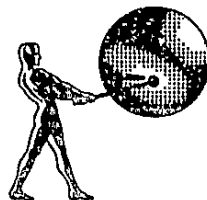


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1982 Annual Report and Accounts



The Rank Organisation Plc



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1982 Annual Report and Accounts

Contents

Financial Calendar	1
Directors	2
Principal Activities and Highlights	3
Notice of Meeting	4
Chairman's Statement	5-9
Review of Operations	10-18
Directors' Report	20-22
Accounts	23-43
Financial Information	44-45
Rank Xerox Companies	46-49

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.

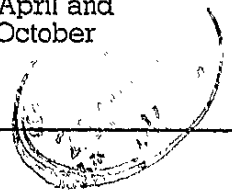
Annual Results. A preliminary statement is published in mid January. The Annual Report is posted to shareholders in mid February and the final dividend is paid in mid April.

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 1990/96	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



Directors

Russell W. Evans, M.C., LL.B., Chairman

Harry Smith, Deputy Chairman

J. B. Smith, 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

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

H. A. Crichton-Miller, Managing Director, Leisure Division

J. Daly, Managing Director, Film and Television Services Division

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), Managing Director, International Division
Chairman, Rank Industries Australia Limited

Sir Richard Trehane, D.Sc.

D. M. Yates, Finance Director

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 PLC

Merchant Bankers

S. G. Warburg & Co. Ltd.

Brokers

Cazenove & Co.

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 and other items of business equipment.

The leisure interests include Odeon and Gaumont cinemas in the United Kingdom and other cinemas elsewhere in the world, Pinewood film studios, film 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), Butlin's holiday centres, caravan parks and overseas travel and holidays.

The Group manufactures scientific instruments, optical goods and electronic equipment through Rank Precision Industries and manufactures or markets audio visual equipment, Strand lighting and control equipment, stage equipment and studio lighting equipment and, in Australia only, television sets and a range of whitegoods and housewares; security systems and furniture. Rank Film Laboratories are the leading European processors of cinema and television film.

Overseas associated companies include a telecommunications company in the United States and leisure companies in Australasia and the Far East.

Financial Highlights of the Year ended 31st October 1982

	1982	1981
Turnover	£675.2 million	£618.4 million
Trading Profit	£33.2 million	£39.1 million
Associated Companies (Share of profit before taxation)	£63.2 million	£91.9 million
Profit before taxation	£61.5 million	£102.8 million
Profit before extraordinary items	£26.5 million	£52.9 million
Profit attributable to the Company	£4.0 million	£51.0 million
Earnings per Ordinary share	12.8p	25.9p
Dividends per Ordinary share	8.0p	10.8p
Net Assets per Ordinary share	264.3p	280.6p

Notice of Meeting

Notice is hereby given that the forty-sixth Annual General Meeting of the Company will be held at the Royal Lancaster Hotel, Lancaster Terrace, Hyde Park, London W2, on Thursday, 17th March 1983, 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 1982.
- 2 To declare a Final Dividend on the Ordinary shares.
- 3 To elect the following Directors:
 - (a) Mr. H. A. Crichton-Miller
 - (b) Mr. J. Daly
 - (c) Mr. J. C. Duckworth
 - (d) Mr. R. W. Evans
 - (e) Sir Reay Geddes
(who was 70 on 7th May 1982)
 - (f) Sir Patrick Meaney
 - (g) The Hon. Angus Ogilvy
 - (h) Mr. D. M. Yates
- 4 To re-appoint Auditors and to authorise the Directors to fix the Auditors' Fee.
- 5 As special business to consider, and if thought fit, pass the following Resolutions the first of which will be proposed as an Ordinary Resolution and the second as a Special Resolution:
 - (1) "THAT
 - (a) the Directors be generally and unconditionally authorised for the purpose of section 14 of the Companies Act 1980 to allot, and to grant rights to subscribe for or to convert securities into, unissued shares of the Company up to a maximum nominal amount of £6,903,500 at any time before the date for which the Annual General Meeting of the Company next following this meeting is convened; and
 - (b) the Company be allowed to make any offer or agreement which will or might require any such shares to be allotted or any such rights to be granted after the expiry of this authority and the Directors may, notwithstanding such expiry, allot shares and grant such rights in pursuance of any such offer or agreement made by the Company before the expiry of this authority."
 - (2) "THAT the Directors be empowered to allot any equity securities (as defined in Section 17 of the Companies Act 1980) of the Company under the authority conferred on them by this meeting for the purpose of section 14 of the Companies Act 1980 at any time before the expiry of that authority as if section 17(1) of that Act did not apply to:
 - (a) any allotment of equity securities which are offered for cash to those persons who are registered on such date as the Directors may prescribe as the holders of the issued Ordinary shares of the Company (as nearly as practicable in proportion to the number of Ordinary shares respectively held by them) other than those holders resident outside the United Kingdom to whom an offer would, in the opinion of the Directors, be impracticable or unlawful in any jurisdiction relevant to an offer to such holders; and
 - (b) any allotment of equity securities which are not offered to any holders of Ordinary shares of the Company pursuant to any such offer as aforesaid by virtue of their being resident outside the United Kingdom or which may represent fractional interests arising in connection with any such offer."

By Order of the Board
B. C. Owers
Secretary

21st February 1983

Under the Company's Articles of Association only the holders of Ordinary shares are entitled to attend and 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. For Ordinary shareholders, a form of proxy is enclosed.

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. Russell W. Evans

Group Results

The year to October 1982 proved an extremely difficult one for many of the businesses within the Group and particularly for our associated Rank Xerox companies. At the beginning of the year, there had been signs of some upturn in the British economy, giving rise to the general expectation that a recovery was under way. This unfortunately did not materialise, and by mid-year there were indications that some sectors would, in fact, weaken. Moreover, the Australian economy, which had appeared to resist the worst effects of the world recession, suddenly reacted to the fall in world demand for natural resources, the problems of high inflation and the effects of a severe drought.

Interest rates in the U.K., Australia and North America continued at very high levels for most of the period under review. The arrangement for refinancing the Sheppard Centre development in Toronto, Canada in the middle of the year led to this cost being taken at the pre-tax level, instead of by way of preference dividend.

Net borrowings increased by some 15%, from £190.8 million to £219.6 million. Contributing factors included the investment in OSL and Wings and Telecom Plus International Inc., totalling some £24 million, and exchange rate movements of £3 million.

Our Group profit, after interest charges of £34.9 million, but before taxation, minority interests and extraordinary items, amounted to £61.5 million, compared with £102.8 million for the previous year. The bulk of that decline was due to the fall in our share of Rank Xerox pre-tax profits to £57.1 million compared with £85.2 million for 1981, while trading profits of the Rank managed businesses were £33.2 million compared with £39.1 million last year.

Our share of profits of other associated companies included for the first time our investment in Telecom Plus International Inc. These associated companies contributed £6.1 million compared with £6.7 million in 1981, which had benefited substantially from our former investment in Southern Television Limited.

