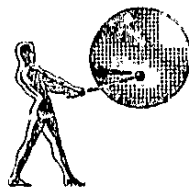


1980  
Annual Report and Accounts



The Rank Organisation Limited



# 1980 Annual Report and Accounts

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## Directors

Harry Smith, Chairman  
Russell W. Evans, M.C., LL.B., Deputy Chairman and Managing Director  
J. B. Smith, Deputy Managing Director.  
Sir Robert Bellinger, G.B.E., D.Sc.  
L. H. Bond, Director of Personnel and Corporate Relations  
R. F. Butlin, Managing Director, Hotels and Holidays Division  
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.  
Sir Patrick Meaney  
Sir Denis Mountain, Bt.  
The Hon. Angus Ogilvy  
K. S. Russett (Australian), Chairman, Rank Industries Australia Pty. Limited  
Sir Richard Trehane, D.Sc.

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President Sir John Davis, D.Tech.

**Secretary and Registered Office**

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

**Solicitors**

Richards, Butler & Co.

**Registrars and Transfer Office**

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

**Auditors**

Peat, Marwick, Mitchell & Co.

**Bankers**

National Westminster Bank Limited

**Merchant Bankers**

S. G. Warburg & Co. Limited

**Brokers**

Cazenove & Co.  
Carr, Sebag & Co.

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## 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 the Rank Xerox companies, owned jointly with Xerox Corporation, which manufacture and market xerographic copiers and duplicators as well as other items of business equipment. The Company has an investment in Southern Television Limited.

The leisure interests include Odeon and Gaumont cinemas in the United Kingdom and other cinemas elsewhere in the world, Pinewood film studios, film and video 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 and caravan parks.

The Group manufactures scientific instruments, optical goods and electronic equipment through Rank Precision Industries and manufactures or markets television sets, radios, loudspeakers, cine cameras, audio visual educational equipment, S'rand 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.

Overseas associated companies include manufacturers of television and audio equipment in Eire and of television sets and radios in India and leisure companies in Australasia and the Far East.

## Financial Highlights of the Year ended 31st October 1980

	1980	1979
Turnover	£596.7 million	£537.8 million
Trading Profit	£37.2 million	£43.8 million
Associated Companies (Share of profit before taxation)	£96.0 million	£107.3 million
Profit before taxation	£111.2 million	£131.2 million
Profit before extraordinary items	£57.0 million	£74.0 million
Profit attributable to the Company	£37.0 million	£73.7 million
Earnings per Ordinary share	28.0p	38.4p

## Notice of Meeting

Notice is hereby given that the forty-fourth Annual General Meeting of the Company will be held at the Royal Lancaster Hotel, Lancaster Terrace, Hyde Park, London W2, on Wednesday, 11th March 1981, 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 1980.
- 2 To declare a Final Dividend on the Ordinary shares.
- 3 To elect the following Directors:
  - (a) Sir Robert Bellinger  
(who is 71 on 10th March 1981)
  - (b) Mr. R. F. Butlin
  - (c) Mr. R. F. H. Cowen
  - (d) Sir Denis Mountain
  - (e) Mr. K. S. Russett
  - (f) Mr. Harry Smith
- 4 As special business, to appoint Auditors and to authorise the Directors to fix the Auditors' Fee.

By Order of the Board  
B. C. Owers  
Secretary

12th February 1981

### Directors for re-election

Sir Robert Bellinger, who is 70, has been a non-executive Director of the Company since 1971 and also serves as a member of the Chairman's Advisory Committee. He was formerly the Chairman of Kinloch (Provision Merchants) Limited.

Mr. R. F. Butlin has been Managing Director of Butlin's Limited since 1968 and was Chairman when that company became a subsidiary of The Rank Organisation in 1972. He is aged 46 and was appointed to the Board of The Rank Organisation Limited on 4th December 1980.

Mr. R. F. H. Cowen is 62 and has been a non-executive Director since 1975. He is Chairman of The Rank Foundation.

Sir Denis Mountain has been a non-executive Director since 1968 and is also a member of the Chairman's Advisory Committee. He is aged 51 and is Chairman and Managing Director of Eagle Star Holdings Limited.

Mr. K. S. Russett was appointed to the Board on 4th December 1980 and is Chairman of Rank Industries Australia Pty. Limited, having previously been Managing Director of that subsidiary since its formation in 1973. He is aged 50 and has been associated with The Rank Organisation in Australia since 1954.

Mr. Harry Smith has been a Director of the Company since 1971 and Chairman since 1977. He is a former Chairman of Bridon Limited (formerly British Ropes Limited) and is aged 63.

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 1981 (payable on 13th April 1981) to those shareholders on the Register at 2nd March 1981.

Directors' service contracts of more than one year's duration are available for inspection at the Registered Office of the Company, 11 Hill Street, London W1X 8AE, during the usual business hours. These contracts will also be available at the Royal Lancaster Hotel at least fifteen minutes prior to and throughout the meeting.

# Chairman's Statement

## Statement by the Chairman Mr. Harry Smith

Group profit before tax for the year ended 31st October 1980 was £111.2 million, compared with £131.2 million for the previous year, a fall of 15 per cent. This reflects a sudden decline in the level of economic activity in the United Kingdom, the extent of which only began to become apparent in May, together with the general recession in world trade. The result also reflects the upward movement of sterling against most world currencies which has had the effect of depressing the earnings (in sterling) of our own overseas operations and those of the Rank Xerox companies. The total reduction in Group profits due to changes in the currency exchange rate was £13.4 million.

The share of pre-tax profits of the Rank Xerox companies attributable to the Rank Organisation for the year to 31st October 1980 was £89.3 million which compared with £101.9 million in the previous year. As stated in the report on the Rank Xerox companies which appears on pages 50 to 52, the fall in Rank Xerox profits was entirely due to the impact of exchange rates.

Turning now to the operating companies of The Rank Organisation, trading profit before interest charges fell from £43.8 million to £37.2 million, a drop of 15 per cent. Good results, however, were achieved by Butlin's, Rank City Wall and Rank Industries Australia, all producing profits close to or better than budget and better than the previous year. However, both the Industrial and Consumer Products and the Leisure and Hotels sectors achieved results sharply down on the previous year. The primary reasons for this fall were the losses in Rank Toshiba Limited and Rank Radio International Limited, which as a result of closure became non-recurring, and the provision for losses in the final year of the film production programme. But for these losses, Group trading profit for the year would have been marginally higher than the previous year. It is disappointing that we were unable this year to maintain the rising trend in profitability which had been established in recent years but I have no doubt that once trading conditions become more normal we shall again be able to demonstrate an improvement in profits and in percentage return on operating assets.

### Dividends

Your Directors recommend the payment of a

final dividend of 6 pence per Ordinary share for the year ended 31st October 1980. After taking into account the interim dividend of 4.8 pence per Ordinary share, the total distribution in respect of 1980 will be 10.8 pence per Ordinary share.

### Rank Toshiba and Rank Radio International

The decision reached in collaboration with Toshiba to discontinue our joint venture in Rank Toshiba was extremely disappointing as it followed intensive efforts over a number of years to establish a viable operation for the production of colour television sets and related products. Considerable progress had been made since 1975 when a trading loss of £11.7 million was incurred. By 1978, the annual rate of loss had been reduced to less than £1 million by our own efforts but it was then apparent that we had insufficient sales volume to carry the costs of the necessary development expenditure to achieve a viable operation in the longer term.

After a very thorough study with Toshiba management in 1978, we both came to the view that television production could be made viable by adoption of new designs and methods contributed by Toshiba together with a substantial increase in volume through exports to meet some of Toshiba's European market requirements.

Good progress had been achieved in those aspects of the plan which were under our joint control and there was every indication that our productivity targets would be met. Unfortunately, the rate of inflation in the United Kingdom was higher than predicted and was combined with an appreciable strengthening of the sterling exchange rate against European currencies. This, coupled with the impact of the world recession, produced a sharp drop in sales to Europe causing serious trading losses to develop in Rank Toshiba. By the early summer it had been decided that the audio manufacturing and distribution activities would have to be closed.

A further joint study was then undertaken to determine the longer term prospects of a television manufacturing unit of this size in Plymouth and with great regret we came to the conclusion that we could not achieve a viable operation within a reasonable time scale.

Provisions of £18.8 million, net of minorities, have been made in the accounts for losses likely to be incurred in these closures after 31st October 1980.

## Chairman's Statement

### Rank Film Productions

We have established a significant library of Rank produced films and these together with films acquired for distribution continue to earn revenue through the licensing of television rights. The library should become increasingly valuable for exploitation of the rapidly growing video market.

In recent years our investment in film production has been through the provision of finance for selected film projects offered to us by independent producers. The Board decided in 1976 to continue this activity for a limited period of three to four years at the expiration of which the results would be assessed in order to determine future strategy. Our recent programme has been aimed at medium budget films with the objective of achieving a sufficient income from theatrical exhibition and distribution to justify the maintenance of this activity on commercial grounds.

Although in this period we produced a range of films which were widely regarded to be of good quality and which won a number of international awards, overall results from exhibition were disappointing and applying our normal criteria for valuing film stock it became necessary to make substantial provision in each of the last two years against the cost of these films. I believe that, as in the case of the films made in previous years, these films will continue to earn income for many years to come and that we should recover over future years much of the provision against loss we have made in the last two years. It is, however, a slow process particularly during times of high interest rates and the need to improve our return on assets. In these circumstances, we did not feel justified in maintaining this programme any longer.

The effect of this decision on our other film interests such as studios, film processing and exhibition, is not significant.

The Director General of Fair Trading announced on 11th December a further enquiry by the Monopolies and Mergers Commission into the supply of films for exhibition in cinemas.

### Australia

Rank Industries Australia, established six years ago, was an early entrant in the field of colour television manufacture in Australia in partnership with Nippon Electric Corporation of Japan. It

quickly achieved a substantial share of the television market which it has retained and improved. This remains an important and profitable part of that company's activities but it has extended its range of consumer products which now includes a comprehensive range of household appliances. These new activities are supported by Bauknecht of Germany, a leader in the field of refrigeration equipment, and General Electric Company of America who have retained a minority stake in their former Australian activities now owned and controlled by Rank Industries Australia. In addition, the Industrial Electronics Division, which includes activities in the field of security systems, is well established.

The company has recovered well from the rationalisation programme which it faced last year; it now has a strong management team and a wide range of products and activities suited to the Australian market. It achieved its original profit forecast for the year and is now predicting a steady rise in profits over the next five years.

### Zynar

During 1980 we established a new company, Zynar, which will be actively involved in local data processing networks, together with advanced software and systems technology related to microcomputers. These are important and rapidly growing markets, and we believe we can develop a substantial and profitable company in this field.

Success depends to a large extent on our ability to attract highly skilled and creative people, expert in this field. We are endeavouring therefore to establish an environment in which entrepreneurial flair can flourish whilst maintaining the essential features of good financial control.

### Rank Xerox Companies

The consolidated accounts of the Rank Xerox companies for the year ended 31st October 1980 (and preceding years) are set out on pages 53 to 55.

The statement by Mr. H. Orr-Ewing, Chairman of Rank Xerox Limited, and Mr. P. A. Allaire, Managing Director of that company, reporting on the year's operations and results of the Rank Xerox companies appears on pages 50 to 52.



## Chairman's Statement

### Current Cost Accounts

This year we are publishing for the first time full Current Cost Accounts which are set out on pages 43 and 44. It will be seen that the current cost operating profit for the year is £14 million (1979 £25.8 million) compared with the historical cost profit of £37.2 million (1979 £43.8 million). However, after extraordinary losses, principally due to the closure of our television and audio business, there is a loss in current cost terms of £4.3 million. The current cost Balance Sheet on page 44 shows shareholders' funds of £759.7 million, giving a substantial increase on the figure of £512.9 million disclosed under the historical cost convention.

### Southern Television

On 28th December 1980, the IBA announced that the franchise for Southern Television would not be renewed and therefore the company, which was established as the independent television contractor for the south of England region 22 years ago, will cease to operate at the end of this year. This decision was surprising as there had been no serious criticism by the IBA of Southern Television's service during all the years it has operated this franchise.

The company has, in fact, been commended by the IBA, particularly for the programmes relating to opera, children's entertainment, religion and local news, and I believe that the majority of viewers in the south will agree that Southern Television has served them well.

I would like to thank the management and employees of our associated company over this long period and I am sure they will endeavour to maintain the high standards of the company during the remainder of the franchise.

As to the year ended 31st October 1980, a considerable increase in advertising revenue was achieved following the lengthy industrial dispute which affected the whole of Independent Television in 1979. Revenues rose from £23.5 million to the record figure of £43.9 million. A net profit of £16.8 million resulted, compared with £5.1 million in the previous year. After payment of the levy on television advertising, the year's income before tax was approximately £6.8 million. Having in mind the general economic difficulties which have been affecting the country, these results can be considered very satisfactory.

The figures reported for 1980 have been taken from management accounts prepared by Southern Television. The audited accounts are not yet available.

It is too early to assess accurately the immediate consequences in financial terms to The Rank Organisation of the change in franchise. However, there will inevitably be some effect on Group profits from January 1982 but this is not likely to be significant in view of the increase in operating costs and expenditure which would be required in the future.

### Board and Management

On 8th January, the appointment of Mr. Russell Evans as Deputy Chairman was announced with the intention that he will succeed me on my retirement as Chairman in April 1982. Russell Evans has a unique knowledge and experience of our affairs having served the Company since 1967 and filled the positions of Company Secretary, Director of Administration and, more recently, Group Managing Director. He has made a most valuable contribution to the Group during his time with the Company and, particularly since 1975, as Group Managing Director. In this position he has carried the overall responsibility for the day-to-day management of the Company with great competence. I believe we are fortunate in having someone so well qualified to become Chairman. I look forward to assisting him in any way I can following my retirement as Chairman and have agreed to remain on the Board at that time as Deputy Chairman.

It was also announced that Mr. Brian Smith had been appointed Deputy Managing Director and would succeed Mr. Evans as Group Managing Director in April 1982.

Brian Smith, who is 52, read History at Cambridge. He was a marketing executive with Proctor and Gamble and spent six years with AEI Hotpoint Limited, becoming General Marketing Manager before joining The Rank Organisation in 1963 as a senior marketing executive. Later that year he became Marketing Director of Rank Audio Visual until he left in 1965.

He rejoined the company in 1971 as a General Manager and was Managing Director of Rank Audio Visual from 1973 until he was appointed Executive Director responsible for the Industrial and Consumer Product Companies in 1976.

## Chairman's Statement

Since his appointment to the Board, he has established a reputation for his overall management ability in regard to what is a complex and diverse group of activities including operations in North America and the Far East. The Board shares my confidence that he has all the capabilities and qualities needed to fulfil successfully the wider responsibilities he will be undertaking in the future.

The Board has reviewed the management structure in the light of the forthcoming changes and approved the following alterations.

The new Chairman's responsibilities in 1982 will cover, in addition to the duties I have performed, a direct responsibility for the Group's Central Administration and Control functions headed by the Finance Director, the Director of Personnel and Corporate Relations and the Company Secretary, leaving the Group Managing Director free to concentrate on the operational control and development of the subsidiary companies.

The Organisation is currently being restructured by the grouping together of subsidiaries operating in similar fields into a smaller number of larger divisions headed by a Divisional Managing Director reporting directly to the present Group Managing Director or his Deputy, Mr. Brian Smith. Strategic planning decisions will be facilitated by the structure which will also provide opportunities for reducing costs by the rationalisation of management services within the new divisions.

