1978* October (year) £000	1977 October (year) £000	1976 October (year) £000
Turnover	<u>537,832</u>	<u>485,096</u>	<u>442,666</u>	<u>426,317</u>
<b>Profits</b>				
Trading profit before depreciation	56,662	49,618	46,974	43,472
Depreciation	12,883	10,454	9,007	10,842
Expenditure on abortive oil exploration and discontinued property development	—	—	—	29
Trading profit	<u>43,779</u>	<u>39,164</u>	<u>37,967</u>	<u>32,601</u>
Share of profits before taxation of associated companies				
Companies owned jointly with Xerox Corporation	101,889	97,899	105,301	59,163
Others	5,414	5,070	4,350	5,145
Interest	<u>151,082</u>	<u>142,133</u>	<u>147,618</u>	<u>96,909</u>
Profit before taxation	<u>19,893</u>	<u>20,203</u>	<u>22,811</u>	<u>21,320</u>
Taxation	<u>131,189</u>	<u>121,930</u>	<u>124,807</u>	<u>75,589</u>
The Rank Organisation Limited and subsidiaries	1,345	2,151	8,717	6,219
Associated companies				
Companies owned jointly with Xerox Corporation	49,722	48,139	41,972	29,377
Others	2,660	2,567	2,354	2,547
Profit after tax	<u>53,727</u>	<u>52,857</u>	<u>53,043</u>	<u>38,143</u>
Minority interests	<u>77,462</u>	<u>69,073</u>	<u>71,764</u>	<u>37,446</u>
	3,476	2,540	3,252	2,039
Extraordinary items	<u>73,986</u>	<u>66,533</u>	<u>68,512</u>	<u>35,407</u>
	(323)	2,084	(11,655)	6,302
	<u>73,663</u>	<u>68,617</u>	<u>56,857</u>	<u>41,709</u>
<b>Appropriation</b>				
Dividends of Parent Company:				
Preference	583	583	583	583
Ordinary	21,747	15,494	13,870	12,300
Additions to reserves etc.				
The Rank Organisation Limited and subsidiaries	21,599	24,965	13,975	12,998
Associated companies				
Companies owned jointly with Xerox Corporation	28,192	25,742	28,697	13,824
Others	1,542	1,833	(268)	2,004
Assets employed	<u>73,663</u>	<u>68,617</u>	<u>56,857</u>	<u>41,709</u>
Fixed assets	362,798	323,436	350,542	394,751
Investments—				
Companies owned jointly with Xerox Corporation	194,226	160,985	134,761	101,229
Other	30,677	27,198	24,642	29,460
Goodwill and deferred revenue expenditure	51,818	42,245	43,647	43,245
Net current assets before deducting loan capital repayable within one year	<u>80,887</u>	<u>74,248</u>	<u>49,521</u>	<u>35,022</u>
Financed by	<u>720,406</u>	<u>628,112</u>	<u>603,113</u>	<u>603,707</u>
Ordinary share capital and reserves	468,518	354,763	308,797	279,372
Preference share capital	12,598	12,598	12,598	12,598
Deferred taxation	5,217	7,294	12,325	6,699
Minority interests	44,103	13,146	11,466	8,776
Loan capital and borrowed money including amounts repayable within one year	<u>189,970</u>	<u>240,311</u>	<u>257,927</u>	<u>296,262</u>
	<u>720,406</u>	<u>628,112</u>	<u>603,113</u>	<u>603,707</u>

\*Figures for the year ended October 1978 have been restated. See note 1 (xi) on page 30. Earlier years have not been restated.