Extraordinary Items

Group results for the year to October 1982 bear the cost of extraordinary items amounting to £22.5 million. This heavy charge reflects the cost of decisions taken during the year to close, divest or rationalise businesses in which the Group could see no prospect of achieving adequate returns within a reasonable time scale.

The divestment of our Rank Hilger analytical instruments business and our Wharfedale and Heco Hannel loudspeaker businesses have already been reported.

The major element in the charge for extraordinary items is that attributable to closure and reorganisation costs incurred by Rank Industries Australia in the second half of the year.

Dividends

An interim dividend of 4.8p per share was declared in July 1982, on the basis of the results for the first 28 weeks and the outlook at that time for the remainder of the year. It was then envisaged that there would be some improvement as against 1981 in Rank's own trading results for the full year, that second-half profits from the Rank Xerox companies would be at levels comparable with those achieved in the first half, and that the charge to extraordinary items would be relatively small.

However, in view of the results in the second-half of the year and the immediate outlook for Rank Xerox, the Board considers that payment of a total dividend equal to that of last year would not be justified. Accordingly, the Board has recommended a final dividend of 3.2p per Ordinary share, making a total distribution for the year ended 31st October 1982 of 8p per share. This compares with 10.8p per share for the previous year and is at an annual level which we believe can be maintained until conditions improve.

Rank Xerox

The recession has had a major impact on the Rank Xerox companies, although the exceptional 33% fall in their pre-tax profits also reflects the impact of intense competitive pressures on margins, the exceptional expense of introducing

Chairman's Statement

new product lines and the heavy cost of implementing redundancy programmes which are inevitable in the process of improving manufacturing and operating efficiency.

The adverse effect of currency movements on our share of the profits of the Rank Xerox companies was approximately £4 million, and of redundancy costs and provisions was £9 million. Excluding these factors, underlying performance profits fell by 20%.

The manpower reduction programmes reflect the Rank Xerox drive towards improved cost effectiveness at a time of continuing economic recession, and competitive pressure in the reprographics industry. The reduction in manpower, together with a number of other programmes, has resulted in improved productivity in all areas of the business.

The number of copiers being made and placed has increased considerably, reaching a new record in 1982. Furthermore customers are benefiting from improved service support and product reliability.

Rank Xerox has continued to recruit those with specialised skills to build up the information systems business. Revenues in this sector rose strongly in 1982, reflecting wide customer acceptance of the new range of electronic typewriters, personal computers, word processors and office systems. Significant strides were made in electronic printing, where its leading technology has enabled Rank Xerox to establish a major presence in this large and fast-growing market.

While the immediate future will continue to be affected by the poor economic environment and competitive pressures, Rank Xerox intends to maintain its investments in new copier/duplicator products, office systems, new channels of distribution and cost-effectiveness programmes.

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 47 to 49.

Rank Managed Businesses

Our own trading profits have reflected a number of successes but these have been overshadowed by two problem areas. Certain

closure and divestiture decisions made by the Industrial Division, combined with a satisfactory performance in Rank Cintel and Rank Pullin Controls, have converted trading losses of £3.8 million into profits of £1.1 million, while the Film and Television Services Division more than doubled its trading profits to £4.7 million. Higher profits were also recorded by Rank Leisure Division as a whole, Rank Hotels, Leisure Caravan Parks and Rank Marine International. These improvements were outweighed by a sharp reverse in Australia and the effect of the continuing recession on our holiday interests in the U.K.

By July, our Australian subsidiary began to feel the full force of the sudden down-swing in the Australian economy from the relatively buoyant conditions which had existed in that country until late 1981. Drastic action had to be taken in the latter part of the year to reduce the overall scale of its business. This included the closure by the year end of the main Kerby furniture manufacturing facilities, the discontinuance of many proprietary lines of consumer products and the liquidation of excess stocks. A 40% interest in the Rank Arena marketing company was sold to NEC (our partner in the joint-venture manufacturing company Rank-NEC).

A major reorganisation of all other divisions of this subsidiary was undertaken in order to reduce its operating costs to a level consistent with the reduction which had occurred in the market for consumer products manufactured or imported by the company.

We believe that the steps taken, which have been extremely costly in both revenue and capital terms, should ensure that our Australian subsidiary will be capable of weathering the current recession and emerging from it in a more compact and a healthier position, when economic conditions eventually improve. We do not envisage any improvement in those conditions in the short term, but the company should be capable – if the recession does not deepen – of trading profitably in 1983.

Our leisure and holidays businesses have suffered from the progressive effects of several years of recession on discretionary spending levels in the U.K. The holidays businesses of Butlins, FreshFields, OSL and Wings (now Rank Travel) were the worst affected; admission levels in cinemas and other entertainment units were

Chairman's Statement

depressed during the first half year by severe weather conditions.

Since 1980 there have been many reorganisational and rationalisation measures affecting all the businesses in the Group. These have necessarily resulted in major cut-backs in the numbers of persons employed. Apart from reductions brought about by the closure or disposal of entire business units, the numbers of personnel employed in our ongoing businesses have been reduced by no less than 6,500. The costs of implementing these heavy redundancy programmes has been high, but the benefits in profit terms will enure for the future.

Directorate and Personnel

Mr. Douglas Yates was appointed to the Board as Finance Director on 3rd June 1982. This was an external appointment and, although his service with the Company is still short, Mr. Yates has made an increasingly valuable contribution to our affairs in his corporate financial role, as a member of the Chairman's Executive Committee and at our main Divisional Boards.

Mr. Angus Crichton-Miller, Managing Director of Rank Leisure Division and Mr. Jim Daly, Managing Director of Rank Film and Television Services Division, were appointed to the Board on 3rd December 1982. Each of them has held managerial positions in divisions of the Group other than the one he now heads. Their broad experience within the Organisation will be invaluable to the Board. Mr. Crichton-Miller joined the Group in 1969 and Mr. Daly in 1962.

Sir Robert Bellinger will attain the age of 73 prior to the Annual General Meeting and will, in accordance with our established practice, resign his Directorship at the conclusion of the Annual General Meeting. Sir Robert has served as a Director of this Company since October 1971. We have greatly benefited from his wide experience of civic and business affairs and the valuable and practical advice he has rendered to us during his years of Board membership.

Sir Reay Geddes, who has been a Director of the Company since 1975 and a member of the Chairman's Advisory Committee since its inception, attained the age of 70 in May 1982. I am glad to say that he has agreed to seek re-election at the Annual Meeting.

I should like to express the appreciation of the Board of Directors for the willing co-operation and loyalty of the Company's personnel at every level, in a year of exceptional trading difficulty.

Group Overview

Following a year of unexpected and unprecedented difficulty for the Group, I believe that a general restatement of our business objectives is appropriate.

We are – and have been for many years – a diverse Group with many activities stemming originally from our film production and exhibition interests. Some of these continue to be successful; others, which were very successful in their day, could not be sustained. The manufacture in the U.K. of television and radio receivers is an example. Such operations have been divested in favour of new enterprises in market sectors identified as having high growth potential in the 1980s and beyond. Examples of these sectors are telecommunications, micro-electronics and leisure-time services generally, but with particular reference to holidays, travel services and entertainment.