The first three divisions have already been formed: a Film and Television Services Division with Mr. Jim Daly as Managing Director, covering Pinewood Studios, Rank Film Laboratories, Rank Film Distributors and Rank Advertising Films. Secondly, a Hotels and Holidays Division with Mr. R. F. Butlin as Managing Director, co-ordinating our interests in hotels, marinas and holidays. The present activities covered by Rank Leisure comprise the third Division. Mr. Lew Small, the current Managing Director, will be retiring later this year and will be succeeded by Mr. Angus Crichton-Miller on 1st May as Divisional Managing Director. The formation and structure of further divisions, which will include our present activities in manufacturing technology, audio visual, property, America, Canada, Asia and Australia will be announced during 1981.

Two additional Directors were appointed to the Board in December:

Mr. R. F. Butlin, who has been Managing Director of Butlin's since its acquisition in 1972.

Under his management the company has expanded and extended its activities to cover a wide range of holiday facilities and now includes the recent addition of Leisure Caravan Parks. Butlin's activities now represent a major part of our leisure interests.

Mr. K. S. Russett, who has been responsible for Rank Industries Australia since its establishment in 1973. The company last year achieved a turnover of £103 million and its successful expansion is indicative of the competence and initiative of Keith Russett. We now see Rank Industries Australia as providing an important base for further expansion in Australia and neighbouring territories.

As well as continuing to discharge their respective duties in the management of their companies' affairs, these additional Directors will contribute fully to the affairs of the Organisation as a whole as members of the Group Board.

Mr. T. E. Chilton ceased to hold an executive appointment and resigned from the Board in January. He joined the Board in 1976. I would like to thank him for the contribution he has made during this period.

### Personnel

In recent years the rate of inflation in the United Kingdom has been significantly higher than that of our principal overseas competitors. This, coupled with the rising value of sterling against most other currencies, has seriously reduced our competitiveness in world markets as well as increasing competitive pressure from imports. It is vital in the context of employment levels that the downward trend in inflation continues and we have our part to play in ensuring that our pay strategy and manning levels succeed in reducing unit costs of production, so enabling us to compete effectively in world markets.

The difficult trading conditions we now face also call for a high level of competence in management backed by an effective system of communication with employees throughout the company. We do attach great importance to both these factors and this has helped us to take the difficult but necessary decisions with a high degree of co-operation and loyalty from our employees. We intend to continue to give priority to further

## Chairman's Statement

programmes for management training and development, and to pursue any policies likely to improve communications throughout the Group.

We are supporting a number of organisations which provide a link between education establishments and school leavers with industry. A better understanding between those concerned with education and industrial management is, I believe, important for the future if we are to avoid a serious shortage of people with the skills and qualifications for which there will be a continuing and growing need once the recession ends. The new growth industries are becoming increasingly complex and require young and highly trained people at all levels. It is important that those responsible for educating and guiding pupils towards satisfying careers are fully aware of the challenging opportunities which will be increasingly available in industry.

This has been a difficult year, exerting great demands on management and all employees and I would like to record the Board's appreciation for the response to these problems, together with loyalty and co-operation by employees throughout the Organisation.

### Honours and Awards

I am pleased to record that Rank Taylor Hobson received the Queen's Award to Industry 1980 for Export Achievement.

Honours awarded to employees included Mr. W. T. Moore, Chief Scientist of Rank Research Laboratories, Mr. E. R. C. Brown, Director of Financial Services of Rank Precision Industries, and Dr. F. P. Gloyns, former Technical Director of Rank Film Laboratories, who were each awarded the MBE. In addition, Mr. J. Millward, Research and Development Manager of Rank Cintel, received the British Kinematograph, Sound and Television Society's Phil Berkeley Award for his "outstanding contribution towards the linking of film and television technologies".

### Corporate Strategy

We have pursued two primary objectives since 1976: to reduce Group borrowings and to improve the level of profitability of those activities directly controlled by the Organisation. High priority has been and will continue to be given to the disposal or closure of activities unable to achieve our

profitability targets for reasons outside our own control. Disposal of factories, cinemas, clubs and hotels have, during the five years, contributed £39 million and a reduction in the portfolio of investment properties, £84 million. Major refinancing measures contributed £62.4 million through the 1979 Rights Issue and £31 million through the issue of Redeemable Preferred shares by our Canadian property company. We also benefited from the reduction in the sterling equivalent of our overseas borrowings. The overall effect of these developments has been a reduction in Group borrowings, including acceptances by banks, from a peak of £315 million in 1976 to £205 million. The high cost of money, particularly in the last year, has unfortunately meant that interest charges do not yet reflect the reduced level of borrowings.

As a consequence, Ordinary shareholders' funds have increased from £257.1 million to £512.9 million.

Trading profit during the same period has improved from £16.1 million in 1975 to £43.8 million in 1979, with a reduction to £37.2 million in 1980. The progress achieved owes much to the action of management supported by employees throughout the Group to improve operating efficiency. During the same period, we have made two moves to expand our activities by the acquisition of Leisure Caravan Parks and the increased investment in Rank Industries Australia.

Our property portfolio has performed well, particularly in the last two years as newer developments have matured, and is now showing a rising level of income as well as an appreciation in asset value. Four years ago the Directors' valuation of our investment properties, using today's exchange rates, was £152 million, and during the period we incurred capital expenditure in respect of the portfolio of £13 million. Sales of property since 1976 have yielded £51 million; the remaining properties have been valued at £156 million (£36 million higher than in 1976).

A new draft standard accounting policy dealing with investment properties has been issued. This provides that such properties must either be depreciated or revalued annually. It has been decided to adopt the revaluation basis and accordingly investment properties are now carried in the balance sheet at the 31st October 1980 valuation. The surplus over the book amounts arising as a result of the valuation is £34.6 million which has been shown in an investment property revaluation reserve.

## Chairman's Statement

Our investment properties contributed £9.4 million to trading profit in the year to October 1980 and, subject of course to any divestments, will continue to produce growth in earnings and asset values.

After adjustments resulting from the significant losses associated with business closure and restructuring and the recognition of the enhanced value of our investment properties, we can report a very healthy improvement in the level of reserves which have increased from £128 million in 1975 to £321 million in 1980. The distributable element of these reserves was £20 million for 1975 and £66 million for 1980, again a substantial increase.

For the future we expect to find further opportunities for expansion through the development of existing successful businesses in leisure and technology aided, when appropriate, by acquisitions in related fields. Recent progress includes the expansion of Rank Taylor Hobson in Leicester, worldwide leaders in metrology equipment, and more recently the formation of Zynar which gives us an opportunity to expand in the fast growing field of microcomputer systems and software. We hope in our expansion programme to maintain a balance between the development of our leisure and technology interests as we believe both hold great opportunities for the future of the Group.

Our investment in Rank Xerox, which has been such a major factor in our profitability and growth, will continue to represent our most important single investment. Although the Rank Xerox companies are now affected by increased competition and the generally depressed level of economic activity, Rank Xerox are one of the world's leading suppliers of office equipment. There seems little doubt that the growth prospects of this sector of the market over the next 10 years are outstandingly good, with many new products and technologies under development. We have every confidence that Rank Xerox will continue to perform well in this climate of change and innovation.

### Prospects

We have to accept the depressed level of economic activity, coupled with strong competitive pressures. Our response must be to seek every opportunity to improve our market share, to reduce

costs and improve operating efficiency. These matters are receiving constant attention throughout the Organisation and notable progress has been achieved.

It is not possible to predict any general improvement in trading conditions for the immediate future so we need to continue the process of adjusting to the conditions which now prevail without at the same time losing the ability to respond to better conditions whenever they arise. Due to the elimination of loss-making activities, improved prospects from Australia and Rank City Wall, together with the general benefits achieved by management action, I believe we can confidently predict an improvement in trading profits for the current year.

In regard to Rank Xerox, there is nothing for me to add to the statement which is published in this Report. It is quite clear that Rank Xerox, having attained a very strong position in the office equipment market, intend to retain this position in what is undoubtedly a growing market for the future.

Rank Xerox results are very dependent on the variation in exchange rates and these are particularly difficult to predict for 1981. Progress achieved by the Rank Xerox companies at performance level has been consistently good and we are confident about their ability to maintain this progress.

Harry Smith  
Chairman

# Review of Operations

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

**Rank Leisure** – Operation of cinemas, Top Rank Clubs, discotheques, catering, banqueting and other leisure facilities.

Managing Director – Mr. L. Small  
Turnover £119,484,000 (1979 £111,483,000)  
Trading profit £8,049,000 (1979 £9,112,000)

**Film Exhibition – United Kingdom**  
Theatre Director – Mr. G. Pinches

The level of admissions to our theatres improved considerably during the year. By mid-summer, the figures showed a small improvement over the previous year, but this was not sustained, a reflection of both the shortage of good films and the current recession.

Live show admissions were approximately 10 per cent down on 1979, but the profit contribution of this activity was little changed.

The policy of closing unprofitable theatres continued. During the year 10 unprofitable theatres (11 screens) were closed, and 12 new screens were added in multi-auditoria. At 31st October 1980 there were 271 screens in operation on 128 sites.

Further investment in conversions to smaller auditoria will only be made where opportunities to achieve significant improvements in profitability are seen. Any such investment will be financed from the sale of properties which are no longer required by this division.

**Film Exhibition and Distribution – Holland**  
Rank Tuschinski Beheer  
Managing Director – Mr. R. Gerstanowitz

While film distribution activities were profitable, the earnings of the company were adversely affected by very disappointing exhibition results.

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

Films available in the year had more limited appeal than in 1979 with the result that there was a downturn in cinema admissions of approximately 18 per cent.

Despite this, overall trading profit for 1980 was

similar to that in 1979, mainly as a result of action taken on prices and continued attention to cost control. There was a slight improvement in profitability from the film distribution operation.

The fall in the escudo has adversely affected profits in terms of sterling.

**Film Exhibition – Eire**  
Odeon (Ireland)  
Managing Director – Mr. J. Walls

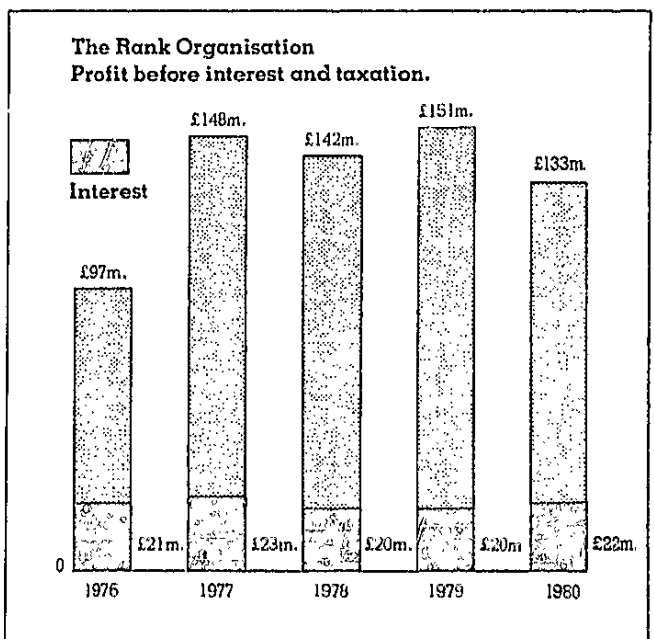
This operation had a good year and cinema admissions improved in the first part of the year, reflecting the addition of further screens at the Savoy, Dublin. Business declined during the summer, owing to a shortage of suitable films, the depressed level of tourist spending and, later, the closure of the Metropole cinema for conversion into three auditoria. This theatre re-opened on 18th December 1980.

The company's investment properties benefited fully from the rent reviews which had taken place during 1979.

**Top Rank Clubs**  
Operations Controller – Mr. L. R. Clarke

Profits and admissions were higher than in 1979, in spite of the national economic recession.

Major improvement schemes are in hand or



## Review of Operations

have been completed at 16 clubs and a significant advance has been the introduction of a new type of electronic cash bingo into 11 clubs, which has materially increased turnover compared with that achieved with old-style equipment. A further 20 of these units will be installed in 1981.

Social activities at the clubs are being widened to include cabaret performances by well-known artistes and major promotional efforts are continuing to increase public awareness of the clubs and their range of activities and to increase membership.

### Entertainment and Banqueting

Director and Operations Controller –  
Mr. C. D. Spruce

The division experienced difficult trading conditions during 1980 and profits have fallen. Bar sales were particularly depressed.

The fashion for disco dancing which boomed in 1979 declined and no comparable dance style has yet replaced it, apart from the more specialised roller disco. This has been introduced in four venues, on days when they were normally closed, and results have been encouraging. Further sessions of roller disco are planned for other locations.

The opportunity was taken during the year to introduce "ice" skating on a synthetic plastic surface in the Brighton Kingswest complex and initial results were very encouraging. A similar facility has opened at Plymouth and further sites are being evaluated. It is considered that this activity will prove to be a profitable addition to the division's activities.

Southampton ice rink again had an extremely good trading year and record profits were achieved.

Nevertheless, as a result of the overall decline in trading in this division, some staff redundancies have had to be made. Future trading must be strongly influenced by national economic conditions and their effect upon leisure spending.

### Catering

Director and Operations Controller – Miss S. King

Catering Division achieved a significant increase in profit, arising principally from the operation of motorports and Wimpy bars.

The company has negotiated an agreement with the Ministry of Transport to purchase new fifty year leases for all five of its motorway service areas. The leases, at a peppercorn rent from 1st October

1980, supersede the former leases which provided for substantial participating rentals. As part of these negotiations, a reduced rent was agreed from 1st June to 1st October 1980 which improved the profits for the year.

The more favourable terms provided under the new leases open up a greater range of opportunities both in the services we are able to offer and in their pricing, which should have a positive effect on future business.

In addition to the five motorway areas, a new service area at Scotch Corner on the junction of the A1(M) and A66 was opened by the division during the year.

The Wimpy bars in North London purchased in 1979 continued to trade successfully. During 1980, a further Wimpy bar in Southend was purchased and additional units are being developed in Leicester and Ealing. The business has fulfilled forecasts and further developments are planned.

During 1980, Catering Division also opened four Great American Disaster restaurants and a fifth in early 1981.

Because of inadequate profitability, a decision was taken earlier in the year not to tender for the renewal of the catering concession at Heathrow Terminal 1 when it expired on 30th September 1980.

### Pinewood Studios – Operation of film studios.

Managing Director – Mr. C. R. Howard  
Turnover £4,600,000 (1979 £4,469,000)  
Trading profit £306,000 (1979 £401,000)

Fewer films were produced at Pinewood in 1980, mainly as a result of the strength of sterling against the US dollar, and trading profits fell. Altogether six films were in production, including Superman II, which completed its final stages.

Consent to operate public tours of Pinewood Studios was refused by the local authority and an appeal to the Department of the Environment has been made.

### Rank Film Distributors – Film distribution.

Managing Director – Mr. M. T. Young  
Turnover (British Isles) £5,886,000  
(1979 £5,701,000)  
Trading profit (British Isles) £143,000  
(1979 £265,000)

Despite an increase in sales during the year, mainly due to the income from Twentieth Century-Fox films, including "The Empire Strikes Back",

## Review of Operations

distribution commission declined. Overseas sales also improved.

The company has successfully begun licensing films for distribution on video cassettes and video discs.

During the year the company's main despatch depot moved from Denham to a new building at Perivale, involving the transfer of approximately 1,200 tons of film. The new site is more suitable for the storage of films and gives improved working conditions for staff.