# Ten Year Review

1975 October (year) £000	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
<u>352,663</u>	<u>287,686</u>	<u>260,293</u>	<u>195,219</u>	<u>157,027</u>	<u>141,869</u>	<u>187,133</u>
27,159	27,119	31,453	21,353	14,350	14,471	19,185
9,935	8,257	6,786	5,246	4,758	3,958	5,297
<u>1,072</u>	<u>1,054</u>	—	—	—	—	—
<u>16,152</u>	<u>17,808</u>	<u>24,667</u>	<u>16,107</u>	<u>9,592</u>	<u>10,513</u>	<u>13,888</u>
49,200	54,306	47,384	36,320	29,187	24,456	30,934
4,128	3,930	3,963	2,838	2,071	1,549	2,060
<u>69,480</u>	<u>76,044</u>	<u>76,014</u>	<u>55,265</u>	<u>40,850</u>	<u>36,518</u>	<u>46,882</u>
18,813	15,824	7,604	4,889	4,231	2,868	3,813
<u>50,667</u>	<u>60,220</u>	<u>68,410</u>	<u>50,376</u>	<u>36,619</u>	<u>33,650</u>	<u>43,069</u>
(779)	2,666	8,539	5,298	2,904	4,062	5,310
25,693	24,832	22,881	17,204	13,351	11,245	14,123
1,682	1,881	1,918	1,437	1,043	807	1,048
<u>26,596</u>	<u>29,379</u>	<u>33,338</u>	<u>23,939</u>	<u>17,298</u>	<u>16,114</u>	<u>20,481</u>
24,071	30,841	35,072	26,437	19,321	17,536	22,588
1,334	1,173	956	709	533	656	844
<u>22,737</u>	<u>29,668</u>	<u>34,116</u>	<u>25,728</u>	<u>18,788</u>	<u>16,880</u>	<u>21,744</u>
(2,699)	(10,845)	690	58	2,752	—	340
<u>20,038</u>	<u>18,823</u>	<u>34,806</u>	<u>25,786</u>	<u>21,540</u>	—	<u>22,084</u>
583	583	622	833	833	—	1,114
11,025	8,379	7,588	8,193	7,810	—	8,115
(1,056)	(14,071)	8,434	17,344	4,616	—	4,325
7,806	23,666	15,733	(1,185)	7,808	—	8,291
1,680	266	2,429	601	473	—	239
<u>20,038</u>	<u>18,823</u>	<u>34,806</u>	<u>25,786</u>	<u>21,540</u>	—	<u>22,084</u>
355,325	312,606	278,854	133,261	121,698	—	85,132
91,687	83,232	57,784	41,399	42,632	—	34,501
20,309	16,355	25,957	20,427	16,015	—	24,212
44,162	44,249	42,451	21,488	21,650	—	21,166
49,215	52,439	68,107	51,651	36,062	—	22,106
<u>560,698</u>	<u>508,881</u>	<u>473,153</u>	<u>268,226</u>	<u>238,057</u>	—	<u>187,117</u>
257,051	226,132	222,141	153,264	134,878	—	107,798
12,598	12,598	12,598	12,598	12,598	—	12,598
7,034	13,743	8,799	6,890	5,332	—	4,416
7,597	6,550	5,375	4,024	3,782	—	6,996
<u>276,418</u>	<u>249,858</u>	<u>224,240</u>	<u>91,450</u>	<u>81,467</u>	—	<u>55,309</u>
<u>560,698</u>	<u>508,881</u>	<u>473,153</u>	<u>268,226</u>	<u>238,057</u>	—	<u>187,117</u>

# Rank Xerox Companies

## Statement by the Chairmen of the Rank Xerox Companies

Mr. J. Maldwyn Thomas, Chairman of Rank Xerox Limited for seven years and Deputy Chairman of Rank Xerox Holding B.V., retired on 31st December 1979. The Boards pay tribute to his great contribution to the success of Rank Xerox during his years of office, not least during the year under review.

1979 was an eventful year for the group.

The number of machines placed in the market was more than twice the 1978 level.

We introduced a number of important new products. Furthermore, we made strides not only in our traditional copier and duplicator business, but also in the evolving market for word processing and office information systems, and placed a record number of these machines.

The year also had its setbacks. The national strike by engineering unions in the United Kingdom affected Rank Xerox just as it affected other companies with major manufacturing facilities. It depressed our financial results and created problems of supply during the financial year.

The second adverse factor was the impact of exchange rates. The movement of sterling against other currencies in the second half of the year resulted in currency losses which substantially offset the significant gains at the half year. We ended the year with currency gains of £2 million, against £18 million for 1978 - these figures reflect the effects of Statement No. 8 of the United States Financial Accounting Standards Board as well as the changes in average exchange rates between 1978 and 1979.

Against this background, the year's results were satisfactory. Revenue increased by 7% to £1,165 million and profits before tax and before Xerox corporate charges, by 4% to £303 million. This figure was exceeded only in 1977 when exceptional currency benefits raised profits before tax to £316 million.

A better indication of operating performance in 1979 is seen by excluding exchange rate effects. On this basis, revenue and profits both grew by 10%. This performance, in an industry marked by intensifying competition, in a period of high

inflation and slow economic growth, is a notable achievement for the group.