The supply of equipment to meet the demands of the "office of the future" also constitutes an important growth area, and in this we participate principally through our most important investment in Rank Xerox. Our associated company has been confronted in recent years with increasing competition in the traditional copier field, particularly in low-volume machines. The competition has become more intense and this has coincided with the Xerox move into electronic office equipment and the replacement of its current range of xerographic copiers and duplicators with next generation machines, including high speed printers.

The new range of product has been well received and will create new markets for Rank Xerox and enable it to strengthen its market leadership in this field.

As to the Rank managed businesses:

Hotels and Holidays

Present and future trends point strongly towards the growth of holidays abroad. Our future

Chairman's Statement

expansion will therefore be in that direction, thus decreasing our reliance on the domestic holiday market. Butlin's has acquired its first overseas hotel at Torremolinos, Spain which will be operated in the coming year on the same basis as its successful holiday hotels in England.

Last year we bought a leading travel company - OSL and Wings - which, although not achieving its planned results for 1982, has taken various measures, including the addition of further aircraft, to improve its profitability this year, by reducing costs.

Film and Television Services

This Division was the most successful in resisting the recession in 1982 by increasing its operating efficiency and aggressive marketing. Pinewood Studios and Rank Film Distributors both achieved record results and the Division will become the base from which we develop future opportunities in the field of cable and satellite television.

Our existing film library, supplemented by film distribution rights which continue to be acquired, places us in a strong position as a supplier of programmes for these future television channels as they become established. In preparation, we have formed a joint-venture company with Trident Television to exploit these and other opportunities.

Leisure Services

While cinema attendances fall, more properties have been and will continue to be realised. But we firmly believe that there will always be a need for cinemas to satisfy public demand for large-screen film exhibition. Growth has occurred in the demand for live shows on stage and this trend continues. The mainstay of this Division remains the Top Rank Clubs and opportunities continue to be sought for strengthening and expanding that operation through cinema conversion and acquisition.

Industrial

With significant market shares for our highly specialised manufactured products, there are good opportunities for steady rather than rapid expansion of the existing businesses of Taylor Hobson, Pullin Controls, Cintel and Strand. Each of these companies has identified and has under development new products which should be capable of successful exploitation. 1982 saw

some recovery in the traditional markets and rationalisation, particularly within Pullin Controls, contributed to the recovery in profits. Peripheral businesses will be divested.

International

The poor results of Rank Industries Australia completely overshadowed the performance of our subsidiaries operating in North America and Asia, both of which, in generally difficult trading conditions, maintained profits.

Our two associated companies in the U.S.A. represent areas where significant growth is expected. The first - Nestar - is closely associated with our European subsidiary, Zynar, and they share the benefits of their respective Research & Development programmes. Micro-computer systems markets are expanding at a high rate and we expect to benefit accordingly in the special market niches we have secured.

Our second American associated company, Telecom Plus International Inc., has continued to expand its business and profits in 1982, with revenue gains of 56% and profit growth of 80% reported for the third quarter of the year.

Property

Our portfolio of investment properties, which are situated in the U.K., Republic of Ireland, Canada and Belgium, was valued at the year end at £175 million.

The major change in the portfolio since the 1981 valuation was the sale of the large complex at Sheppard Centre, Toronto, for the sum of Can. \$100,000,000. This property was therefore excluded from the valuation, although we have taken a lease-back of the property and have undertaken its future management.

The valuation of the U.K. properties was carried out by an independent professional firm of valuers.

Over the past several years there has been a substantial appreciation in the value of our portfolio of investment properties which has not benefited our trading profits, but from which real gains have accrued to the Company on individual property realisations.

Outlook

There are few signs of any improvement in the economic environment which had such a

Chairman's Statement

damaging effect on our 1982 results. However, management has not been waiting for improved economic conditions. Action has been taken throughout the Organisation both to gear our operations to new trading conditions and to fight for increased profits and returns.

Rank Xerox has made efficiency improvements in terms of manufacturing and operating and has backed its new product lines with more capital. We have invested in the expanding areas of overseas holidays, telecommunications and micro-computer services to provide improved returns for the future.

Lower interest rates and re-funding action, together with heavy concentration on cash

management, will assist in reducing our interest bill in the current year.

In the present uncertain conditions it would be wrong to predict significantly improved overall results for 1983. The actions which have been and are being taken to meet current market conditions and to move resources out of declining businesses into the growth areas to which I have referred, do enable me to express confidence in the long term strength of the Group and its ability to produce growth in earnings.

Russell W. Evans
Chairman

Review of Operations

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

LEISURE DIVISION

Operation of cinemas, Top Rank Clubs, discotheques, catering, motorway service areas, banqueting and other leisure facilities.

Managing Director – Mr. H. A. Crichton-Miller
Turnover £124,778,000 (1981 £129,023,000)
Trading Profit £6,551,000 (1981 £6,431,000)

Cinemas – United Kingdom

Admissions have been lower due to a variety of factors. Among these were the recession, the competitive attractions of TV and last year's severe winter weather.

However, the company obtained an excellent share of the better films available, and profitability benefited from last year's closure of 27 loss-making cinemas. The five theatres which present almost exclusively live entertainment, mainly pop concerts, have produced excellent results, with an outstanding performance from the famous Hammersmith Odeon.

Overall profit from cinema operations was slightly higher than the previous year, and, in the circumstances, a creditable achievement.

Two important cinemas, at Edinburgh and Swansea, were tripled to very high standards and have re-opened to exceptional levels of business. This confirms that if good films are available cinemas can continue to compete effectively against in-home entertainment, provided standards of comfort and service are sufficiently improved.

Film Activities – Overseas

Portugal

The tripling of the Sao Jorge Cinema in 1981 has proved highly successful and results are a record. The film distribution company has also flourished with its long-standing distribution of United Artists films being augmented by all new MGM films.

Holland

The company's cinema and film distribution businesses in Holland have had another poor year. Whilst film distribution has continued to be profitable, cinema admissions have been very depressed, for reasons similar to those applying in the UK. However, the company has successfully

concluded a distribution contract with UIP who control all films from Universal, Paramount, United Artists, and MGM. Apart from making the distribution company much the biggest in Holland, this contract should enable the cinema circuit to have a better choice of films and improve its results accordingly.

Odeon (Ireland) Limited

It has been decided to dispose of its cinema interests.

Top Rank Clubs – Bingo

Decline in consumers' disposable income combined with the hard winter hit admissions quite seriously in the first half of the year. However, in the second half admissions stabilized with the result that final profit performance was close to that of the previous year.

All signs suggest that bingo continues to be a popular form of entertainment, and the company has increased expenditure on refurbishment of clubs to provide higher standards of facilities. In addition a number of new licences were applied for, as a result of which a new club has been opened at Ipswich and a major extension completed at Blackwood (South Wales). Another new club will open in Bolton at the end of March, and further new clubs are planned for 1983 in Wolverhampton and Sunderland.