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

The company satisfactorily increased its business and its profitability during the year. Until the end of the summer, the recession appeared to have had little effect on advertising expenditure, although later it became apparent that some advertisers were cutting appropriations.

There was a rapid increase in the cost of television advertising during the year which was helpful to our business, as advertisers sought alternative media.

The Rank Cinema Advertising Awards were held on 10th November 1980. The Grand Prix, presented by Sir John Mills, was won by the Fiat Strada cinema commercial.

**Rank Marine International** – Operation of marinas.

General Manager – Capt. J. A. Hans Hamilton

The boatyard, yacht brokerage and new boat sales, and chandlery operations were franchised reducing the number of staff employed from 168 to 26 and the company's business to that of marina operator. While the withdrawal from the franchised activities had an initial adverse effect on profitability, due to redundancy and other termination costs, there are good prospects for 1981.

**Rank Hotels** – Operation of hotels in Britain, Europe and the United States.

Managing Director – Mr. S. A. May

Turnover £38,719,000 (1979 £38,318,000)

Trading profit £1,103,000 (1979 £3,506,000)

The world economic recession had a markedly adverse effect on the company's trading and profitability, especially in London.

The combination of a strong exchange rate and a higher rate of inflation than other developed countries has damaged the competitive position of London as a tourist destination. The result was seen in lower occupancies in our London hotels during the year, with the greatest shortfall in visitors from North America.

Room occupancies in our Brussels, Paris and Aosta Hotels were maintained or increased, but levels were lower in Sardinia and Tenerife.

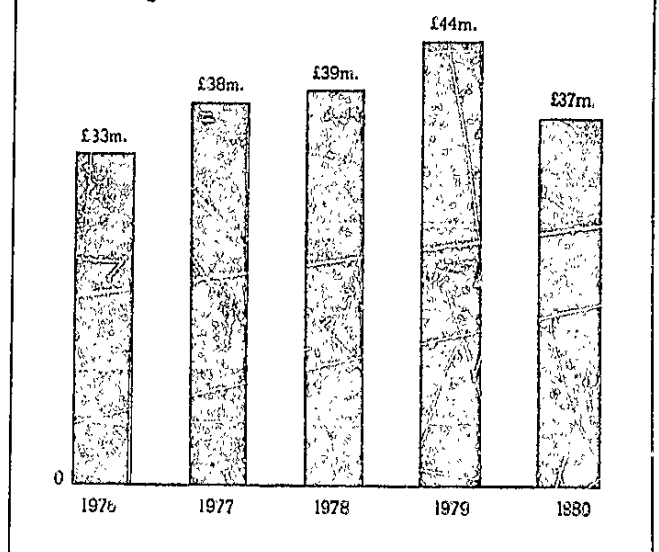
Despite lower occupancy, the Unicorn Hotel in Bristol improved profits substantially.

On 1st July 1980, the company entered into a management contract for the 120 bedroomed St Regis Hotel in Detroit, USA. Other opportunities in American city centre locations are currently under investigation.

The company's refurbishing and upgrading programme continued throughout 1980. In particular, the 51 bedroom extension and additional banqueting and reception facilities at the Great Danes Hotel near Maidstone were completed and well received.

Future prospects for the company's trading in the United Kingdom are bound to be affected by the current level of sterling. However the hotel business, especially in London, has always been of a cyclical nature and London is unlikely to diminish as a popular tourist destination and business centre in the longer term.

The Rank Organisation  
Trading Profit.



## Review of Operations

**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 and video cassettes.

Managing Director – Mr. D. N. James  
Turnover £45,807,000 (1979 £55,832,000)  
Trading profit £516,000 (1979 £2,556,000)

The recession in United Kingdom and world markets and the loss of the major distribution agencies for Nikon and Pentax had an adverse effect on the company's profits.

The strength of sterling also presented trading problems for Rank Audio Visual since approximately 45 per cent of the company's turnover is in overseas markets.

### Hi Fi

Director and General Manager,  
Loudspeaker Products – Mr. J. M. Holt

The division was severely hit by the downturn in consumer expenditure. However, there was an improvement in sales towards the year-end, probably due to re-stocking by dealers and to an increase in Wharfedale's market share.

R. E. Ingham & Company Limited, manufacturers of loudspeakers and loudspeaker cabinets, was acquired during the year. The company, based in two factories at Bradford and Knaresborough, brings significant advantages in component sourcing and new marketing opportunities for the existing Wharfedale and Heco brands.

### Hi Fi Germany – Heco

Managing Director – Mr. K. Balke

A marked recovery in the performance of this subsidiary occurred during the year. A new range of speakers was successfully introduced to the market. At the same time there was a reduction in the number of employees.

**Film Services and Photographic Group**  
General Manager – Mr. R. H. Sharp

Results of the Rank Film Library and of Hodgers film laboratories in Dublin were both satisfactory, and more than compensated for a fall-off in sales of consumer products, due to the recession and to educational cut-backs.

The Rank Video Library was successfully launched in January 1980 to distribute films on

video cassette for sale or rental.

The division's newest training film "The Pursuit of Efficiency", starring Penelope Keith, won a Silver Screen Award at the United States Industrial Film Festival in Chicago.

### Strand Group

Director and General Manager – Mr. G. Templeton

The division has expanded into new markets during the year and secured major contracts in Eastern Europe, Malaysia, Taiwan and Australia.

An important new range of theatre and television lighting control systems, known as Galaxy, was introduced and has been widely accepted as the leader in its field. A number of substantial orders have already been received. A new theatre/auditorium seating range has also been launched and the division's range of sound control desks extended.

Reflecting the growth of stage engineering activities, the Bury St Edmunds plant is in the course of expansion, due for completion in March 1981.

### Rank Precision Industries

Turnover £41,688,000 (1979 £40,355,000)  
Trading profit £3,516,000 (1979 £4,154,000)

Because of the difficult trading conditions prevailing during 1980, the profitability of the company was below that of 1979 but a number of important new products were introduced and new markets opened up during the year.

**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

Maintaining product leadership, Rank Cintel has continued to trade successfully. Results of the division, which exports 80 per cent of its production, have however been affected, like those of other exporting companies, by the prevailing economic conditions.

Two new products in the television broadcast field and one in that of process control, based on microprocessor technology, were introduced during the year.

Rank Electronic Tubes successfully entered the market for cathode ray tubes for computerized



# Review of Operations

phototypesetting by obtaining a contract worth over £1 million. A new research and development building was completed at the division's Sidcup plant.

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

Despite strong foreign competition, substantially increased orders for Polyvac spectrometers were received from Eastern Europe. Business in the United Kingdom has been maintained to date owing to outstanding contracts with British Steel and with the aluminium industry.

The division's new Chemispek chemical analysers were introduced in the United Kingdom and overseas. A number of successful installations were completed but sales did not reach budgeted levels.

**Rank Pullin Controls** – Manufacture and marketing of optical and electronic equipment including night vision equipment, sonar, industrial and metal detection equipment.  
 Director and General Manager – Mr. W. J. Griffiths

**Brentford.** The improved trading of 1979 continued into 1980 and the opening order book for 1981 was at a reasonable level, bearing in mind the constraints imposed by the United Kingdom Government on defence expenditure.

Major contracts were obtained for the supply of marine equipment and a development and manufacturing contract for hard copy recorders for use on both surface ships and submarines.

The division's research and development activities have been further strengthened by the integration of Rank Research Laboratories within this division.

**Debden.** At the Debden unit, business was poor owing to cut-backs in defence spending in the United Kingdom and to difficulties in obtaining overseas orders. For this reason, a major redundancy programme was effected during the year.

Development on second generation night vision equipment and on thermal imaging devices with long-term potential has continued and the longer term prospects for the division remain encouraging.

**Rank Taylor Hobson** – Manufacture and marketing of precision measurement equipment and infra-red and optical lenses.  
 Director and General Manager – Mr. W. Ramsden

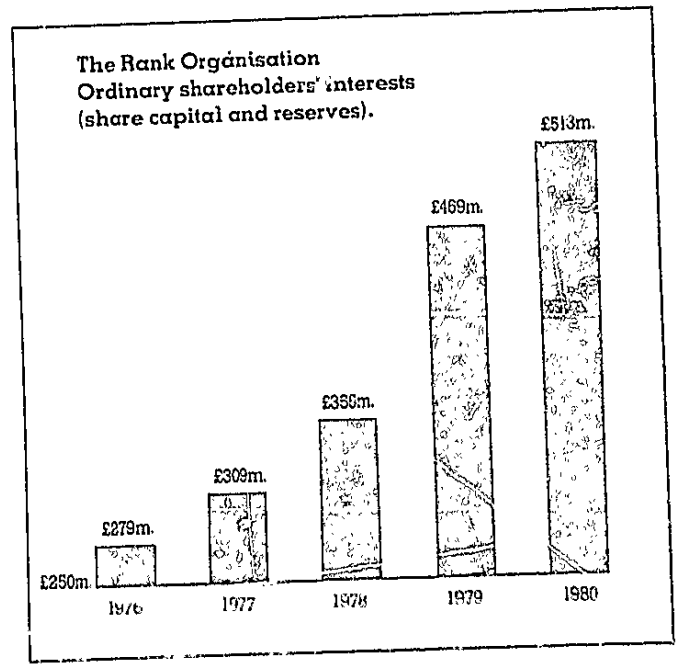
The division had a successful year's trading in spite of the sterling difficulties affecting exports generally.

Business with China increased and a Rank Taylor Hobson Service Centre was established in Peking. Trade with the Comecon countries was also at a high level. The division's subsidiary in Japan, Rank Taylor Hobson KK, achieved a profit in its first full year of trading.

The division's activities in thermal imaging increased following the award of a full development contract for the thermal imaging common module.

Important new products were introduced during 1980 including new Talydata microprocessor-based computer systems, which extend the capabilities of standard roundness and surface texture measuring instruments, and new zoom cine lenses.

The division has embarked on a major expansion on a new site at Thurmaston Lane, Leicester, the first phase involving an additional area of 78,000 sq ft (now occupied), and a second phase, scheduled



## Review of Operations

for occupation in 1981, adding a further 44,000 sq ft. In addition, some £2 million is being spent on new machinery to support the growth of the metrology instrument sector of the business.

Rank Taylor Hobson received the Queen's Award to Industry 1980 for Export Achievement, based on performance in 1978 and 1979.

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

Managing Director - Mr. J. Daly

Turnover £23,732,000 (1979 £21,228,000)

Trading profit £3,048,000 (1979 £2,338,000)

Both turnover and profits showed a significant increase over 1979, despite some indications of a reduction in business levels in the latter part of the year.

The strength of sterling posed the most serious problem for the Laboratories. The price advantage formerly held over American and European competitors ceased to exist. In addition the economic recession caused many customers to reduce expenditure on production of feature films, commercials and broadcast programmes.

The Video Centre also suffered from lack of demand in the latter part of the year. However, the longer-term prospects for video seem favourable, particularly in view of the approaching fourth television channel. We announced in December 1980 that negotiations had been commenced with Phicom Limited with a view to the merger of our respective video communications interests and the subsequent acquisition of Audio + Video Limited, a privately owned company in the same field.

**Rank Radio International** - Marketing of television sets and audio products.

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

Turnover £52,970,000 (1979 £57,411,000)

Trading loss £1,638,000 (1979 profit £798,000)

The decision to terminate the Rank Toshiba joint venture led to the further decision that Rank Radio International could no longer be a viable business in the future without owning or controlling its own manufacturing. A buyer for the business is being sought, failing which it will be closed down and the assets sold.

During 1980, the company increased its share of the United Kingdom colour television market but margins were depressed in this highly competitive field.

The company suffered severely in its export

business due to the strength of sterling. The audio business was terminated during the year.

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

Director and General Manager - Mr. M. P. Harrie

The company made a loss on its trading in 1980. However, its new electro-sensitive printer was successfully introduced and a substantial order from the Post Office was received.

The move to a new factory at Southgate was completed on schedule and new staff recruited and trained.

**Zynar** - Software engineering and systems technology.

Managing Director - Mr. C. Crook

Zynar, a subsidiary formed to exploit the opportunities created by silicon chip technology, began operations in June 1980. Its United Kingdom headquarters have been established in Uxbridge and highly qualified staff are being recruited.

Zynar has formed an association with, and taken a minority equity interest in, Nestar Systems Inc. of Palo Alto, California. As a result, Zynar is marketing Nestar products exclusively in Western European markets and the two companies are co-operating in the development of future microsystems and related software.

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

Managing Director - Mr. R. F. Butlin

Turnover £87,564,000 (1979 £77,084,000)

Trading profit £14,586,000 (1979 £14,386,000)

The company achieved an increase in profit over that reported for 1979, although the Leisure Caravan Parks profits for that year included the more profitable post-acquisition months only. However, the recession was reflected in the higher number of booking cancellations experienced from April 1980 onwards. Despite this, total bookings for Butlin's were virtually unchanged as between 1979 and 1980.

# Review of Operations

## Main Centres

Divisional Director – Mr. F. H. Foulkes

The programme of providing meals at a single sitting to full-board guests was completed by a major programme of conversion to self-catering accommodation at Ayr. In addition, 100 new self-catering flatlets were constructed at Bognor. These two projects together with the continuing programme of upgrading facilities and equipment replacements incurred capital expenditure at the Main Centres during 1979/80 of approximately £5.3 million.

The major programme being undertaken during the winter of 1980/81 is the construction of 248 new self-catering flatlets at the Minehead holiday centre.

## Small Centres

Divisional Director – Mr. T. H. North

In the Small Centres division, 1980 saw the purchase and operation of 56 motor cruisers from Bushnells, based on the Thames at Maidenhead and further expansion of the caravan and tent operation in France.

## Leisure Caravan Parks

Divisional Director – Mr. R. L. Webb

A site at Winchelsea with 300 pitches was purchased for Leisure Caravan Parks. The company has been operating this site since 1968 and the opportunity to purchase arose on the expiry of the lease.

Negotiations are proceeding for two other major sites at Rochester, Kent and at Felixstowe.

## Rank City Wall – Property investment.

Turnover £16,321,000 (1979 £14,930,000)  
Profit £9,443,000 (1979 £8,295,000)

## United Kingdom and Europe

Directors and Joint General Managers –  
Mr. B. T. Penfold and Mr. T. Thomas

The United Kingdom rent roll increased by £225,000 from new or reversionary lettings, and £613,000 from completed rent reviews. Sales totalling £3.1 million were completed or agreed in respect of certain United Kingdom properties, of which some £3.83 million was in respect of properties not contributing to trading profits.

The company also realised FF5 million from the sale of a residential development site in France. It is proposed to dispose of the only remaining French investment property at Toulouse at the earliest opportunity.

## Canada

Executive President – Mr. D. H. Montague

At 2 Bloor West, Toronto, following the completion of the bridge and tunnel connections to adjoining properties, the leasing of the new retail area and the refurbished lower level retail mall proceeded satisfactorily.

The other properties in this portfolio are effectively fully let and rent reviews now being negotiated on some of these will yield a material increase in income for 1981 and 1982.