Our Japanese associated company, Fuji Xerox Co. Ltd., made a contribution of £32 million, against £22 million in 1978. The underlying performance profit growth before exchange rate effects was 15%.

The group contributed £48 million, against £41 million in 1978, to the research and development costs and corporate overheads of Xerox Corporation. Since sharing of profits from the jointly owned companies is calculated before the allocation of these costs, profits attributable to our parent companies, Xerox Corporation and The Rank Organisation Limited are not affected. After these charges, profits before tax were £255 million, a rise of 1%.

As a result of a study we have carried out of the impact on the group of the United Kingdom accounting standard on deferred tax (SSAP15), we have retained our past practice of providing comprehensive deferred taxation. We believe that the combination of rental and sales characteristic of our business, coupled with the effect of taxation on inter-company profits, makes it inappropriate to change our policy. We therefore intend to continue on this basis in the future. Our auditors, Peat, Marwick, Mitchell & Co., concur with our conclusions.

### The Market

Plain paper copying continues to be the fastest growing sector of the reprographic market.

The sector is highly competitive. There are now more than 30 companies based in the United States, Europe and in particular Japan who make or market more than 100 different plain paper copiers. They include some of the world's largest corporations.

Nevertheless, for the second year running, we more than doubled our net placements of machines compared with the previous year.

Many factors have contributed to this achievement. One of the most important is the wide range of our products; Rank Xerox supplies copiers and duplicators for every market sector.

At the low volume end of the market, we have had great success with the Xerox 2202, introduced in 1978.

# Rank Xerox Companies

It was the forerunner of other products for the low volume user introduced in 1979; the desk top Xerox 2300 and the Xerox 2600.

In the middle of the market, there has been strong demand for the Xerox 3400, launched in 1978, and for the Xerox 3450, with reduction features, introduced in 1979.

At the top end of our range, the success of the Xerox 9400 has helped to increase substantially our copy volume. It is an even more powerful competitor to offset printing machines than the already established Xerox 9200.

To maintain our impetus, we have updated the structure of our national marketing companies, further strengthening our ability to find new business opportunities whilst caring for the interests of established customers more effectively and economically.

Rank Xerox not only offers an impressively wide range of technically advanced products, but has one of the largest directly employed customer support forces in the Eastern Hemisphere. We provide these services not only to rental customers, but also to users who purchase machines. This service to machines which have been sold has generated a fast-growing stream of additional revenue.

## Cost Effectiveness

The current economic and competitive environment necessitates our giving constant attention to cost effectiveness and cost control. An important contributor to sustained growth is our unceasing pursuit of cost improvement projects and other management effectiveness programmes.

One such example is the restructuring of the operating company organisation into standard Business Units of roughly the same size. This, amongst other benefits, allows Rank Xerox to improve its support to all the business areas – marketing, service, distribution, finance and customer administration – by developing shared systems for all companies. It also enables Rank Xerox to improve the service provided to the customer as well as improving its overall efficiency.

Despite the very substantial growth in machine population we have not materially increased our

workforce since 1977. This has been brought about by productivity improvements.

These actions together with a management team alert to the importance of cost in the day to day conduct of the business have enabled us to counter margin erosion to a substantial degree.

## Research and New Business

As mentioned, Rank Xerox contributes to, and benefits from, the research and development of Xerox Corporation. Most of that research is in the technology of copier and duplicator products; but a good share of the Xerox \$385 million research budget in 1979 has gone towards the new technologies of the automated office. These efforts and the new businesses which Xerox has acquired in recent years have provided new opportunities from which Rank Xerox directly benefits.

We are now one of the leaders in the word processing business and have a separate sales force marketing our products including the Xerox 850 Page Display System.

We are already one of the largest suppliers of facsimile terminals in Europe and in September announced a new product, the Xerox Telecopier 485 facsimile terminal which can transmit or receive a page of text in under a minute.

These products are the building blocks of the increasingly automated office. The biggest sector of the labour force in most developed countries works in the office; yet the technology supporting this sector is, in many cases, obsolete. We believe that the pressures for investing in better office productivity are overwhelming and look forward to participating in this rapidly growing office system market.

## Social Policies

We are cognizant of national and social aspirations and strive positively to be good citizens wherever we operate. We set very strict standards of business ethics and self-regulation and support the principles of international codes of conduct.