Dancing

After a two year depression in the dancing business, there was a distinct up-turn in the final quarter and profits were above those of the previous year. The company continued to modernise its venues and major schemes were completed at Aberdeen and Redhill, whilst the new disco at Bristol, opened in 1981, was extended due to the high level of business.

One section of the entertainment complex at Brighton was converted into a "fun pub" – a cheap and informal pub/dancing operation. This has proved very successful, and a similar conversion in Leicester has just been completed.

Motorway Service Areas and Restaurants

Following the purchase at the end of 1980 of 50-year leases for the company's five motorway sites, a substantial investment programme was started to up-grade them. The company's two major sites, Hilton Park and Knutsford, were modernised during the year at a cost in excess

Review of Operations

of £1 million each. Whilst the rebuilding did disturb trading, the results following reopening indicate that business should show a marked improvement in 1983.

The Company has entered into a long-term supply agreement with Esso, who are also our partners at the major service station at Scotch Corner. This unit, opened in late 1980, is now trading satisfactorily.

Two years ago the company purchased S. Greene & Co., a major franchisee of Wimpy International. Although trading has been at budgeted levels since that purchase, a strategic decision has been made that it is not appropriate for the Company to have substantial assets tied up while only operating as a franchisee. Accordingly, the Wimpy units are being sold and satisfactory prices are being achieved.

The company owns the franchise and operates five Great American Disaster restaurants. Trading has improved during the year and reasonable profits were made.

HOTELS AND HOLIDAYS DIVISION

Operation of holiday centres, caravan parks and hotels in the United Kingdom, Europe and U.S.A. including a group of luxury hotels. Overseas travel and holidays; boat holidays in the United Kingdom and France.

Managing Director - Mr. R. F. Butlin
Turnover £224,974,000 (1981 £131,719,000)
Trading Profit £9,605,000 (1981 £14,694,000)

It is estimated that, as a result of the high level of unemployment and the squeeze on disposable income, the market for holidays taken in the U.K. in 1982 declined by 8%-10%, whilst the market for overseas holidays declined by 2%-5%. As in 1981 there was a trend towards late bookings and both overseas and U.K. operators discounted tariffs extensively in order to fill capacity.

Butlin's Main Centres

The continuing effect of the recession was shown by a 9.7% reduction in holiday bookings at the U.K. Main Centres. A further effect is that guests are staying for shorter periods than in the

past. Consequently bookings for long-weekends and mid-week breaks increased over 1981.

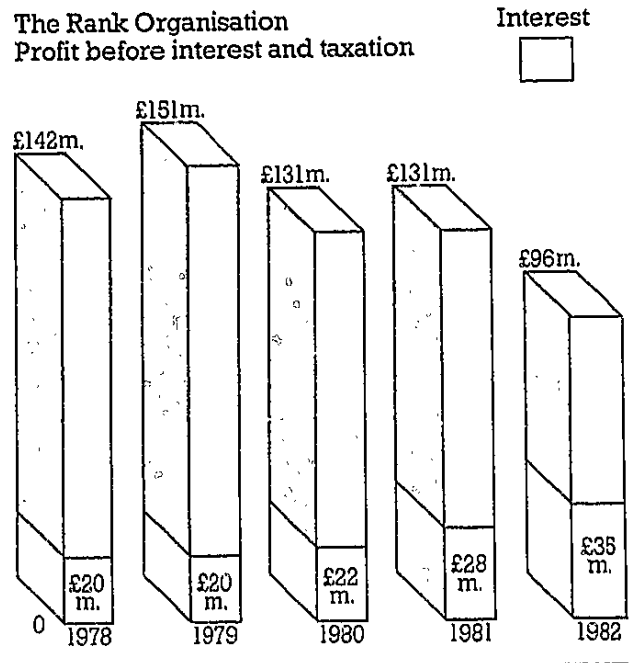
Seasonal staff numbers have been reduced as a result of the extension of the two-meal tariff and the cessation of the retail photographic business.

Agreement was reached to sell the Irish Main Centre site at Mosney, which the company has owned and operated since 1948, and the sale was completed in December 1982.

Small Centres

With the exception of the FreshFields motor cruiser operation on the Canal du Midi, where 70% of the bookings are through European agents, all Small Centres suffered the effect of the recession and showed decreased bookings compared with 1981. Bookings of motor-cruisers on the Norfolk Broads were particularly poor and the company is changing its marketing policy for 1983.

1981/82 saw the first full year's operation at the Grand Hotel, Llandudno, which was purchased in March 1981. Profits increased very substantially compared with 1981. The purchase of the Hotel El Griego in Torremolinos has been completed. This hotel will be operated on the lines of Butlin's successful seaside hotels in Britain.



Review of Operations

The FreshFields European caravan operation, previously limited to France, was extended to Spain by the addition of a site on the Costa Brava.

The Ten Creek Caravan Park at Looe in Cornwall has been sold, as returns were inadequate and a planning application to expand the park was persistently refused.

Management has responded to the poor trading climate and reduced staff and other operating costs as far as possible without prejudicing customer standards.

Leisure Caravan Parks

Leisure Caravan Parks has increased profitability over 1981. A number of favourable factors have helped to produce this result.

In January 1982 the company purchased the Littlesea Camp at Weymouth, and this has benefited revenues in all sections of the business. This acquisition was in an area in which the company was not previously represented, and revenues therefore, were not at the expense of other parks.

Growth in hire fleet bookings was another important factor with an increase of 35%. This result was obtained by selling LCP holidays nationally through travel agents, where previously they were sold only through agents in the North East, and by extending TV advertising.

The policy has been maintained of upgrading the hire fleet by the addition of better quality caravans, and this too has helped to stimulate business. Caravan sales improved by some 20%, indicating real progress in a year which has proved difficult elsewhere in the trade.

Campground occupancy and turnover at Lake Arrowhead, Myrtle Beach, U.S.A. was considerably better than in 1981 and confirms the growing popularity of the Myrtle Beach area as a holiday resort.

Rank Hotels

Trading profit increased although the London hotels did not maintain the exceptional improvement seen in the first half year, owing to a fall-off in revenue from Middle Eastern business in the summer. In spite of this, the Athenaeum and Gloucester Hotels achieved overall returns per room in excess of 1981, and

all the London hotels had increased occupancies.

Despite a small drop in occupancy the Unicorn Hotel in Bristol improved profitability significantly, helped by the success of the new Waterfront Tavern. The Great Danes in Maidstone suffered from the depressed business environment in the area.

Rank Marine International

1982 was a satisfactory year for the two marinas, with all leases and franchises operating successfully. Turnover and trading profit both increased.

OSL and Wings

The overseas holiday market was down compared with 1981, which resulted in an increase in competitive pressures. Bookings for 1981/82 were above the previous year, though margins were below expectations.

The market in 1983 is expected to remain extremely competitive and price sensitive. The company is reacting by adjusting its marketing and sales strategies.

Following a joint venture agreement with the Caledonian Aviation Group in December 1982 British Caledonian Airways (Charter) Limited became a jointly owned company. It will operate, on lease, two DC10-10 Aircraft, primarily in connection with the package holidays provided by OSL and Wings and Caledonian's subsidiary, Blue Sky Holidays. This should contribute to a material reduction in operating costs.