## Rank Industries Australia – Manufacture and

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

Chairman – Mr. K. S. Russett

Managing Director – Mr. J. Peile

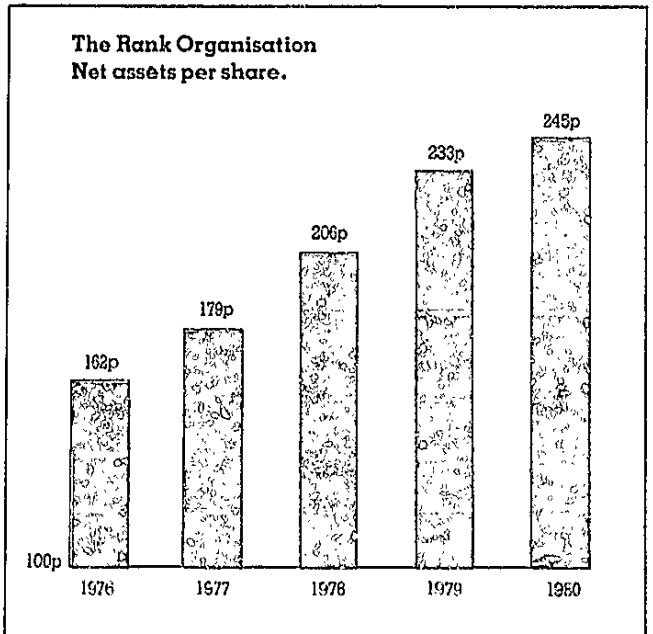
Turnover £103,216,000 (1979 £70,931,000)

Trading profit £4,633,000 (1979 loss £563,000)

The company achieved substantially improved trading results in 1980.

The Australian appliance businesses of the General Electric Company of USA were consolidated and contributed to these results.

The manufacturing resources of Rank Industries



## Review of Operations

Australia were strengthened during the year with increased production of colour television, audio, small appliances and refrigerators and freezers. With a sound economic situation in Australia, stable market conditions and strong consumer demand for the company's products, further development of manufacturing facilities and higher levels of production are planned for 1981. Manufacturing activities are strongly supported by technical assistance from Nippon Electric Company (Japan), the General Electric Company (United States) and G. Bauknecht GmbH (West Germany).

The multi-brand marketing policy operated by Rank Industries Australia in the appliance industry resulted in improved market shares and product leadership. The strong growth in sales reported for the year appears likely to continue.

Operational difficulties and costs were incurred in the consolidation of the Kerby furniture business into the company's activities. A loss was incurred during 1980 but with re-organisation, which has now been effected, the company anticipates a trading profit from its furniture business in the coming year.

The growing electronic security business and industrial electronic division were combined with audio visual, broadcast and television equipment and theatre lighting activities to form a new company known as Rank Electronics Pty. Limited.

The major acquisitions and re-organisation begun in 1979 produced the anticipated improvement in 1980 which should continue in 1981, with the full benefits being enjoyed from 1982 onwards.

**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, specialised cathode ray tubes and custom made neon signs.  
President - Mr. B. A. Edney  
Turnover £18,889,000 (1979 £17,348,000)  
Trading profit £216,000 (1979 £692,000)

The downturn in profits reflected the recession in North America, the strength of sterling and higher than anticipated inflation rates in the United States. Major profit contributions came from the precision measurement activities.

**Strand Century.** Success was achieved in the traditional theatre, television and motion picture

markets in the United States during the year particularly with new control and dimming products. The rapid development of the hotel/casino market in Atlantic City such as the Playboy and Golden Nugget hotels, represented important opportunities for new business. Important projects were completed with the Canadian Broadcasting Corporation and the Canadian House of Commons.

**Rank Precision Industries.** The total range of metrology products enjoyed another successful year. Business held up well considering the recession in the manufacturing sector of the United States economy and the first shipments were made of the Talycheck coordinate measuring machines. The company's share of the telecine market grew significantly.

**Rank Scheer-Tumico.** Although new outlets were found for the small tool business, overall demand for these products was affected adversely by the fall in consumer spending. However, demand for capital items such as optical comparators was at record levels.

**Rank Electro Media.** This company was formed by the amalgamation of Neon Sales & Service Limited and Steel Art Company Limited in order to market custom made signs nationwide in Canada. The company launched a solid state electronic variable message centre which was well received by potential users.

**South America.** A new marketing structure has been established under the direction of Strand Century to develop opportunities in South America, particularly for theatre, motion picture and television equipment.

**Rank Industries Asia** - Marketing of a wide range of Rank Organisation and other products in the Far East.  
Managing Director - Mr. P. W. Blaxton  
Turnover £11,538,000 (1979 £9,629,000)  
Trading profit £759,000 (1979 £650,000)

The company achieved increased profit, 17 per cent higher than in 1979.

However trading was adversely affected by two factors towards the end of the period. The war in Kampuchea led to reduced trading with Thailand and the Indonesian embargo against United Kingdom manufactured goods and companies resulted directly in lost orders.

The company has increased its range of activities by the acquisition of the agency for the

## Review of Operations

Swiss Rotary watch, and Creda washing machines and dryers. Marketing has begun of Apple computers and computer peripherals including Anadex printers.

### Overseas Associated Companies

#### Australia - The Greater Union Organisation Pty. Limited

Revenue from film exhibition and related activities of our associated company in Australia continued at a satisfactory level in the year to 30th June 1980 although the Group results were affected by a small reduction in the dividend received from Rank Xerox Australia. In consequence, our share of

the profits of the GUO Group at A\$3.84 million was slightly below that of the comparable period for the previous year which, at A\$3.9 million, had constituted a record for the company.

#### New Zealand - The Kerridge Odeon Corporation

Despite the more difficult trading conditions prevailing in New Zealand during the year ended 31st March 1980, profits earned by the Group in that period increased by 25 per cent due to an improvement in profitability both in film exhibition and related activities and in the company's merchandising operations. Our share of profits amounted to NZ\$3.0 million against NZ\$2.4 million in the previous year.

# Directors' Report

## 1 Principal Activities

The principal activities of the Group are shown on page 3. The only significant changes in these during the year were the closure of Rank Film Productions Limited (referred to on page 6) and the proposed closure of Rank Toshiba Limited and Rank Radio International Limited (referred to on page 5) which was announced on 26th September 1980.

The contribution of each class of activity to the Group turnover and profit is set out on pages 46 and 47.

## 2 Accounts and Dividends

On pages 25 to 44, the Directors present the Balance Sheets at 31st October 1980, the Group Profit and Loss Account for the year ended on that date and current cost accounts prepared in compliance with Statement of Standard Accounting Practice No. 16.

An Interim Dividend of 4.8p per share was paid on the Ordinary shares on 3rd November 1980. The Directors recommend payment of a Final Dividend of 6p per share, payable on 13th April 1981.

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

## 3 Fixed Assets

Changes in fixed assets during the year are shown in Note 11 on pages 33 and 34. These include an increase of £34,597,000 arising from a revaluation of investment properties.

## 4 Directors

With the exception of Mr. R. F. Butlin and Mr. K. S. Russett, the Directors listed on page 2 were Directors of the Company throughout the year ended 31st October 1980.

Mr. T. E. Chilton, who was also a Director throughout the year, resigned on 22nd January 1981.

Mr. R. F. Butlin and Mr. K. S. Russett were appointed to the Board on 4th December 1980. They retire at the Annual General Meeting in accordance with the Articles of Association and, being eligible, offer themselves for re-election.

Sir Robert Bellinger, Mr. R. F. H. Cowen, Sir Denis Mountain and Mr. Harry Smith retire by rotation in accordance with the Articles of Association and, being eligible, also offer themselves for re-election.

As Sir Robert Bellinger will be 71 at the time of the Annual General Meeting, 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, Mr. R. F. Butlin has a service contract with the Company which is terminable by either party on not less than one year's notice; Mr. K. S. Russett has a service contract with Rank Industries Australia Pty. Limited which is terminable by either party on not less than three year's notice. Mr. Harry Smith continues in office as Chairman of the Board until April 1982.

## 5 Directors' Interests

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

	At 31st October 1980		At 1st November 1979	
	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	—	1,500	—
R. F. H. Cowen	81,900	—	81,900	—
Russell W. Evans	9,706	—	9,706	—
Sir Reay Geddes	1,166	—	1,166	—
Sir Patrick Meaney	1,008	—	8	—
Sir Denis Mountain	315	1,000	315	1,000
The Hon. Angus Ogilvy	2,679	1,000	2,679	1,000
Harry Smith	6,160	—	6,160	—
J. B. Smith	240	—	240	—
Sir Richard Trehane	1,260	1,000	1,260	1,000

Sir Patrick Meaney was also beneficially interested in £76 10½% Unsecured Loan Stock 1997/2002 of the Company on 1st November 1979 and 31st October 1980.

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 20,517,281 Ordinary shares and 1,025 6½% Cumulative Preference shares in the Company.

## Directors' Report

In another capacity, Mr. Cowen has a further non-beneficial interest in 13,144 Ordinary shares and £15,200 10½% Unsecured Loan Stock 1997/2002.

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

- Eagle Star Staff Pension Fund – £35,000 8% Unsecured Loan Stock 1988/93
- Eagle Star Widows' Benefit Fund – £10,000 8% Unsecured Loan Stock 1988/93 and 12,600 Ordinary shares.

Except as stated herein, none of the Directors held interests in shares or debentures of the Company or any of its subsidiaries at 1st November 1979 or at 31st October 1980.

None of the Directors or their families has acquired or sold any interests in shares or debentures of the Company or its subsidiaries since 31st October 1980.

Mr. R. F. Butlin, who was appointed a Director on 4th December 1980, is beneficially interested in 41,038 Ordinary shares in The Rank Organisation Limited and in £500 6½% First Mortgage Debenture Stock 1982/87 of Butlin's Limited and has a non-beneficial interest, as trustee, in 5,648 Ordinary shares and £158,711 10½% Unsecured Loan Stock 1997/2002 of The Rank Organisation Limited and in £10,000 7½% First Mortgage Debenture Stock 1985/90 and £10,000 8% Second Mortgage Debenture Stock 1992/97 of Butlin's Limited.

### 6 Contracts with Directors

There were no contracts or arrangements subsisting during the year ended 31st October 1980, 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.

### 7 Executive Share Schemes

An Executive Incentive Scheme was constituted on 19th October 1970 and provided for the Company and certain subsidiaries to lend money through trustees to nominated executives to enable them to acquire shares in the Company at market values. As a result of an alteration to the Scheme Rules approved at the Annual General Meeting on 12th March 1980, the loans are repayable within thirteen years of their being made. The loans are also currently interest free.

The Scheme was terminated on 6th November 1980 and accordingly no further shares will be

issued. Mr. T. E. Chilton and Mr. R. W. Evans, who were Directors throughout the year ended 31st October 1980, continued to be participants in the Scheme and, at the date of this report, held all the 18,946 Ordinary shares remaining in issue under the Scheme.

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

### 8 Share Issue

On 1st February 1980, the Company acquired the whole of the share capital of R. E. Ingham & Company Limited, a specialist manufacturer of loudspeakers and loudspeaker cabinets, for £653,000 in cash and 637,124 Rank Organisation Ordinary shares.

### 9 Shareholdings Exceeding 5 per cent

So far as is known, the only person holding or beneficially interested at 13th January 1981 in more than 5 per cent of the Ordinary share capital of the Company was The Rank Foundation Limited which held 17,586,246 Ordinary shares at that date, 8.7 per cent of the Ordinary shares. The Rank Foundation is associated with the J. Arthur Rank Group Charity and The Rank Prize Funds whose holdings of 2,931,035 Ordinary shares in the Company amount to a further 1.5 per cent.

### 10 Ordinary Shares

At 31st October 1980, the issued Ordinary shares of the Company were held by 45,281 holders (excluding holders of American Depositary Receipts) as follows:

Shares held	Number of shareholders
1—100	19,125
101—250	6,606
251—500	5,807
501—1,000	6,691
1,001—5,000	5,697
5,001—10,000	444
10,001—50,000	473
Over 50,000	438

The total number of Ordinary shareholdings, including American Depositary Receipts, was 61,741 (1979—66,577).

# Directors' Report

## 11 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.

12 Exports and Overseas Earnings	£000
Value of goods exported by the Group in the year ended 31st October 1980.	49,534
Profits of overseas subsidiaries; film revenues and royalties earned overseas; and share of profits of overseas associated companies	6,022
Exports and overseas earnings of the Rank Xerox companies	370,921

## 13 Employees

The average number of employees within the Group in each of the 52 weeks to 31st October 1980 and the aggregate gross remuneration for the year were:

	Number	Aggregate gross remuneration £000
Employees within the United Kingdom including 7,370 part-time employees	29,883	114,236
Employees outside the United Kingdom including 452 part-time employees	6,050	32,815
	35,933	147,051

## 14 Disabled Persons

New Government regulations require all larger companies to notify shareholders of the company's

policy for employing registered disabled persons.

The Rank Organisation has always sought to employ its quota of disabled persons. The Company has an established policy to encourage the employment of the disabled whenever this is practicable bearing in mind the requirements of the job and regards the quota laid down by the Government as a minimum requirement.

Where an employee becomes disabled during the course of his or her employment, every effort is made to find suitable alternative employment within the Company and re-training is given if this is necessary.

With regard to career development and promotion, the Company strives to ensure that disabled employees are able to benefit from the planned training and development programmes which exist for all employees.

## 15 Charitable and Political Contributions

During the year ended 31st October 1980, the Company and its subsidiaries made contributions for charitable purposes totalling £137,066. The Company contributed £2,500 to Aims of Industry which may be regarded as coming within the definition of political contributions under the provisions of Section 19 of the Companies Act 1967.

The Company has also contributed £30,000 to the Conservative and Unionist Party.

## 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.

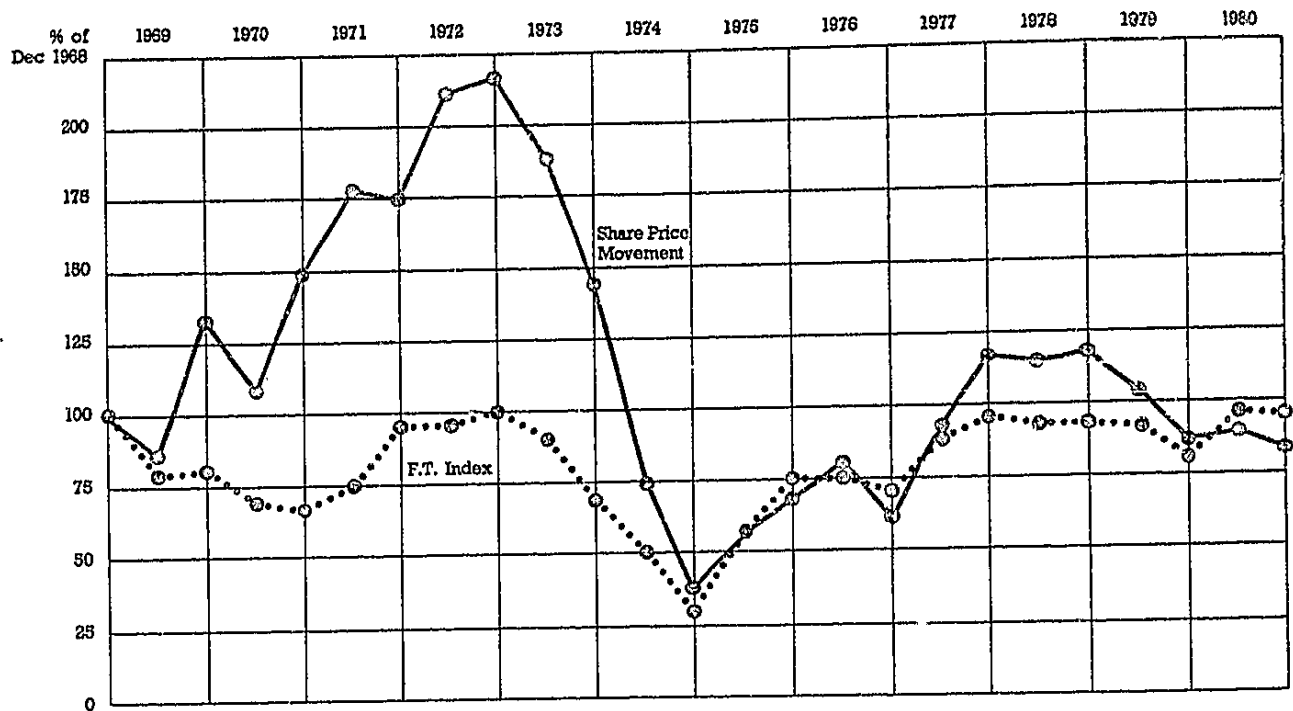
By Order of the Board  
B. C. Owers  
Secretary

22nd January 1981



# The Rank Organisation

**Percentage movement in price of Ordinary shares  
and Financial Times Industrial Ordinary Share Index  
31st December 1968= 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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Source and Application of Funds	28
Notes to the Accounts	29-42
Current Cost Accounts	43-44

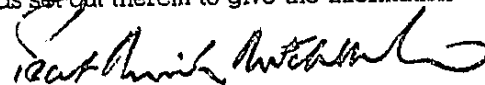
## Report of the Auditors to the Members of The Rank Organisation Limited

We have audited the accounts on pages 26 to 44 in accordance with approved Auditing Standards.