We believe that businesses have a duty to look beyond the immediate financial consequences of their actions. They should demonstrate responsibility towards their customers, their employees and all sections of the community.



# Rank Xerox Companies

In South Africa, for example, we have worked for many years to build up a company where people can work in an atmosphere of racial harmony. Not only do we meet the requirements of the Code of Conduct for EEC companies operating there, but we also support the Sullivan Principles (to which our American parent company is a signatory) – a set of principles which seek to make continuing improvements in the status of non-white workers in South Africa. We are now placing special emphasis on internal training schemes designed to qualify more non-whites for better paid technical and managerial positions.

## Directors

Rank Xerox Limited, E. H. van der Beugel, KCMG, a Professor of International Relations at Leiden University and a Director of Xerox Corporation, has joined the Board. His experience and advice in the field of international affairs are highly valued and respected.

Also appointed to the Board as executive directors are L. G. Camino, W. R. Hicks and J. S. Thomas. Mr. Camino and Mr. Hicks were previously General Managers of Rank Xerox subsidiaries and Mr. Thomas returns to Rank Xerox from his previous position of President of Xerox of Canada Limited. P. A. Allaire has been appointed Deputy Managing Director. Mr. Allaire has been an executive director for the past four years. D. F. Ryan and D. A. Thompson have resigned from the Board to take up senior roles with Xerox Corporation.

Rank Xerox Holding B.V. Sir John Davis retired as a Director of the Supervisory Board. Sir John's contribution to Rank Xerox is not lost, however, as he remains a Joint President of Rank Xerox Limited.

J. B. Smith, a Director of The Rank Organisation Limited, succeeded Sir John as a Supervisory Director.

## The Future

Against a general background of business uncertainty in the world we see much that augurs well for Rank Xerox.

First and most important, our employees. We have a workforce whose skills and enthusiasm have maintained our position as leaders in our industry. Let us put formally on record here the Boards' appreciation and thanks for all they have accomplished in 1979, particularly in the field of customer service.

Second, our products. Over the past five years the group has introduced machines to span the reprographic range of customer requirements. We have extended our product range with new models and replaced those which were obsolescent.

We have streamlined the management of Rank Xerox and have significantly improved our cost effectiveness and have plans to continue this improvement in the future.

In 1979 we added substantially to our numbers of machines in the field and to our revenue-earning capacity and believe that this trend should continue in 1980.

In summary, we have a strong company ready to meet the challenges of the 80's. We are confident we will maintain our growth and leadership in the years ahead.

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

H. Orr-Ewing  
Chairman  
Rank Xerox Limited

# Rank Xerox Companies

## Source and Application of Funds

Source of funds	Year ended	
	31st October 1979	31st October 1978
	£ million	£ million
<b>Within the Group</b>		
Profit after taxation	131.9	
Deduct: Profit retained in associated company	18.8	113.1
Add: Items charged against profits not requiring funds		
Depreciation	114.4	
Deferred taxation and other charges	28.0	142.4
Disposals of fixed assets		41.5
		<u>297.0</u>
<b>Outside the Group</b>		
Additional share capital, long-term loans and non current liabilities		33.6
		<u>330.6</u>
<b>Application of funds</b>		
Additions to rental equipment		172.3
Additions to properties and plant		52.4
Net increases in loans for the purchase of 'E' shares		0.7
Additional deferred expenditure		12.6
Repayment of long-term loans		32.4
Dividends paid		57.3
		<u>327.7</u>
<b>Increase in net current assets</b>		2.9
<b>Comprising</b>		
Increase in stocks and stores		12.5
Increase in debtors and prepayments		27.8
Increase in bank overdrafts and acceptances		(1.2)
Decrease in marketable securities, short-term deposits, bank balances and cash		(4.5)
Increase in long-term loans repayable in one year		(1.3)
Increase in creditors and accrued expenses		(30.4)
		<u>2.9</u>