FILM AND TELEVISION SERVICES DIVISION

Operation of Pinewood film studios; film distribution; cinema advertising service; production of educational and training films; film and video cassette libraries; film processing. Associated Company: Rank Phicom Video Group - video laboratories, outside broadcast and post-production facilities, cassette duplication.

Managing Director - Mr. J. Daly
Turnover £47,323,000 (1981 £40,807,000)
Trading Profit £4,708,000 (1981 £2,099,000)

Profits for the year showed a further substantial increase although the recession and severe

Review of Operations

competition have adversely affected some businesses.

The Division has a good balance of activities, however, and is able to benefit from both the traditional film industry and from the new electronic media which are expected to grow over the next decade.

In November agreement was reached with Trident Television to form Rank Trident Satellite and Cable Limited. This jointly owned company will explore and develop opportunities expected to result from the anticipated growth in satellite and cable television broadcasting in Great Britain, Europe and the United States.

Pinewood Studios

Pinewood's profits were the highest yet achieved. Productions included 'The Wall', 'Pink Panther', 'Krull', 'Who Dares Wins', 'Octopussy', and 'Superman III'. Most of these were major feature films with heavy construction programmes, which have kept the Studios very busy during 1982.

Rank Advertising Films

Although total advertising expenditure increased marginally in 1982, the growth was mainly in television, and there was a significant decline in cinema advertising.

This has led to a reorganisation of the company and the year's results include the costs of redundancy and relocation.

Prospects for improvement are largely dependent on the cinema where this year's films promise to have more popular appeal. At the same time other sources of advertising revenue continue to be developed.

Poster revenue has shown a further encouraging increase and a contract has been obtained with Mecca Leisure Limited to sell video advertising in all their clubs.

Rank Audio Visual

Trading results showed a substantial improvement over the previous year mainly due to the success of the Video Library which began operating in 1980. Since the end of 1981 Rank Video Library has distributed titles from Walt Disney's catalogue exclusively in the U.K. These, together with Rank's own library of feature films and other titles which have been acquired, have

given this new business a promising start in a market which appears to have considerable potential, if piracy can be checked.

Despite the growth of video, the 16mm Film Library continues to trade satisfactorily. From 1st November 1982 it added the MGM films to its catalogue which now includes Universal, Paramount, United Artists, Disney, ITC, and Rank. In 1983, the Library will be also marketing the new Orion Pictures productions.

The photographic and audio-visual equipment business has not been successful and its closure was announced in August. Stocks are now being disposed of and there will be some redundancies.

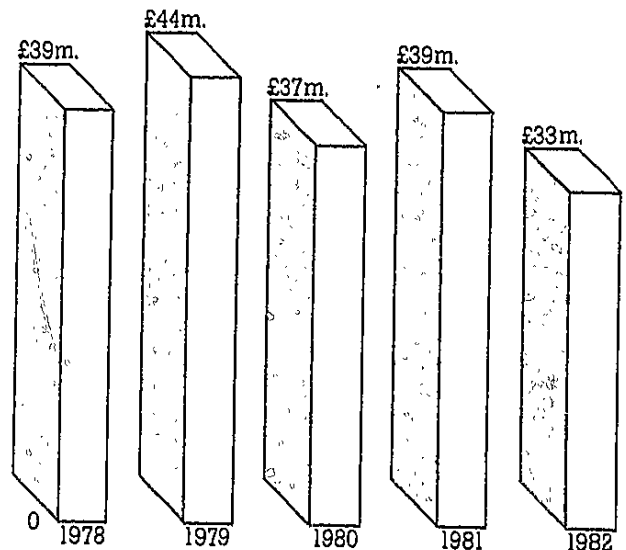
A number of new training films were produced in the year including 'The Art of Negotiation' starring Penelope Keith and John Alderton, which has proved very popular.

Rank Film Distributors

Profits were over twice last year's level and are the highest ever achieved.

Despite the decline in cinema admissions, the company increased its revenue from theatrical distribution, with notable success coming from its investment in Euan Lloyd's 'Who Dares Wins'.

The Rank Organisation Trading Profit



Review of Operations

All sections of the business traded satisfactorily with particularly good results coming from sales of video rights, where turnover rose by 83%. Overseas sales of film rights for all media were 42% above the previous year.

The agency agreement with Twentieth Century-Fox which expired in December 1982 has been replaced by an agreement with Orion Pictures which should give Rank Film Distributors a continuous flow of films for the U.K. over the next five years. The new agreement includes all U.K. rights, whereas the Fox agreement was limited to theatrical rights only.

Rank Film Laboratories

The volume of processing work available in the U.K. has continued to be depressed by the decline of the cinema industry and the importation of used prints from America. The market size has also been reduced by the use of video tape for the exhibition of television commercials.

Against this background the company has had to reduce costs and compete more fiercely for the available business. This policy has reduced profit margins but the volume of film processed has increased. The Laboratory has a dominant share of all market sectors, and total profit is above last year.

There has been a significant increase in the usage of the studio facilities of Camera Effects.

Mr. C. Mossman, Controller of Technical and Engineering Services, and Mr. J. B. Aldred, Head of Sound, and immediate Past President of The British Kinematograph, Sound and Television Society, have both been awarded Fellowships of The Society of Motion Pictures and Television Engineers.

Rank Phicom Video Group

The reorganisation of this newly formed group has continued in very competitive trading conditions.

During the year Rank Phicom Video Duplication has expanded its capacity and has become the largest duplicator in Europe. All activities are now producing trading profits except Television International, where further reorganisation is in hand.

INDUSTRIAL DIVISION

Manufacture and marketing of a wide range of

precision-made products including: broadcast television equipment; process control systems; medical equipment; specialised cathode ray tubes; day and night vision sighting equipment; sonar equipment; thermal imaging systems; precision measurement equipment; cine zoom lenses; theatre and TV studio lighting and controls; stage engineering; sound and auditorium equipment; counting and numbering devices; matrix printers; and loudspeaker cabinet systems.

Managing Director - Mr. G. W. Deith
Turnover £84,680,000 (1981 £92,174,000)
Trading Profit £1,096,000 (1981 Loss £3,753,000)

The Division benefited from the steps taken to reduce costs and eliminate losses, thus moving into profit overall.

As has been reported, the extremely depressed market conditions led us to dispose of our loudspeaker operations in Germany and at Wharfedale, Bradford. The analytical instrument business of Rank Hilger, based at Margate, was sold at the beginning of the year.

Rank Cintel

The company maintained its substantial share of the world market with the advanced 'flying spot' telecine, a new version of which was launched during the year. In addition, a new form of telecine using solid state linear arrays was announced. The new product, the Advanced Digital Scanner, will complement the established machine and will allow the company to serve the large 'broadcast' market for telecines more effectively.

The company has widened its range by the introduction of other new television products such as a digital picture store, and a telecine programmer.

Rank Cintel received a second Emmy award from the U.S. Academy of Television Arts and Sciences for outstanding achievement in engineering development.