In our opinion the accounts set out on pages 26 to 42, which have been prepared on the basis of the accounting policies set out in note 1 on page 29, give a true and fair view of the state of affairs of the company and of the group at 31st October 1980 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 to 1980.

In our opinion, the abridged supplementary current cost accounts set out on pages 43 and 44 have been properly prepared in accordance with the accounting policies and methods set out therein to give the information required by Statement of Standard Accounting Practice No.16.

London  
22nd January 1981



PEAT, MARWICK, MITCHELL & CO.  
Chartered Accountants

# Group Profit & Loss Account

for the year ended 31st October 1980

	Note	1980 £000	1979 £000
Turnover		<u>596,723</u>	<u>537,832</u>
Trading profit	2	37,222	43,779
Associated companies	3		
Rank Xerox Companies		89,344	101,889
Others		6,694	5,414
		<u>133,260</u>	<u>131,082</u>
Interest	4	22,023	19,893
Profit before taxation		<u>111,237</u>	<u>131,189</u>
Taxation	5	49,980	53,727
		<u>61,257</u>	<u>77,462</u>
Minority interests		4,210	3,476
Profit before extraordinary items		<u>57,047</u>	<u>73,986</u>
Extraordinary items	6	(20,015)	(323)
Profit attributable to The Rank Organisation Limited	7	<u>37,032</u>	<u>73,663</u>
Dividends	8	22,398	22,330
Profit retained	9	<u>14,634</u>	<u>51,333</u>
Earnings per Ordinary Share	10	<u>28.0p</u>	<u>38.4p</u>

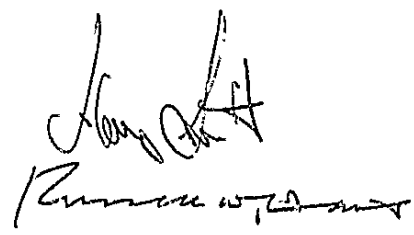
The notes to the accounts are on pages 29 to 42.

# Balance Sheets

at 31st October 1980

	Note	Group		Company	
		1980 £000	1979 £000	1980 £000	1979 £000
<b>Assets employed</b>					
Fixed assets	11				
Investment properties		156,121	139,426	—	—
Others		242,450	223,372	59,042	47,408
Interest in subsidiaries	13	—	—	309,073	323,005
Investments	14	243,506	224,903	1,202	4,202
Goodwill		46,094	50,774	3,997	4,031
Deferred revenue expenditure		1,072	1,044	89	29
Net current assets (liabilities)	18	29,056	54,736	(35,355)	(11,430)
		718,299	694,255	338,048	367,245
 <b>Financed by</b>					
Ordinary share capital	15	50,498	50,339	50,498	50,339
Reserves	15	462,436	418,179	190,440	212,436
Ordinary shareholders' funds		512,934	468,518	240,938	262,775
Preference share capital	15	12,598	12,598	12,598	12,598
Minority interests		38,489	44,103	—	—
Deferred taxation	17	3,697	5,217	2,178	1,511
Loan capital and borrowed money	16	150,581	163,819	82,334	90,361
		718,299	694,255	338,048	367,245

HARRY SMITH  
RUSSELL W. EVANS } *Directors*



The notes to the accounts are on pages 29 to 42.

# Source and Application of Funds

for the year ended 31st October 1980

	1980 £ million	1979 £ million
<b>Source of funds</b>		
Within the Group		
Trading profit	37.2	43.8
Interest	(22.0)	(19.9)
Dividends received from associated companies	23.6	24.7
Extraordinary items before tax	(27.5)	(1.8)
Items included above not requiring (providing) funds		
Depreciation	14.3	12.9
Other items	3.8	(2.1)
	29.4	57.6
Net proceeds from the sale of:		
Investments	4.9	—
Properties and plant	8.2	6.7
	42.8	64.3
Outside the Group		
Borrowings other than bank overdrafts		
Amount repayable within 5 years	15.7	9.3
Amount not repayable within 5 years	8.0	2.7
Issue of Ordinary Shares	1.1	62.4
Issue of shares of subsidiaries to minorities	—	30.4
	24.8	104.8
<b>Total</b>	<b>67.3</b>	<b>169.1</b>
<b>Application of funds</b>		
Acquisition of net assets and goodwill of subsidiaries	3.4	27.5
Other investments	0.3	7.1
Additions to fixed assets		
Investment properties	2.6	2.5
Other fixed assets	37.8	28.4
Repayment of borrowings other than bank overdrafts	16.9	80.4
Dividends paid	25.8	16.8
Taxation paid	1.7	1.7
	88.5	164.4
<b>(Decrease) increase in working capital</b>	<b>(21.2)</b>	<b>4.7</b>
<b>Comprising</b>		
(Increase) in creditors and accrued expenses	(13.4)	(4.1)
(Increase) in acceptance credits and bank overdrafts less cash and short term deposits	(24.2)	(13.1)
Increase in stock and work in progress	2.7	12.2
Increase in debtors	13.7	9.7
	<b>(21.2)</b>	<b>4.7</b>

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.

# Notes to the Accounts

## 1 Accounting policies

### (i) Historical cost convention

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

### (ii) Subsidiary companies

The Group accounts include the audited accounts, made up to 31st October 1980, 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 Private Limited	31st December 1979
The Greater Union Organisation Pty. Limited	30th June 1980
Kerridge Odeon Corporation Limited	31st March 1980

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.

### (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.

#### *Rank Xerox Companies*

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) Depreciation is 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.

(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*

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.

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.

*Rank Xerox Companies*

Full provision is made for deferred taxation.

2 Trading profit	1980	1979
	£000	£000
Trading profit is arrived at after crediting		
Surplus on purchase of debentures and loan stock	705	1,467
And after charging		
Depreciation	14,302	12,883
Auditors' remuneration (Company £125,000, 1979 £111,000)	908	891

**3 Associated companies**

	Rank Xerox Companies		Others	
	1980 £000	1979 £000	1980 £000	1979 £000
Share of profits less losses before taxation	89,344	101,889	6,694	5,414
Taxation (note 5)	(44,817)	(49,722)	(3,492)	(2,660)
Extraordinary items (note 6)	—	—	612	17
	44,527	52,167	3,814	2,771
Dividends receivable by the Group	(21,402)	(22,919)	(1,713)	(1,229)
	23,125	29,248	2,101	1,542
Profits less losses for the year retained by associated companies	(836)	(1,056)	—	—
Minority interests	22,290	28,192	2,101	1,542
Amounts retained attributable to shareholders of the company	—	—	(1,319)	—
Reserves of associated company written out on disposal of investment	22,290	28,192	732	1,542
Net increase in profits retained in associated companies (note 9)				

# Notes to the Accounts

## 4 Interest

	1980	1979
	£000	£000
Interest on bank loans and overdrafts	9,963	10,412
Interest on other loans fully repayable within 5 years	2,871	4,131
Interest on other loans not fully repayable within 5 years	8,081	8,701
Discount on acceptance credits	3,565	814
Interest receivable	(2,457)	(4,165)
	22,023	19,893

## 5 Taxation

	Company and its subsidiaries	1980 Associated companies		Total	Company and its subsidiaries	1979 Associated companies		Total
		Rank Xerox Companies	Others			Rank Xerox Companies	Others	
	£000	£000	£000	£000	£000	£000	£000	£000
United Kingdom corporation tax								
Current tax	(2,112)	15,794	986	14,668	5,339	16,614	709	22,662
Deferred tax	(1,084)	(1,812)	491	(2,405)	(4,241)	(2,587)	(32)	(6,860)
Advance corporation tax	1,676	—	—	1,676	(1,075)	—	—	(1,075)
	(1,520)	13,982	1,477	13,939	23	14,027	677	14,727
Overseas								
Current tax	1,985	24,259	2,070	28,314	763	38,444	2,057	41,264
Deferred tax	1,206	6,576	(55)	7,727	559	(2,749)	(74)	(2,264)
	3,191	30,835	2,015	36,041	1,322	35,695	1,983	39,000
	1,671	44,817	3,492	49,980	1,345	49,722	2,660	53,727

United Kingdom corporation tax is provided at 52% and is stated after crediting double tax relief of £373,000 (1979 £239,000) in respect of income from subsidiaries and £818,000 (1979 £738,000) 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 £8,020,000 (1979 £9,946,000). The charge for taxation for 1979 was also reduced by £3,797,000 for the Company and its subsidiaries and by £3,980,000 for Rank Xerox Companies in respect of permanent stock relief granted by the Finance (No. 2) Act 1979.



# Notes to the Accounts

6 Extraordinary items	1980 £000	1979 £000
Profits less losses on disposal of investment properties (1979 includes surplus provision against diminution in value)	1,315	4,240
Profits less losses on disposals of other properties	607	269
Losses on cessation of businesses	(24,850)	(3,310)
Losses and provisions for losses less profits on disposal of investments in subsidiary, associated and other companies	(1,852)	(82)
Goodwill written off	(3,156)	(2,151)
Exchange profits on repayment of overseas currency loans	399	(737)
	(27,537)	(1,771)
Taxation (including relief relating to previous years)	2,989	1,022
	(24,548)	(749)
Share of extraordinary items of associated companies	612	17
	(23,936)	(732)
Attributable to minorities	(3,921)	(409)
	(20,015)	(323)
<b>7 Profit attributable to The Rank Organisation Limited</b>		
	1980 £000	1979 £000
Dealt with in the accounts of The Rank Organisation Limited	(617)	35,145
Retained in subsidiary companies	14,577	8,784
Retained in associated companies	23,072	29,734
	37,032	73,663
<b>8 Dividends</b>		
	1980 £000	1979 £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 (1979 interim of 4.8p per share)	9,695	9,665
Final of 6p per share, proposed (1979 final of 6p per share)	12,120	12,082
	21,815	21,747
	22,398	22,330

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

	<b>1980</b>	<b>1979</b>
<b>9 Profit retained</b>	<b>£000</b>	<b>£000</b>
The Rank Organisation Limited and subsidiaries	(8,438)	21,599
Associated companies		
Rank Xerox Companies	22,290	28,192
Others	782	1,542
	<b>14,634</b>	<b>51,333</b>

## 10 Earnings per Ordinary Share

The calculation of earnings per Ordinary Share is based upon profit before extraordinary items of £57,047,000, from which are deducted Preference dividends totalling £583,000, giving earnings of £56,464,000 (1979 £73,403,000), and on the weighted average of Ordinary Shares in issue during the year of 201,835,000 (1979 191,227,000 shares). If full provision had been made for deferred taxation, other than in respect of capital gains, earnings would have been £48,458,000 (1979 £63,569,000) and earnings per share 24.0p (1979 33.2p).

## 11 Fixed assets

Group	Completed properties		Properties held for and in course of development		Total £000
	Freehold £000	Leasehold £000	Freehold £000	Leasehold £000	
<b>Investment properties</b>					
Net book amount at 31st October 1979*	80,450	56,079	2,750	147	139,426
Transfers to other fixed assets	(6,250)	—	(18)	—	(6,268)
Exchange adjustments	(8,174)	(3,850)	—	—	(12,024)
Additions at cost	1,069	658	875	—	2,602
Disposals at book amount	(1,238)	(226)	(637)	—	(2,101)
Depreciation for year	—	(111)	—	—	(111)
Surplus on revaluation	16,662	17,415	430	90	34,597
Directors valuation at 31st October 1980	<b>82,519</b>	<b>69,965</b>	<b>3,400</b>	<b>237</b>	<b>156,121</b>

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

The Group's investment properties have been revalued as at 31st October 1980 by the Directors (with advice from executives of the Group who hold appropriate professional qualifications), on the basis of the value to the Group on an existing use basis. The net surplus of £34,597,000 arising from the revaluations, including a net surplus on overseas investment properties of £9,375,000 translated at exchange rates ruling at 31st October 1980, has been transferred to an investment property revaluation reserve.

# Notes to the Accounts

<i>Fixed assets continued</i>	Freehold land and buildings £000	Leasehold land and buildings £000	Plant, vehicles and equipment £000	Total £000
Other fixed assets	131,529	64,648	137,263	333,440
At cost				
At Directors' valuation in				
1973	6,250	—	—	6,250
1975	849	—	—	849
1978	1,039	—	—	1,039
1979	250	—	—	250
	139,917	64,648	137,263	341,828
Accumulated depreciation	26,070	10,149	63,159	99,378
Net book amount at 31st October 1980	113,847	54,499	74,104	242,450
<i>Movements during year:</i>				
Net book amount at 31st October 1979*	108,916	45,679	68,777	223,372
Transfers from investment property	6,268	—	—	6,268
Depreciation for prior years on transfer from investment property	(276)	—	—	(276)
Exchange adjustments	(9,688)	(510)	(2,002)	(8,200)
New subsidiaries	840	83	884	1,807
Additions at cost	6,266	11,283	20,279	37,828
Disposals at book amount	(382)	(772)	(2,497)	(3,651)
Provisions for losses on disposal	(76)	16	(350)	(410)
Depreciation for year	(2021)	(1,280)	(10,987)	(14,288)
Net book amount at 31st October 1980	113,847	54,499	74,104	242,450
<b>Company</b>				
At cost	27,786	25,418	35,519	88,723
Accumulated depreciation	7,354	4,537	17,790	29,681
Net book amount at 31st October 1980	20,432	20,881	17,729	59,042
<i>Movements during year:</i>				
Net book amount at 31st October 1979*	19,691	12,082	15,635	47,408
Inter group transfers at book amount	18	—	(38)	(20)
Additions at cost	1,314	9,278	5,200	15,792
Disposals at book amount	(144)	(102)	(208)	(454)
Provision for losses on disposal	(76)	16	(350)	(410)
Depreciation for year	(371)	(393)	(2,510)	(3,274)
Net book amount at 31st October 1980	20,432	20,881	17,729	59,042

\*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 1980 includes for the Group £13,596,000 (1979 £13,243,000) and for the company £6,339,000 (1979 £5,820,000) in respect of leases with less than 50 years to run. The net book amount of investment properties at 31st October 1980 not depreciated during the year ended on that date was, in respect of the Group £152,688,000 (1979 £137,467,000).