# Rank Xerox Companies

	1979 October (year) £000	1978 October (year) £000	1977 October (year) £000	1976 October (year) £000
<b>Turnover</b>	1,164,954	1,086,862	960,569	753,558
<b>Profits</b>				
Trading profit before depreciation	399,893	398,143	407,733	284,728
Depreciation	114,369	108,025	90,185	83,566
Trading profit	285,524	290,118	317,548	201,162
Share of profit before taxation of Fuji Xerox	32,268	22,309	19,612	1,325
Dividends and interest receivable	11,325	7,414	9,247	5,209
Interest payable	329,117	319,841	346,407	207,696
	25,902	26,986	30,300	31,883
<b>Profit before taxation and central costs</b>	303,215	292,855	316,107	175,813
Central costs (See note below)	48,111	40,461	39,341	—
<b>Profit before taxation</b>	255,104	252,394	276,766	175,813
Taxation based thereon	123,006	122,233	106,350	86,193
<b>Profit after taxation</b>	132,098	130,161	170,416	89,620
Profit attributable to minority interests	171	1,714	1,593	1,116
Extraordinary items	131,927	128,447	168,823	88,504
	—	—	—	—
Deduct: Amount attributable to Xerox Corporation and 'E' shareholders	131,927	128,447	168,823	88,504
	79,760	78,514	105,193	58,339
<b>Profit after taxation attributable to The Rank Organisation Group</b>	52,167	49,933	63,630	30,165
<b>Assets employed</b>				
Fixed assets	544,184	486,241	459,477	414,377
Investment in Fuji Xerox	53,408	34,616	25,637	17,612
Loans for the purchase of 'E' shares	1,461	2,161	3,630	3,212
Net current assets/(liabilities)	121,267	102,383	63,985	60,733
Deferred expenditure:				
Taxation on unrealised intra-group profits	115,124	111,961	104,327	77,038
Development expenditure	7,618	10,469	11,928	10,339
	843,062	747,811	668,984	583,311
<b>Financed by</b>				
Share capital and reserves				
The Rank Organisation Group	192,383	159,739	132,330	99,986
Xerox Corporation	365,144	300,772	248,380	183,662
'E' shareholders	3,074	3,074	3,074	3,074
Minority interests	9,266	9,360	8,035	6,047
Loan capital and borrowed money repayable after one year	134,587	157,295	177,962	213,373
Deferred taxation	107,248	95,052	£7,929	77,169
Non-current taxation and other liabilities	31,360	22,519	10,674	—
	843,062	747,811	668,984	583,311

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").

# Ten Year Review

1975 October (year) £000	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
612,417	477,522	370,341	268,131	207,132	163,444	206,372
241,321	231,150	192,608	143,651	112,521	92,081	117,056
72,940	59,154	48,650	37,924	29,275	22,952	29,503
168,381	171,996	143,958	105,727	83,246	69,129	87,553
4,895	9,377	7,245	4,565	5,159	4,111	4,979
2,463	1,567	1,464	1,430	940	976	1,261
175,739	182,940	152,667	111,722	89,345	74,216	93,793
30,731	22,358	13,346	6,133	5,179	4,216	5,526
145,008	160,582	139,321	105,589	84,166	70,000	88,267
—	—	—	—	—	—	—
145,008	160,582	139,321	105,589	84,166	70,000	88,267
71,385	73,247	67,099	49,970	38,400	32,130	40,226
73,623	87,335	72,222	55,619	45,766	37,870	48,041
767	885	563	165	223	160	226
72,856	86,450	71,659	55,454	45,543	37,710	47,315
(4,996)	—	—	—	—	—	—
67,860	86,450	71,659	55,454	45,543	37,710	47,815
44,813	56,976	47,156	36,338	29,707	24,499	31,004
23,247	29,474	24,503	19,116	15,836	13,211	16,811
410,139	360,302	253,304	194,462	154,213	118,356	118,356
25,092	25,075	17,313	14,038	11,848	5,915	5,915
3,144	2,425	1,756	1,112	—	—	—
34,619	(18,833)	(6,015)	(22,737)	974	—	(1,918)
56,813	36,993	25,246	18,235	12,040	9,512	9,512
10,045	10,934	8,664	5,455	2,497	1,081	1,081
539,852	417,696	300,268	210,565	181,372	132,940	132,940
85,597	80,503	56,535	40,199	41,432	33,301	33,301
156,210	147,120	100,772	69,210	70,523	54,822	54,822
2,979	2,416	1,665	1,088	—	—	—
4,554	3,801	2,813	1,285	1,120	897	897
216,866	115,731	66,569	68,623	45,431	20,405	20,405
73,656	66,028	48,338	25,260	14,166	8,932	8,932
—	97	3,526	4,900	8,900	14,589	14,589
539,852	417,696	300,268	210,565	181,572	132,946	132,946