Rank Electronic Tubes recovered from a downturn in orders at the half year and entered the new financial year with a strong order book for its avionic and phototypesetting tubes. The Californian based manufacturing business which was acquired in 1981 has completed its planned move to new factory premises and is now well

Review of Operations

placed to exploit the US market for specialist military cathode ray tubes.

Rank Taylor Hobson

The company did well to remain profitable in a year in which the demand for metrology products was disappointing. Further progress was made in consolidating the majority of the company's manufacturing operations at one modern factory in Leicester.

The introduction of new metrology products during 1982 and the improvement in order intake in several areas suggest there exists a sound basis for progress.

Following an extended development programme in conjunction with Marconi Avionics and the Ministry of Defence, the company has been awarded a production contract for thermal imaging scanners. This activity is now making a significant contribution to results.

Rank Pullin Controls

During the year, the company completed the consolidation of its activities on to one site at Debden. Several product lines were discontinued and the industrial metal detection business was sold. The range of sighting equipment has, however, been extended and the level of enquiries and current rate of order intake in this area is rising.

The proportion of output exported during the year was more than twice that achieved during 1981. This pattern of trading is expected to continue.

The company's sighting equipment was used to good effect in the recent Falklands war, which highlighted the importance of night vision capability. There is likely to be an increasing requirement from military authorities both for existing and new night viewing devices.

Rank Precision Industries - Overseas

Good results were achieved in marketing the products of Rank Cintel and Rank Taylor Hobson in overseas markets. These sales activities are based on the offices of Rank Precision Industries in America, Austria (for Comecon), Italy, Germany, and Japan.

Rank Stage & Studio Group

This group now comprises a range of businesses, including Rank Strand, which can

design, manufacture, supply and install virtually any item of equipment required in TV studios, theatres and other venues.

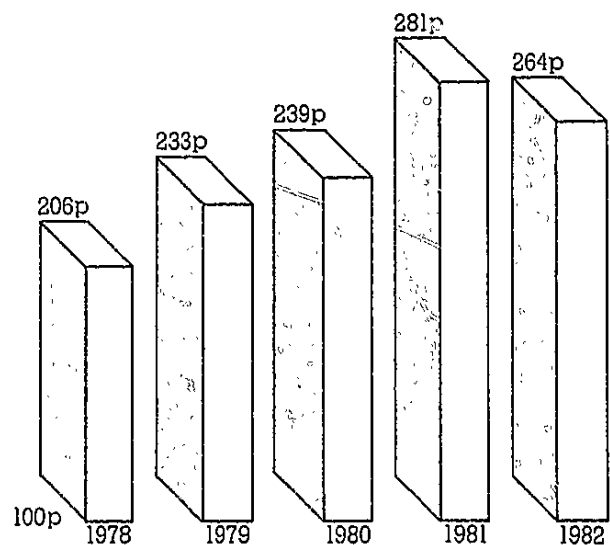
Cutbacks in UK Government spending have continued to hold back sales to public halls, schools, etc during 1982, but this reduction has been largely offset by additional sales which followed the re-allocation of TV broadcast franchises.

Although sales at Strand Lighting were up to expectations during the year, profits were not achieved. New management is taking steps to reduce costs at all levels, with the intention of returning this business - the largest in the Stage & Studio Group - to profitability in the near future.

Tele-Stage has not resolved last year's problems as quickly as expected, so, although there was a major improvement, the company was not in profit for the year. Management changes to the business are expected to lead to good profits being reached on the newer contracts, but the long term nature of the operation means that those profits will not be fully realised in the current year.

The businesses marketing factored products generally had a satisfactory year, as did those relating to seating and stage dressing. The

The Rank Organisation
Net assets per share



Review of Operations

professional audio, projection TV and commercial lighting operations are in their infancy but show promise.

Other Activities

Order intake at English Numbering Machines was well below expectations and profits were adversely affected. A new range of electronic counters was introduced during the year and the company's range of electro-sensitive printers has been enlarged by the development of an 80-column printer with very competitive features.

R.E. Ingham & Co saw a very severe decline in the market for audio loudspeakers and cabinets. The pattern of demand made efficient production impossible and caused short-time working and redundancies. While improvements have been made in labour productivity, future prospects for the audio industry are uncertain.

In January 1983, agreement was reached for the sale of the Ryder Manufacturing Company Limited to a consortium which included one of the present Directors of that company.

INTERNATIONAL DIVISION

A group of overseas-based companies supplying a wide range of products and services to industrial and consumer markets, including Rank Organisation technical products made in the U.K. In Australia: manufacture and marketing of television sets, whitegoods, housewares and furniture; marketing of audio equipment, microwave ovens, air conditioning units, security systems, industrial process control equipment. In America and Canada: manufacture and marketing of theatre lighting and control equipment and precision instruments. In Asia: marketing of a range of consumer and professional products, including Rank products; and providing an electronic systems engineering service to many industries.

Managing Director - Mr. K. S. Russett
Turnover £164,239,000 (1981 £203,620,000)
Trading Loss £3,580,000 (1981 Profit £7,698,000)

World-wide conditions adversely affected the Division's performance. Companies operating in consumer durable industries in Australia and Asia suffered intense competition in depressed markets. With little prospect of economic growth in the short-term, the Australian businesses have been re-structured.

Rank Industries America Rank Industries Canada Strand Century

Performance continued to improve and a new range of architectural dimming and control products was launched. The company further penetrated the professional lighting business and achieved an increased market share.

Rank Precision Industries Inc.

In spite of a weak market for capital goods, especially in the engineering sector, the level of metrology equipment sales was satisfactory with progress being achieved in both traditional roundness and surface measurement products, and in co-ordinate measuring machines. Strong demand for telecine equipment was experienced from the post production facilities market.

Rank Scherr-Turnico

Sales of small measuring tools and comparators were adversely affected by market weaknesses in the automotive, farm equipment, and metal-working industries. A range of complementary non-contact video-based automatic inspection and measurement products will be distributed in the U.S. as a result of an agreement recently completed with Videometrix Inc of California.

Rank Electro-Media

Due to persistently difficult trading conditions in the market for outdoor signs, the Steel Art division in Toronto has been sold and manufacturing activities at Neon Sales in Calgary terminated. Neon Sales will continue to manage its extensive leased signs business and to provide sales and service facilities in the Calgary market.

Telecom Plus International Inc.

In December 1981, Rank Industries America purchased 21 per cent of the common stock of Telecom Equipment Corp. Telecom Equipment Corp has now been re-named Telecom Plus International Inc to reflect its rapidly expanding role in the communications industry. Performance and prospects are excellent.

Rank Industries Asia

Sales of consumer products were lower due to difficult market conditions, but there was an improved performance in technical products and services. As a result the company's overall

Review of Operations

turnover and trading profit reached similar levels to those of the previous year. Trade restrictions in Malaysia and in Indonesia had a dampening effect on trading. However the order book remains sound.

Since the close of the year, a 30% interest in Rank O'Connor's Malaysia has been sold to Electroscon Holdings Sdn Bhd in compliance with the Malaysian government's economic policy regarding foreign ownership.