# Notes to the Accounts

	Group		Company	
	1980	1979	1980	1979
	£000	£000	£000	£000
12 Future capital expenditure				
Commitments	6,006	6,468	648	428
Authorised by the Directors but not contracted	9,852	11,577	1,585	3,422
	15,858	18,045	2,235	3,850
United Kingdom	14,028	14,492		
Overseas	1,830	3,553		
	15,858	18,045		

	1980	1979
	£000	£000
13 Interest in subsidiaries		
Shares in subsidiaries at or under cost	142,227	142,473
Amounts owing by subsidiaries including dividends receivable less provisions	246,874	254,847
Interest receivable	—	3,115
	389,101	400,435
Less: Amounts owing to subsidiaries	78,755	76,421
Interest payable	1,273	1,009
	309,073	323,005

Of the amounts owing by subsidiaries £74,500,000 (1979 £74,500,000) has been subordinated to other creditors as an alternative to increasing the share capital of certain subsidiaries.

The principal subsidiaries, whose activities are shown in greater detail in the Review of Operations on pages 11 to 19, are:

	Class of shares owned	Percentage of share capital attributable to the Company		
		Directly owned	Through subsidiaries	Total
<b>Leisure services and hotels</b>				
Odeon (Ireland) Limited	Ordinary	—	100	100
Pinewood Studios Limited	Ordinary	100	—	100
Rank Advertising Films Limited	Ordinary	100	—	100
Rank Film Distributors Limited	Ordinary	100	—	100
Rank Hotels Limited	Ordinary	100	—	100
Rank Leisure Limited	Company limited by guarantee	100	—	100
Rank Marine International Limited	Ordinary	—	100	100
Rank Tuschinski Beheer B.V.	Ordinary	—	100	100
<b>Industrial and consumer products</b>				
English Numbering Machines Limited	Ordinary	100	—	100
Rank Audio Visual Limited	Ordinary	100	—	100
Rank Film Laboratories Limited	Ordinary	—	100	100
Rank Industries America Inc.	Common	—	100	100
Rank Industries Asia Pte. Limited	Ordinary	—	100	100
Rank Industries Australia Pty. Limited	Ordinary	—	100	100
Rank Industries Canada Limited	Common	—	100	100
	Non-Cumulative Participating Preference	30	65	95
Rank Precision Industries Limited (note (c))	Ordinary	100	—	100
Rank Radio International Limited	Ordinary	—	70	70
Rank Toshiba Limited (note (e))	Ordinary	—	70	70

# Notes to the Accounts

Details of principal subsidiary companies <i>continued</i>	Class of shares owned	Percentage of share capital attributable to the Company		
		Directly owned	Through subsidiaries	Total
<b>Holiday Centres</b>		100	—	100
Butlin's Limited	6% Cumulative Preference	100	—	100
	Ordinary	100	—	100
Leisure Caravan Parks Limited	Ordinary			
<b>Property</b>		100	—	100
Rank City Wall Limited	Ordinary	—	100	100
Rank City Wall Canada Limited	Common	—	100	100
	9% 'C' Cumulative Redeemable Preference			
<b>Holding Companies</b>				
A. Kershaw & Sons, Limited (note (a))	8% 'A' Cumulative Preference	78	—	78
	12½% 'B' Non-Cumulative Preference	35	—	35
	Ordinary	82	—	82
Rank Overseas Holdings Limited (note (b))	Ordinary	100	—	100
Rank Precision Industries (Holdings) Limited (notes (a) and (c))	5% Cumulative Preference	57	35	92
	Ordinary	60	33	93
Rank RX Holdings Limited (notes (c) and (d))	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 many other overseas subsidiary and associated companies.

(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 the Rank Xerox Companies.

(e) Under an agreement dated 23rd December 1980, Rank Toshiba Limited became a wholly owned subsidiary of the Company.

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

Oceon (Ireland) - Eire	Rank Industries Canada - Canada
Rank Industries America - U.S.A.	Rank City Wall Canada - Canada
Rank Industries Asia - Singapore	Rank Tuschinski Beheer - Holland
Rank Industries Australia - Australia	

# Notes to the Accounts

## 14 Investments

	1980	1979
Group	£000	£000
<b>Rank Xerox Companies</b>		
Unlisted		
Shares at par	14,883	14,883
Shares at cost	4,145	4,145
Share of retained profits and reserves	196,586	173,461
	215,614	192,489
Subordinated unsecured loan notes	1,200	1,200
Promissory notes	537	537
	217,351	194,226
<b>Other associated companies</b>		
Unlisted		
Shares at Directors' valuation	639	639
Shares at cost less amounts written off	2,725	3,435
Scrip issue at par	902	902
Share of retained profits and reserves	19,952	20,463
Advances	119	113
	24,337	25,552
Listed		
Shares at cost (Market value £125,000—1979 £117,000)	36	48
	24,373	25,600
<b>Other investments</b>		
Listed shares at cost less amounts written off (Market value £16,000—1979 £3,239,000)	37	3,047
Promissory note	1,745	2,030
	1,782	5,077
<b>Total</b>		
Unlisted	243,433	221,808
Listed	73	3,095
	243,506	224,903
<b>Company</b>		
Other associated companies		
Unlisted		
Shares at cost	263	266
Scrip issue at par	902	902
	1,163	1,168
Other investments		
Listed shares at cost (Market value £13,000—1979 £3,236,000)	34	3,034
	1,202	4,202

# Notes to the Accounts

## Investments continued

### Details of the principal investments

	Country of incorporation and operation	Class of capital owned	Percentage of share capital attributable to the Company		Total
			Directly owned	Through subsidiaries	
<b>Rank Xerox Companies</b>					
Rank Xerox Limited	Great Britain	'B' Ordinary	—	96.4	96.4
		'D' Ordinary	—	96.4	96.4
Rank Xerox Business Equipment Inc.	U.S.A.	'B' Common	—	96.4	96.4
Rank Xerox Holding B.V.	Holland	'E' Ordinary	—	96.4	96.4
		'C' Ordinary	—	96.4	96.4
Rank Xerox Investments Limited	Bermuda	'B' Ordinary	—	96.4	96.4
<b>Other associated companies</b>					
<b>Film Exhibition</b>					
Cathay Films Distribution Company Limited	Hong Kong	Ordinary	—	24.2	24.2
Cathay Organisation Private Limited	Singapore	Ordinary	—	24.2	24.2
Ceylon Theatres Limited	Sri Lanka	Ordinary	—	28.4	28.4
The Greater Union Organisation Pty. Limited	Australia	Ordinary	—	50.0	50.0
Kerridge Odeon Corporation Limited	New Zealand	Ordinary	—	50.0	50.0
<b>Manufacture</b>					
Bush (Ireland) Limited	Eire	'A' Ordinary	—	30.0	30.0
		'B' Ordinary	—	49.0	49.0
Bush India Limited	India	Ordinary	—	40.0	40.0
Murphy India Limited	India	Ordinary	—	33.4	33.4
<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.

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. Voting rights in Rank Xerox Investments Limited are held as to 51% by Xerox Corporation and 49% by Rank RX Overseas Limited.

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

	1980		1979	
	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	50,498	57,000	50,339
	<u>70,000</u>	<u>63,096</u>	<u>70,000</u>	<u>62,937</u>

At 31st October 1980 4,132,549 of the unissued Ordinary shares were reserved against conversions of the outstanding 4½% Convertible Loan 1993.

### Reserves

	Group		Company	
	1980	1979	1980	1979
	£000	£000	£000	£000
Share premium account	141,608	140,621	141,608	140,621
Investment property revaluation reserve	36,270	2,398	—	71,815
Other reserves	264,558	275,160	48,832	—
	<u>462,436</u>	<u>418,179</u>	<u>190,440</u>	<u>212,436</u>

### Movements in share capital, share premium account and investment property revaluation reserve

	Group		Company	
	Issued ordinary share capital	Share premium account	Investment property revaluation reserve	Investment property revaluation reserve
	£000	£000	£000	£000
Balances at 31st October 1979	50,339	140,621	2,398	(368)
Exchange adjustment	—	159	—	34,597
Issue of Ordinary Shares	—	—	987	(357)
Surplus on revaluation of investment properties	—	—	—	—
Goodwill attributable to investment properties	50,498	141,608	36,270	—
	<u>100,837</u>	<u>282,228</u>	<u>69,255</u>	<u>34,240</u>

### Movements in other reserves

	Group		Company	
	Company and its subsidiaries	Associated companies	Total	Total
	£000	£000	£000	£000
Balances at 31st October 1979	87,581	187,579	275,160	71,815
Exchange adjustments	(3,595)	(1,882)	(5,477)	32
Surplus on revaluation of fixed assets	—	442	442	—
Sundry	(349)	148	(201)	—
Profit retained	(8,438)	23,072	14,634	(23,015)
	<u>75,199</u>	<u>209,359*</u>	<u>284,558</u>	<u>48,832</u>
Balances at 31st October 1980	66,428	—	56,422	42,113
Regarded as available for distribution	<u>66,428</u>	<u>—</u>	<u>56,422</u>	<u>42,113</u>

\*Includes £188,962,000 in respect of Rank Xerox Companies



# Notes to the Accounts

16 Loan capital and borrowed money	Group		Company	
	1980 £000	1979 £000	1980 £000	1979 £000
Bank overdrafts	8,096	8,422	—	—
Bank loans				
Amounts repayable	16,511	14,688	14,518	13,377
Within one year or on demand	633	6,158	—	5,999
Between one and two years	24,344	23,303	14,667	14,750
Between two and five years	11,335	9,673	11,333	6,000
In five years or more	52,923	53,822	40,518	40,126
Other borrowings	24,638	30,277	24,638	30,277
4½% Convertible Loan 1993				
Remainder				
Amounts repayable	4,415	3,041	1,029	1,206
Within one year	21,341	9,042	1,029	1,206
Between one and two years	24,148	37,985	3,083	3,614
Between two and five years	23,225	21,977	8,843	7,419
Between five and fifteen years	31,207	35,694	18,736	21,097
In fifteen years or more	128,975	138,016	57,363	64,818
Total	189,894	200,260	97,881	104,944
Secured	26,687	27,612	16	19
Sterling	11,147	11,423	—	—
Other currencies	37,834	39,033	16	19
Unsecured	56,563	51,876	56,412	49,164
Sterling	95,497	109,349	41,453	55,761
Other currencies	162,060	161,225	97,865	104,925
Total as above	189,894	200,260	97,881	104,944
Deduct: Parallel loans	10,290	10,290	—	—
	179,604	189,970	97,881	104,944
Deduct: Amounts repayable within one year or on demand included in current liabilities	29,023	26,151	15,547	14,583
	150,581	163,819	82,334	90,361

Other borrowings shown above, other than the 4½% Convertible Loan 1993, include borrowings not fully repayable within five years totalling £64,285,000 (1979 £74,631,000) for the Group and £32,725,000 (1979 £34,540,000) 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 9.1% (1979 8.7%) and for the Company 9.3% (1979 9.5%).

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 1980 at which date U.S. \$50,017,000 nominal of the loan was outstanding. During the year the Company purchased and cancelled U.S. \$2,975,000 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 1980, the amount outstanding under these agreements totalled U.S. \$22,949,000 (1979 U.S. \$22,949,000) by the subsidiary and £10,290,000 (1979 £10,290,000) 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)			
	1980	1979	1980	1979	Group		Company	
	£000	£000	£000	£000	£000	£000	£000	£000
Capital allowances	3,406	2,294	465	639	38,517	30,825	8,727	7,213
Stock appreciation relief	364	1,178	—	116	8,310	7,186	733	604
Other timing differences	2,226	2,578	1,713	1,587	(4,309)	(5,194)	(605)	(1,197)
Losses	—	—	—	—	(1,077)	(1,405)	—	—
	<u>5,996</u>	<u>6,050</u>	<u>2,178</u>	<u>2,342</u>	<u>41,441</u>	<u>31,472</u>	<u>8,855</u>	<u>6,620</u>
Advance corporation tax	(2,299)	(833)	—	(831)	(3,975)	(833)	(1,676)	(831)
	<u>3,697</u>	<u>5,217</u>	<u>2,178</u>	<u>1,511</u>	<u>37,466</u>	<u>30,639</u>	<u>7,179</u>	<u>5,789</u>

The above figures exclude taxation payable:

- (a) in the event of profits of certain overseas subsidiary and associated companies being distributed and  
 (b) on capital gains estimated at £22 million (1979 £15 million) at current rates of taxation 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	
	1980 £000	1979 £000	1980 £000	1979 £000
<b>Current assets</b>				
Stocks				
Raw materials and work in progress	41,258	39,317	—	—
Finished goods and other stocks	62,756	62,097	3,884	3,365
Film productions	4,965	8,785	4,579	7,906
	<u>109,979</u>	<u>110,199</u>	<u>8,463</u>	<u>11,271</u>
Debtors and prepayments	103,156	94,368	3,330	3,347
Loans to Trustees of the Executive Incentive Scheme (after provisions of £37,000, 1979 £121,000 for the Group and £37,000, 1979 £70,000 for the Company)	22	71	22	46
Dividends receivable from associated companies	10,782	11,263	—	—
Short term deposits	6,682	23,138	2,000	28,676
Cash at bank and in hand	10,635	8,209	7,310	4,767
	<u>242,257</u>	<u>252,238</u>	<u>21,125</u>	<u>45,107</u>
<b>Current liabilities</b>				
Amount of loan capital and borrowed money repayable within one year or on demand	29,023	25,151	15,547	14,583
Creditors, provisions and accrued expenses	131,358	120,102	18,924	20,013
Acceptances by banks	25,427	22,913	—	—
United Kingdom corporation tax	1,170	3,280	—	—
Overseas taxation	2,396	1,724	—	—
Dividends				
Accrued on preference shares	194	194	194	194
Payable and proposed on Ordinary Shares	21,615	21,747	21,815	21,747
Minority shareholders of subsidiaries	1,818	1,391	—	—
	<u>213,201</u>	<u>197,502</u>	<u>36,480</u>	<u>56,537</u>
Net current assets/(liabilities)	<u>29,056</u>	<u>54,736</u>	<u>(35,355)</u>	<u>(11,430)</u>

# Notes to the Accounts

## 18 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 £9,800,000 (1979 £16,700,000) including £300,000 (1979 £300,000) relating to advances by third parties at 31st October 1980 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 1980 to (a) subsidiaries amounting in aggregate to approximately £79,400,000 (1979 £90,600,000) of which £78,000,000 (1979 £88,800,000) is included as liabilities in the Group balance sheet and (b) associated companies of approximately £300,000 (1979 £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 1980 the contingent liability under these arrangements amounted to £5,199,000 (1979 £5,388,000).

## 20 Emoluments of Directors of The Rank Organisation Limited

	In respect of services as Directors		Other emoluments	
	1980 £000	1979 £000	1980 £000	1979 £000
Chairman	—	—	61	52
Highest paid Director	—	—	45	38
Other Directors	Number of Directors			
	1980	1979		
Nil—£5,000	6	7		
£5,001—£10,000	3	1		
£10,001—£25,000	—	1		
£25,001—£30,000	—	1		
£30,001—£35,000	2	2		
£35,001—£40,000	2	—		
£40,001—£45,000	—	—		
	64	43	145	117
Contributions to pension schemes	—	—	251	207
Pension paid to former director	—	—	98	65
	—	—	6	3
<b>Total Emoluments</b>	<b>64</b>	<b>43</b>	<b>355</b>	<b>275</b>

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

	Number of employees	
	1980	1979
£20,001—£25,000	27	10
£25,001—£30,000	7	3
£30,001—£35,000	4	—

# Current Cost Accounts

## Group Profit and Loss Account for the year ended 31st October 1980

	Note	£million	£million
Turnover			596.7
Historical cost trading profit before interest			37.2
Less Current cost operating adjustments	2		(23.2)
Current cost operating profit			14.0
Gearing adjustment		4.9	
Interest on net borrowing	3	(22.0)	(17.1)
Associated Companies			(3.1)
Per historical cost accounts		96.0	
Less Current cost adjustments	4	(22.6)	73.4
Current cost profit before taxation			70.3
Taxation			(50.0)
Minority interests			20.3
Profit before extraordinary items			(3.7)
Extraordinary items			16.6
Current cost loss attributable to The Rank Organisation Limited			(20.9)
Dividends			(4.3)
Current cost deficit for the year			(22.4)
			(26.7)

### Notes to the current cost accounts (CCA)

#### 1. Accounting policies

(a) CCA are based on historical cost accounts adjusted to comply with SSAP 16. Investment properties have not been adjusted. Lack of CCA information for some overseas subsidiaries is not believed material to this presentation. CCA figures allow for price changes specific to the business.  
As this is the first year for which full CCA figures are presented, comparative figures are not shown.

(b) The gross current cost of fixed assets had been derived as follows:—

Plant has been restated using appropriate Government indices applied to the historical costs. The current cost of land and non-specialised buildings has been estimated by the Directors based upon the advice of executives of the Group who hold appropriate professional qualifications. The valuations adopted for these purposes have in certain cases been taken to be equal to the depreciated net book amount as reflected in the historical cost accounts, principally in respect of theatre properties.

#### (c) Other accounting policies:

Except as set out above the policies used in the current cost accounts are the same as those used in the historical cost accounts.

#### 2. Current cost operating adjustments

	£m
Cost of sales	(8.9)
Monetary working capital	(0.7)
Depreciation	(9.6)
Fixed asset disposals	(13.0)
	(0.6)
	(23.2)

#### 3. Gearing adjustment

In calculating the gearing adjustment, (a) shareholders' funds have been adjusted to eliminate from the balance sheet, investments, goodwill and the net interest in investment properties, and

(b) average borrowings during the year of £82.2 million have been attributed to investment properties.

Notes continue on page 44.

# Current Cost Accounts

## Group Balance Sheet as at 31st October 1980

	Note	£million	£million
<b>Assets employed</b>			
Fixed assets			156.1
Investment properties	5		446.6
Other fixed assets			297.7
Investments			34.1
Goodwill			
Working capital		110.5	
Stock		(26.2)	84.3
Trade creditors less trade debtors			<u>1,018.8</u>
<b>Net operating assets</b>			<u>1,018.8</u>
<b>Financed by</b>			50.5
Ordinary share capital	6		288.1
Reserves: Current cost			421.1
Other			<u>759.7</u>
<b>Ordinary shareholders' funds</b>			12.6
Preference share capital			39.8
Minority interests			21.8
Dividends payable			<u>833.6</u>
<b>Total shareholders' interest</b>			
<b>Net borrowing</b>		150.6	
Loan capital and borrowed money		3.7	
Deferred taxation		30.9	185.2
Other current liabilities/assets (net)			<u>1,018.8</u>

### Notes to the current cost accounts (CCA) (continued)

<b>4. Associated companies: current cost adjustments</b>	£m	<b>6. Current cost reserve</b>	£m
Cost of sales	(6.1)	Balance at 1st November 1979	230.2
Monetary working capital	(3.6)	Revaluation surpluses reflecting price changes:	
	(9.7)	Land and buildings	46.5
Depreciation	(13.1)	Plant and machinery	13.2
Fixed asset disposals	(1.1)	Stock	8.2
	(23.9)	Investments	(4.3)
Foreign currency translation	(4.3)	Monetary working capital adjustment	0.7
Gearing adjustment	8.6	Gearing adjustment	(4.9)
	(22.6)	Minority interests	(1.5)
		Balance at 31st October 1980	<u>288.1</u>
<b>5. Other fixed assets</b>		of which: Realised	41.3
		Unrealised	246.8
			<u>288.1</u>
	Gross current replacement cost or valuation	Depreciation	Net current replacement cost or valuation
	£m	£m	£m
Freehold land and buildings	276.3	35.7	240.6
Leasehold land and buildings	110.4	13.1	97.3
Plant, vehicles and equipment	61.5	152.8	108.7
	<u>648.2</u>	<u>201.6</u>	<u>446.6</u>

# 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 1980 is as follows:

	Turnover £000	Trading Profit £000
United Kingdom	415,658	26,874
Belgium	3,128	207
France	4,479	178
Germany	11,378	250
Holland	10,567	(91)
Eire	5,156	1,009
Rest of Europe	4,268	153
Canada	11,296	3,757
U.S.A.	15,439	542
Australia	103,216	4,633
Asia	12,138	762
<i>Deduct: Unallocated central costs net of profits on redemption of debentures</i>		(1,052)
	<u>596,723</u>	<u>37,222</u>

## Information per Ordinary Share

(in pence per share)

	1980	1979	1978	1977	1976
Earnings	28.0	38.4	38.2	39.4	20.2
Dividends	10.8	10.8	8.9774	8.0361	7.1268
Net Assets	253.9	232.7	205.5	178.9	161.9

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

## Analysis of Turnover

	1980 £000	1979 £000	1978 £000	1977 £000	1976 £000
<b>Leisure services and hotels</b>					
Film exhibition	51,478	50,057	49,929	62,616	62,888
Entertainment, banqueting and bingo	39,300	36,912	33,337	28,021	21,914
Catering including motorports	28,706	24,514	20,183	17,970	16,336
Film studios	4,600	4,469	3,746	3,137	2,493
Film production and distribution	8,476	8,204	7,557	4,982	5,376
Hotels	38,719	38,318	34,849	31,631	25,652
	<u>171,279</u>	<u>162,474</u>	<u>149,601</u>	<u>148,357</u>	<u>134,659</u>
 <b>Industrial and consumer products (except Australia)</b>					
Audio visual	65,909	72,604	76,499	70,290	69,748
Film laboratories	23,732	21,228	18,213	14,891	12,115
Scientific instruments, optics and electronics	49,993	48,018	45,797	39,309	35,151
Radio and television	65,418	57,887	58,074	38,602	30,633
	<u>205,052</u>	<u>199,737</u>	<u>198,583</u>	<u>163,092</u>	<u>147,647</u>
 <b>Industrial and consumer products (Australia)</b>					
Television	29,223	22,348	29,700	42,331	58,993
Other products	73,932	48,583	25,437	18,219	19,722
	<u>103,216</u>	<u>70,931</u>	<u>55,137</u>	<u>60,550</u>	<u>78,715</u>
 <b>Holiday centres</b>	87,564	77,034	55,969	47,774	42,039
 <b>Property</b>	16,321	14,930	13,398	14,636	12,519
 <b>Other activities</b>	13,291	12,676	12,408	8,257	10,738
	<u>596,723</u>	<u>537,832</u>	<u>485,096</u>	<u>442,666</u>	<u>426,317</u>

# Financial Information

## Analysis of Trading Profit

	1980 £000	1979 £000	1978 £000	1977 £000	1976 £000
<b>Leisure services and hotels</b>					
Film exhibition	1,347	2,517	4,357	3,789	3,824
Entertainment, banqueting and bingo	5,504	5,683	4,864	4,200	3,134
Catering including motorports	1,198	912	435	477	366
Film studios	306	401	385	301	69
Film production and distribution	(3049)	(1,555)	325	20	220
Hotels	1,103	3,506	2,797	1,530	(904)
	<u>6,409</u>	<u>11,464</u>	<u>13,163</u>	<u>10,317</u>	<u>6,709</u>
<b>Industrial and consumer products (except Australia)</b>					
Audio visual	1,020	3,258	2,729	3,129	1,911
Film laboratories	3,048	2,338	1,682	1,514	1,134
Scientific instruments, optics and electronics	4,069	4,705	5,649	5,471	4,737
Radio and television	(4,203)	(291)	(932)	(3,166)	(5,771)
	<u>3,924</u>	<u>10,010</u>	<u>9,128</u>	<u>6,948</u>	<u>2,011</u>
<b>Industrial and consumer products (Australia)</b>					
Television	2,602	212	64	4,528	8,941
Other products	2,031	(775)	759	669	992
	<u>4,633</u>	<u>(563)</u>	<u>823</u>	<u>5,197</u>	<u>9,933</u>
<b>Holiday centres</b>	14,586	14,386	8,684	7,675	6,643
<b>Property</b>	9,443	8,295	7,567	8,428	7,287
<b>Other activities</b>	(721)	336	176	(211)	556
	<u>38,274</u>	<u>43,928</u>	<u>39,541</u>	<u>38,354</u>	<u>33,189</u>
<b>Unallocated central costs</b>	(1,757)	(1,616)	(1,344)	(899)	(588)
<b>Profits on redemption of loans and debentures</b>	705	1,467	967	512	—
<b>Trading profit</b>	<u>37,222</u>	<u>43,779</u>	<u>39,164</u>	<u>37,967</u>	<u>32,601</u>



# The Rank Organisation

	1980 £000	1979 £000	1978 £000
<b>Turnover</b>	<u>596,723</u>	<u>537,832</u>	<u>485,096</u>
<b>Profits</b>	51,524	56,662	49,618
Trading profit before depreciation	14,302	12,883	10,454
Depreciation	—	—	—
Expenditure on abortive oil exploration and discontinued property development	<u>37,222</u>	<u>43,779</u>	<u>39,164</u>
Trading profit	89,344	101,889	97,899
Share of profits before taxation of associated companies	6,694	5,414	5,070
Rank Xerox Companies	<u>133,260</u>	<u>151,082</u>	<u>142,133</u>
Others	22,023	19,893	20,203
	<u>111,237</u>	<u>131,189</u>	<u>121,930</u>
<b>Interest</b>			
<b>Profit before taxation</b>			
Taxation	1,671	1,345	2,151
The Rank Organisation Limited and subsidiaries			
Associated companies	44,817	49,722	48,139
Rank Xerox Companies	3,492	2,660	2,567
Others	<u>49,980</u>	<u>53,727</u>	<u>52,857</u>
	61,257	77,462	69,073
<b>Profit after Tax</b>	4,210	3,476	2,540
Minority interests	<u>57,047</u>	<u>73,986</u>	<u>66,533</u>
	(20,015)	(323)	2,084
<b>Extraordinary items</b>	<u>37,032</u>	<u>73,663</u>	<u>68,617</u>
<b>Appropriation</b>			
Dividends of Parent Company	583	583	583
Preference	21,815	21,747	15,494
Ordinary			
Additions to reserves etc.	(8,438)	21,599	24,965
The Rank Organisation Limited and subsidiaries			
Associated companies	22,290	28,192	25,742
Rank Xerox Companies	782	1,542	1,833
Others	<u>37,032</u>	<u>73,663</u>	<u>68,617</u>
<b>Assets employed</b>	398,571	362,798	323,436
Fixed Assets			
Investments—	217,351	194,226	160,985
Rank Xerox Companies	26,155	30,677	27,198
Others	47,166	51,818	42,246
Goodwill and deferred revenue expenditure			
Net current assets before deducting loan capital repayable within one year	<u>58,079</u>	<u>80,887</u>	<u>74,248</u>
	<u>747,322</u>	<u>720,406</u>	<u>628,112</u>
<b>Financed by</b>	512,934	468,518	354,763
Ordinary share capital and reserves	12,598	12,598	12,598
Preference share capital	3,697	5,217	7,294
Deferred taxation	33,489	44,103	13,146
Minority interests			
Loan capital and borrowed money including amounts repayable within one year	<u>179,604</u>	<u>189,970</u>	<u>240,311</u>
	<u>747,322</u>	<u>720,406</u>	<u>628,112</u>

# Ten Year Review

1977 £000	1976 £000	1975 £000	1974 £000	1973 £000	1972 £000	1971 £000
<u>442,666</u>	<u>426,317</u>	<u>352,663</u>	<u>287,686</u>	<u>260,293</u>	<u>195,219</u>	<u>157,027</u>
46,974	43,472	27,159	27,119	31,453	21,353	14,350
9,007	10,842	9,935	8,257	6,786	5,246	4,758
—	29	1,072	1,054	—	—	—
<u>37,967</u>	<u>32,601</u>	<u>16,152</u>	<u>17,808</u>	<u>24,667</u>	<u>16,107</u>	<u>9,592</u>
105,301	59,163	49,200	54,306	47,384	36,320	29,187
4,350	5,145	4,128	3,930	3,963	2,838	2,071
<u>147,618</u>	<u>96,909</u>	<u>69,480</u>	<u>76,044</u>	<u>76,014</u>	<u>55,265</u>	<u>40,850</u>
22,811	21,320	18,813	15,824	7,604	4,889	4,231
<u>124,807</u>	<u>75,589</u>	<u>50,667</u>	<u>60,220</u>	<u>68,410</u>	<u>50,376</u>	<u>36,619</u>
8,717	6,219	(779)	2,666	8,539	5,298	2,904
41,972	29,377	25,693	24,832	22,881	17,204	13,351
2,354	2,547	1,682	1,881	1,918	1,437	1,043
<u>53,043</u>	<u>38,143</u>	<u>26,596</u>	<u>29,379</u>	<u>33,338</u>	<u>23,939</u>	<u>17,298</u>
71,764	37,446	24,071	30,841	35,072	26,437	19,321
3,252	2,039	1,334	1,173	956	709	533
<u>68,512</u>	<u>35,407</u>	<u>22,737</u>	<u>29,668</u>	<u>34,116</u>	<u>25,728</u>	<u>18,788</u>
(11,655)	6,302	(2,699)	(10,845)	690	58	2,752
<u>56,857</u>	<u>41,709</u>	<u>20,038</u>	<u>18,823</u>	<u>34,806</u>	<u>25,786</u>	<u>21,540</u>
583	583	583	583	622	833	833
13,870	12,300	11,025	8,379	7,588	8,193	7,810
13,975	12,998	(1,056)	(14,071)	8,434	17,344	4,616
28,697	13,824	7,806	23,666	15,733	(1,185)	7,808
(268)	2,004	1,680	266	2,429	601	473
<u>56,857</u>	<u>41,709</u>	<u>20,038</u>	<u>18,823</u>	<u>34,806</u>	<u>25,786</u>	<u>21,540</u>
350,542	394,751	355,325	312,606	278,854	133,261	121,698
134,761	101,229	91,687	83,232	57,764	41,399	42,632
24,642	29,460	20,309	16,355	25,957	20,427	16,015
43,647	43,245	44,162	44,249	42,451	21,488	21,650
49,521	35,022	49,215	52,439	68,107	51,651	36,062
<u>603,113</u>	<u>603,707</u>	<u>560,698</u>	<u>508,881</u>	<u>473,153</u>	<u>268,226</u>	<u>238,057</u>
308,797	279,372	257,051	226,132	222,141	153,264	134,878
12,598	12,598	12,598	12,598	12,598	12,598	12,598
12,325	6,699	7,034	13,743	8,799	6,890	5,332
11,466	8,776	7,597	6,550	5,375	4,024	3,782
257,927	296,262	276,418	249,858	224,240	91,450	81,467
<u>603,113</u>	<u>603,707</u>	<u>560,698</u>	<u>508,881</u>	<u>473,153</u>	<u>268,226</u>	<u>238,057</u>

## Statement on the results of the Rank Xerox Companies

In a worldwide economic environment, which for most of the industrialised nations has been the most hostile for fifty years, Rank Xerox results were commendable.