Rank Industries Australia

The world-wide recession was late in making its impact on Australia but has now done so with great severity. In line with other businesses in similar industries, the company was seriously affected, particularly during the second half of the year, resulting in losses and the need to restructure the business.

The company has maintained strong market positions in television receivers and domestic electrical appliances, but is having to reduce its operations at considerable cost to the lower levels of business which must be anticipated for some time.

Rank Industries Australia retains a substantial market share in the supply of broadcasting and studio equipment, and theatre and studio lighting controls. The security equipment and systems business is now established as one of two approved suppliers to the Australian government for high security projects.

To improve efficiency and reduce costs, the company's main activities are being re-organised and will operate as five integrated business units: consumer electronics, major electrical appliances, small appliances, industrial electronics and furniture.

Unprofitable and marginal activities, in particular some sections of the furniture business, have been discontinued or closed.

As from the 1st November 1982 Rank-NEC Pty. Limited, the successful joint venture with NEC for the manufacture of colour television receivers, was expanded to include the marketing, sales and servicing of all consumer products under the Rank Arena and NEC brands.

Rank Australia has continued to receive strong support from its major international suppliers and licensors but further growth for this business

must be dependent upon a substantial improvement in the Australian economy.

RANK CITY WALL LIMITED

Property investment

*Turnover £28,819,000 (1981 £20,651,000)

*Trading Profit £15,118,000 (1981 £13,095,000)

*(Includes turnover and profit of O.I.C. Property Holdings Limited in Republic of Ireland).

United Kingdom and Europe

Directors and Joint General Managers -

Mr. B. T. Penfold

Mr. T. Thomas

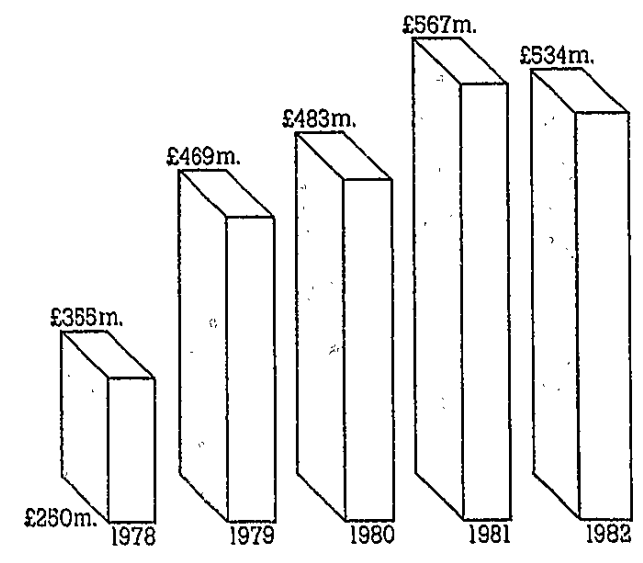
The U.K. rent roll increased by £198,000 from new or reversionary lettings and by £668,000 from completed rent reviews. Sales totalling £5.5 million were completed; five freehold interests, where the company previously held head leasehold interests, were acquired at a cost of £1.8 million.

Subsequent to the year-end, agreement has been reached for the sale of two freehold properties at a total price £1.9 million.

Construction was completed during the year of 15 nursery units totalling 31,000 sq. ft. of industrial space at the company's major

The Rank Organisation

Ordinary shareholders' interests
(share capital and reserves)



Directors' Report

Principal Activities

The principal activities of the Group are shown on page 3. There have been no significant changes during the year.

An analysis of the Group's turnover and profit is set out on page 44.

Accounts and Dividends

On pages 24 to 43, the Directors present the Balance Sheets at 31st October 1982, the Group Profit and Loss Account for the year ended on that date and the Current Cost Accounts.

An Interim Dividend of 4.8p per share was paid on the Ordinary shares on 1st November 1982. The Directors recommend payment of a Final Dividend of 3.2p per share, payable on 11th April 1983 to those shareholders whose names are on the Register on 11th March 1983.

The amount which it is proposed should be transferred from reserves is detailed in Note 14 to the Accounts on page 37.

Fixed Assets

Changes in fixed assets during the year are shown in Note 10 on pages 31 and 32. These include an increase of £6,834,000 arising from a revaluation of investment properties.

Directors

With the exception of Mr. H. A. Crichton-Miller, Mr. J. Daly and Mr. D. M. Yates, the Directors listed on page 2 were Directors of the Company throughout the year ended 31st October 1982.

Mr. P. H. Courtney, who was a Director during the year, resigned with effect from 31st January 1982.

Mr. D. M. Yates was appointed a Director on 3rd June 1982 and Mr. H. A. Crichton-Miller and Mr. J. Daly were appointed Directors on 3rd December 1982. They retire at the Annual General Meeting in accordance with the Articles of Association and, being eligible, offer themselves for election.

Mr. J. C. Duckworth, Mr. R. W. Evans, Sir Patrick Meaney, and The Hon. Angus Ogilvy retire by rotation in accordance with the Articles of Association and, being eligible, offer themselves for re-election.

Sir Reay Geddes, who was 70 on 7th May 1982, retires in accordance with the provisions of the Companies Act 1948. His proposed re-election

will be the subject of a resolution of which special notice has been given.

Of the Directors proposed for re-election or election, Mr. R. W. Evans, Mr. Crichton-Miller, Mr. Daly and Mr. D. M. Yates each has a service contract with the Company which is terminable by either party on not less than three years notice.

Directors' Interests

The beneficial interests of the Directors in shares of the Company, are shown in Note 20 on page 40.

Except as stated therein, none of the Directors held interests in shares or debentures of the Company or any of its subsidiaries at 1st November 1981 or at 31st October 1982.

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 1982.

Contracts with Directors

There were no contracts or arrangements subsisting during the year ending 31st October 1982, 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.

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. 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. Mr. R. W. Evans, who was a Director throughout the year ended 31st October 1982 holds 9,706 Ordinary shares issued pursuant to the Scheme.

Acquisitions and Disposals

During the year the Hilger analytical business of Rank Precision Industries Limited and the loud-speaker businesses of Heco Hennel & Co GmbH and Rank Wharfedale Limited were sold.

Directors' Report

In October, Rank City Wall Canada Limited completed the disposal of its Sheppard Centre development in Toronto.

In November 1982, Butlin's Limited completed the purchase of the El Griego Hotel in Torremolinos, Spain and concluded an agreement for the sale of its subsidiary company Butlins Irish and Continental Holidays Limited which owns a holiday centre in Ireland.

Shareholdings Exceeding 5 per cent.

So far as is known, the only person holding or beneficially interested at 24th January 1983 in more than 5 per cent. of the Ordinary share capital of the Company was The Rank Foundation Limited which held 20,367,281 Ordinary shares at that date, 10.1 per cent. of the Ordinary shares. The Rank Foundation Limited is associated with The Rank Prize Funds whose holding of 125,000 Ordinary shares in the Company amounts to a further 0.1 per cent.