After an improved performance in the second half, our profits before taking account of currency fluctuations, showed an increase over the previous year. The continued rise in the value of sterling, resulting in adverse currency effects on our international business, considerably reduced our reported profits for the year.

Despite intensified competition, the number of net placements of machines was at the same high level as 1979, and there was strong growth in the number of copies made on our machines. We launched three new duplicators, strengthened our position in office information systems, and considerably improved the cost effectiveness of all facets of our business.

Rank Xerox Limited was honoured with the Queen's Award for Export Achievement, 1980. This was our fifth award. Exports from the United Kingdom to our operating companies over the past six years have exceeded £1 billion. Our associate company, Fuji Xerox Co. Ltd., was presented with the Deming prize for quality control and productivity. This is the most coveted business award in Japan and we congratulate Fuji Xerox on this achievement.

## Results

Revenues for the year to 31 October 1980 rose by 6 per cent to a record £1,237 million. Profits before tax and before Xerox corporate charges amounted to £269 million, against £303 million for 1979. The fall in profits was due entirely to the impact of exchange rates. The movement of sterling against other currencies resulted in currency losses of £28 million, compared with currency profits of £11 million in 1979. These figures reflect the changes in average exchange rates between 1979 and 1980 and other effects of applying Statement No 8 of the United States Financial Accounting Standards Board.

A better indication of operating performance in 1980 is seen by excluding exchange rate effects. On this basis, revenues grew by 12 per cent and profits by 2 per cent. The decline in our profit margins was due to the combination of a number of factors, including the impact of inflation, costs of

the launch of new products, and the greater proportion of lower margin products sold.

Fuji Xerox had another good year. Its underlying profit growth before exchange rate effects was 10 per cent. However, after the adverse effects of currency fluctuations, its contribution to our profits was £17 million against £32 million in the previous year.

In 1980 Rank Xerox contributed £42 million, against £48 million in 1979, to the research and development costs and corporate overheads of Xerox Corporation. Since the distribution 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 £227 million.

## The Market

The number of copies produced by all reprographic processes is growing at a rate faster than gross national product in most countries.

The fastest growing sector of the reprographic industry is plain paper copying. This is benefiting from a new awareness and acceptance of the convenience, improved presentation and efficiency that plain paper copiers and duplicators offer in competition with more traditional processes using stencils, coated papers or offset printing techniques. As a result, the number of prints in this sector is growing at more than 15 per cent a year.

This growth opportunity has attracted a large and increasing number of competitors. In 1980 no fewer than 28 new competitive copiers were brought to market. There are now over 130 plain paper copiers available, manufactured by over 30 companies based in Europe, the United States, and Japan.

In spite of increasing competition, Rank Xerox was able to maintain the high rate of net machine placements achieved in 1979. Rental and sale revenues were ahead of 1979.

Demand for the desk top copiers introduced in 1979, the Xerox 2300 and Xerox 2600, was strong and a significant number of placements were made of these and our other low volume machines.

During the year we introduced three new duplicators. The Xerox 5600 has a recirculating document handler and produces 45 prints a minute. It has the advantage of being able to make two-sided copies from two-sided originals automatically, and deliver them in stapled sets.

A microprocessor control system monitors every function, helping operators to diagnose and rectify faults as they occur.

The Xerox 8200 includes many of these features but has in addition a new imaging technology that produces a copy quality comparable with metal plate offset litho and a capability to staple ten thousand sets of copies. It has a speed of 70 copies a minute and can handle A3 originals and reduce them in three fixed sizes.

The Xerox 9500 includes a speed of two prints a second and automatic sorting, as well as the copy quality of the Xerox 8200 as an advance on the performance of the Xerox 9400. These products, made in our factory at Mitcheldean in the West of England, have been well received by customers.

New product introductions over the past three years have upgraded our range of machines across the spectrum of the market. These will be followed by other new products, including some designed by our Engineering Group at Welwyn Garden City for worldwide distribution.

Rank Xerox not only has the widest product range in the industry, but also the largest directly-controlled sales and service organisations.

In a continuing effort to improve the cost-effectiveness of distribution of machines at the low end of the market, a number of new ventures were started in 1980 to complement our sales organisation. In late 1980, the first two Xerox Stores were opened in London to sell a full range of office equipment, including small copiers as well as computers, typewriters and office supplies. Further stores in London and Paris will be opened this year. In addition our new business salesmen are being supported by experiments in telephone prospecting, mail order, and coupon advertising. The total product advertising spend increased significantly in 1980.

Significant strides were made in the Office Supplies Division, now a fully-fledged division with its own salesforce. Rank Xerox is the largest supplier of cut sheet paper in the Eastern Hemisphere. Sales of paper and other supplies, including transparencies, labels and overhead projectors rose by over 30 per cent and account for over 10 per cent of group revenues.

## Cost Effectiveness

It is our conviction that, in the present harsh economic conditions, rewards will only come to those companies able continually to achieve

increases in productivity. At a time of economic recession, high inflation and increasing competitive pressures in our industry, the most critical task we face is achieving a constantly higher level of cost-effectiveness. Our success so far has been good. In 1980 major productivity improvements were made, and these efforts are continuing.

In Manufacturing, substantial savings were made by concentrating production of photoreceptors at Welwyn Garden City and production of toner at Venray in the Netherlands. With the expansion and further automation of assembly of printed circuit boards for our copiers and duplicators, Welwyn has become a leading European electronics plant.

Major savings are being made by continuing investment in computer systems to increase automation to deal with customer contracts, control of inventories, administration, and fieldwork support to the service organisation.

New marketing methods, already referred to, are improving sales productivity.

Important design and technology improvements will bring substantial cost benefits to our customers and to us in a new range of reprographic equipment in the foreseeable future.

## The Office of the Future

It is not only in reprographics that our customers will benefit. The 1980s should bring a significant leap forward in the automation of all office procedures. The availability of technology to collect, store, process, transmit and display information will vastly improve office productivity.

We hope that the growing demand for electronic office machines - many of which will be linked with communication networks - will be matched by government actions to support the information technology industry. We welcome the initiative for a telematics strategy launched by the Commission of the European Economic Community at the end of 1979. There is a real challenge for Europe if the pace of development in the United States and Japan is to be matched. The European industry needs above all else a climate of confidence to enable it to make a commitment to investment and expansion. Users need efficient telecommunication services with consistent tariffs, standards, and fewer restrictions.

Rank Xerox is well placed to benefit from the evolution of the office of the future and our leadership in technology was shown in 1960 with the

# Rank Xerox Companies

announcement by Xerox Corporation of the Ethernet communications network. Through a cable, office machines – from electronic typewriters, printers and files to copiers and computers – can be linked together into one interactive network running throughout a building or several closely grouped buildings.

Systems Business Division has completed an outstanding year in which revenues and net placements of machines grew substantially.

## External Responsibilities

The prime task of a business is to provide society with the goods and services it requires. Its ability to earn profit is a measure of its success in carrying out that task. In addition, business has a responsibility to act responsibly towards employees, suppliers, and many other sectors of the community.

As a leading multinational group we work closely with governments and international organisations concerned with codes of business practice, health and safety standards, and regulatory bodies affecting other aspects of our business.

In 1980, in recognition of this responsibility we declared our support of the OECD guidelines for international investment and multinational enterprises. This is a voluntary code of conduct, endorsed by the member nations of the Organisation for Economic Co-operation and Development.

In addition, we meet the requirements of the EEC Code of Conduct for companies operating in South Africa, and support the Sullivan Principles, a set of principles which seek to make continuing improvements in the status of non-white workers in South Africa.

## Directors

**Rank Xerox Limited.** William F. Glavin returned to the United States on his appointment as an Executive Vice President of Xerox Corporation after serving as Managing Director of Rank Xerox Limited for six years. We would like to thank him for his leadership and pay tribute to his contribution to the success of Rank Xerox during his years of office.

We also welcome to the Board, Marion H. Antonini, a Group Vice President of Xerox Corporation and President, International

Operations, and Derek P. Hornby, Director, Staff Support, who was previously Director of International Operations at Xerox.

**Rank Xerox Holding B.V.** William F. Glavin retired as a Director of the Supervisory Board on his return to the United States and Rodney C. O'Donoghue, Group Controller at International Headquarters in London, was appointed to the Board in his place.

## The Future

The uncertain economic climate is likely to continue for some time. The most important task facing governments, we believe, is to bring inflation under control. This is a painful, lengthy – but essential – precondition for a return to stable conditions, in which companies like Rank Xerox can continue to increase prosperity in the communities in which we operate.

In aiming for this goal, governments should implement balanced programmes, so that the burden of adjustment is placed equally on the public and private sectors of their economies. There is a high price to pay if a disproportionate burden is placed on the private sector, which is the wealth creator in most economies.

Rank Xerox will continue to seek improvements in cost effectiveness and productivity. If we are successful, then our future will be as good as our past. Not only in reprographics, but in the many variants of the office of the future.

We are fortunate in having, throughout the group and at every level, people whose skill and enthusiasm have maintained our position as leaders in our industry. We would like to thank them for their outstanding contributions to the commendable performance of Rank Xerox in a difficult economic climate.

H. Orr-Fwing  
Chairman  
Rank Xerox Limited.

P. A. Allaire  
Managing Director  
Rank Xerox Limited.

## Source and Application of Funds

for the year ended 31st October 1980

	1980 £ million	1979 £ million
<b>Source of funds</b>		
Within the Group	113.0	131.9
Profit after taxation	(5.1)	(18.0)
Profit retained in associated company		
Items charged against profits not requiring funds	131.4	114.4
Depreciation	9.2	28.0
Deferred taxation and other charges	54.2	41.6
Disposals of fixed assets	302.7	297.0
Outside the Group	26.6	33.6
Additional share capital, long-term loans and non current liabilities	329.5	330.6
 <b>Application of funds</b>		
Additions to rental equipment	168.4	172.3
Additions to properties and plant	41.2	52.4
Net increases in loans for the purchase of 'E' shares	1.7	0.7
Additional deferred expenditure	16.3	12.6
Repayment of long-term loans	46.4	32.4
Dividends paid	41.9	57.3
	316.0	327.7
Increase in net current assets	13.5	2.9
 <b>Comprising</b>		
Increase in stocks and stores	30.4	12.5
Decrease in debtors and prepayments	(8.6)	27.8
Increase in bank overdrafts and acceptances	(33.1)	(1.2)
Increase in marketable securities, short-term deposits, bank balances and cash	1.5	(4.5)
Increase in long-term loans repayable in one year	(6.8)	(1.3)
Decrease in creditors and accrued expenses	30.1	(30.4)
	13.5	2.9

# Rank Xerox Companies

	1980 £000	1979 £000	1978 £000
<b>Turnover</b>	<u>1,237,344</u>	<u>1,164,954</u>	<u>1,086,862</u>
<b>Profits</b>			
Trading profit before depreciation	395,695	399,893	398,143
Depreciation	131,387	114,369	108,025
	<u>264,308</u>	<u>285,524</u>	<u>290,118</u>
Trading profit	264,308	285,524	290,118
Share of profit before taxation of Fuji Xerox	17,176	32,268	22,309
Dividends and interest receivable	14,603	11,325	7,414
	<u>296,087</u>	<u>329,117</u>	<u>319,841</u>
Interest payable	26,663	26,902	26,986
<b>Profit before taxation and central costs</b>	<u>269,424</u>	<u>303,215</u>	<u>292,855</u>
Central costs (See note below)	42,154	48,111	40,461
<b>Profit before taxation</b>	<u>227,270</u>	<u>255,104</u>	<u>252,394</u>
Taxation based thereon	113,841	123,006	122,233
<b>Profit after taxation</b>	<u>113,429</u>	<u>132,098</u>	<u>130,161</u>
Profit attributable to minority interests	404	171	1,714
	<u>113,025</u>	<u>131,927</u>	<u>128,447</u>
Extraordinary items	—	—	—
	<u>113,025</u>	<u>131,927</u>	<u>128,447</u>
Deduct: Amount attributable to Xerox Corporation and 'E' shareholders	68,498	79,760	78,514
<b>Profit after taxation attributable to The Rank Organisation Group</b>	<u>44,527</u>	<u>52,167</u>	<u>49,933</u>
<b>Assets employed</b>			
Fixed assets	571,921	544,184	486,241
Investment in Fuji Xerox	58,543	53,408	34,616
Loans for the purchase of 'E' shares	1,687	1,461	2,161
Net current assets (liabilities)	104,641	104,553	102,363
Taxation on unrealised intra group profits	130,525	115,124	111,961
Development expenditure and items receivable after one year	32,204	24,332	10,469
	<u>899,521</u>	<u>843,062</u>	<u>747,811</u>
<b>Financed by</b>			
Share capital and reserves			
The Rank Organisation Group	216,508	192,383	159,739
Xerox Corporation	410,437	365,144	300,772
'E' shareholders	3,074	3,074	3,074
Minority interests	9,152	9,266	9,360
Loan capital and borrowed money repayable after one year	101,568	134,587	157,295
Deferred taxation	128,434	107,248	95,052
Non-current taxation and other liabilities	31,348	31,360	22,519
	<u>899,521</u>	<u>843,062</u>	<u>747,811</u>

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

1977 £000	1976 £000	1975 £000	1974 £000	1973 £000	1972 £000	1971 £000
960,569	753,558	612,417	477,522	370,341	268,131	207,132
407,733	284,728	241,321	231,150	192,608	143,651	112,521
90,185	83,566	72,940	59,154	48,650	37,924	29,275
317,548	201,162	168,381	171,996	143,958	108,727	83,246
19,612	1,325	4,895	9,377	7,245	4,565	5,159
9,247	5,209	2,463	1,567	1,464	1,430	940
346,407	207,696	175,739	182,940	152,667	111,722	89,345
30,300	31,883	30,731	22,358	13,346	6,133	5,179
316,107	175,813	145,008	160,582	139,321	105,589	84,166
39,341	—	—	—	—	—	—
276,766	175,813	145,008	160,582	139,321	105,589	84,166
106,350	86,193	71,385	73,247	67,099	49,970	38,400
170,416	89,620	73,623	87,335	72,222	55,619	45,766
1,593	1,116	767	885	563	165	223
168,823	88,504	72,856	86,450	71,659	55,454	45,543
—	—	(4,996)	—	—	—	—
168,823	88,504	67,860	86,450	71,659	55,454	45,543
105,193	58,339	44,613	56,976	47,156	36,338	29,707
63,630	30,165	23,247	29,474	24,503	19,116	15,836
459,477	414,377	410,159	360,302	253,304	194,462	154,213
25,637	17,612	25,092	25,575	17,313	14,038	11,848
3,630	3,212	3,144	2,425	1,756	1,112	—
63,985	60,733	34,619	(18,633)	(6,015)	(22,737)	974
104,327	77,038	56,813	36,993	25,246	18,235	12,040
11,928	10,339	10,045	10,934	8,664	5,455	2,497
668,984	583,311	539,852	417,696	300,268	210,565	181,572
132,930	99,986	85,587	80,503	56,585	40,199	41,432
243,380	183,662	156,210	147,120	100,772	69,210	70,523
3,074	3,074	2,979	2,416	1,655	1,088	—
8,035	6,047	4,554	3,801	2,813	1,285	1,120
177,962	213,373	216,866	118,731	86,569	68,623	45,431
87,929	77,169	73,656	68,028	48,338	25,260	14,166
10,674	—	—	97	3,526	4,900	8,900
668,984	583,311	539,852	417,696	300,268	210,565	181,572