Ordinary Shares

At 31st October 1982, the issued Ordinary shares of the Company were held by 38,412 holders (excluding holders of American Depository Receipts) as follows:

Shares held	Number of shareholders
1—100	16,718
101—250	5,638
251—500	4,851
501—1,000	5,566
1,001—5,000	4,615
5,001—10,000	300
10,001—50,000	337
Over 50,000	387

The total number of Ordinary shareholdings, including American Depository Receipts, was 52,670 (1981—56,393).

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.

Employees

The average number of employees within the Group in each of the 52 weeks to 31st October

1982 and the aggregate gross remuneration for the year were:

	Number	Aggregate gross remuneration £000
Employees within the United Kingdom including 6,019 part-time employees	22,833	103,622
Employees outside the United Kingdom including 488 part-time employees	5,279	42,654
	28,112	146,276

Disabled Persons

The Company encourages 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 employees.

Charitable and Political Contributions

During the year ended 31st October 1982, the Company and its subsidiaries made contributions for charitable purposes totalling £142,000. The Company has contributed £30,000 to the Conservative and Unionist Party and £1,000 to the Centre for Policy Studies Limited. The Company has also contributed £2,500 to Aims of Industry.

Companies Act 1980

In accordance with the provisions of the above Act, the Company was re-registered as a public limited company with effect from 17th March 1982.

The new Articles of Association adopted at the Extraordinary General Meeting held immediately after the last Annual General

Directors' Report

Meeting authorised the Directors under the provisions of Sections 14 and 18 of the Companies Act 1980 to allot and grant rights over shares of a nominal amount equal to the then unissued share capital of the Company and in certain limited circumstances to allot or grant rights over Ordinary shares without first making a strict pro rata offer to all existing Ordinary shareholders. These authorities expire on the day preceding the forthcoming Annual General Meeting and accordingly shareholders will be asked to renew the authorities until the date of the next following Annual General Meeting. The necessary Resolutions are contained in the Notice of Meeting on page 4.

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

28th January 1983

Accounts

Group Profit and Loss Account	24
Balance Sheets	25
Source and Application of Funds	26
Notes to the Accounts	27-41
Current Cost Accounts	42-43

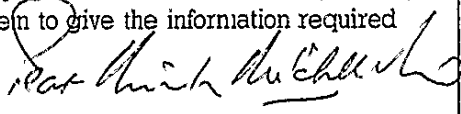
Report of the Auditors to the Members of The Rank Organisation Plc

We have audited the accounts on pages 24 to 43 in accordance with approved Auditing Standards.

In our opinion the accounts set out on pages 24 to 41, which have been prepared on the basis of the accounting policies set out in note 1 on pages 27 and 28, give a true and fair view of the state of affairs of the company and of the group at 31st October 1982 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 1981.

In our opinion, the abridged supplementary current cost accounts set out on pages 42 and 43 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
25th January 1983


PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

Group Profit & Loss Account

for the year ended 31st October 1982

	Note	1982 £000	1981 £000
Turnover		<u>675,182</u>	<u>618,402</u>
Trading profit	2	33,167	39,144
Associated companies	3		
Rank Xerox Companies		57,109	55,181
Others		6,115	6,695
		<u>96,391</u>	<u>131,020</u>
Interest	4	34,867	28,264
Profit before taxation		<u>61,524</u>	<u>102,756</u>
Taxation	5	32,697	44,220
		<u>28,827</u>	<u>58,536</u>
Minority interests		2,357	5,587
Profit before extraordinary items		<u>26,470</u>	<u>52,949</u>
Extraordinary items	7	(22,466)	(1,944)
Profit attributable to The Rank Organisation Plc	8	4,004	51,005
Dividends	9	16,743	22,398
(Deficit) surplus carried forward		<u>(12,739)</u>	<u>28,607</u>
Earnings per Ordinary Share (before extraordinary items)	6	<u>12.8p</u>	<u>25.9p</u>

The notes to the accounts are on pages 27 to 41.

Balance Sheets

at 31st October 1982

	Note	Group		Company	
		1982 £000	1981 £000	1982 £000	1981 £000
Assets employed					
Fixed assets	10				
Investment properties		175,419	213,338	—	—
Others		234,050	229,879	64,082	59,837
Interests in subsidiaries	12	469	—	368,021	306,674
Investments	13	277,304	270,304	279	1,394
Goodwill		56,051	45,508	3,406	4,094
Deferred revenue expenditure		1,003	1,017	69	78
Net current assets (liabilities)	17	16,449	17,689	(31,528)	(18,861)
		<u>760,745</u>	<u>777,735</u>	<u>404,329</u>	<u>353,216</u>
 Financed by					
Ordinary share capital	14	50,498	50,498	50,498	50,498
Reserves	14	483,338	516,268	192,293	197,983
Ordinary shareholders' funds		<u>533,836</u>	<u>566,766</u>	<u>242,791</u>	<u>248,481</u>
Preference share capital	14	12,598	12,598	12,598	12,598
Minority interests	18	30,301	48,142	—	—
Deferred taxation	16	5,984	6,156	1,874	1,873
Loan capital and borrowed money	15	178,026	144,073	147,066	90,264
		<u>760,745</u>	<u>777,735</u>	<u>404,329</u>	<u>353,216</u>

RUSSELL W. EVANS

J. B. SMITH

} Directors

Accounts approved by Board of Directors
on 25th January 1983.

The notes to the accounts are on pages 27 to 41.

Source and Application of Funds

for the year ended 31st October 1982

	1982 £ million	1981 £ million
Source of funds		
Within the Group		
Trading profit	33.2	39.1
Interest	(34.9)	(28.2)
Dividends received from associated companies	16.9	23.8
Extraordinary items before tax	(27.3)	(3.3)
Items included above not requiring (providing) funds		
Depreciation	15.9	15.1
Other items	7.5	(0.9)
	11.3	45.6
Net proceeds from the sale of:		
Investment properties	54.0	3.0
Other fixed assets	5.7	9.9
Net assets and goodwill of subsidiaries	1.9	6.9
Investments	2.0	11.8
	74.9	77.2
Outside the Group		
Borrowings other than bank overdrafts	52.8	22.5
Issue of Preference Shares by a subsidiary	16.8	—
	69.6	22.5
Total	144.6	99.7
Application of funds		
Acquisition of net assets of subsidiaries (including goodwill of £13.9m)	16.5	2.7
Investments in associated companies	13.2	2.8
Additions to fixed assets		
Investment properties	3.4	3.0
Other fixed assets	26.4	24.7
Repayment of borrowings other than bank overdrafts	38.3	17.9
Repayment of Preference Shares by a subsidiary	37.6	—
Dividends paid	26.4	26.8
Taxation paid	4.4	2.2
	166.2	80.1
(Decrease) increase in working capital	(21.7)	19.6
Comprising		
Decrease in creditors and accrued expenses	0.6	9.6
(Decrease) in cash and short term deposits less acceptance credits and bank overdrafts	(13.4)	32.5
(Decrease) in stock and work in progress	(0.3)	(20.5)
(Decrease) in debtors	(8.6)	(2.0)
	(21.7)	19.6

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) Companies Act 1981

The accounts are not subject to the new presentation requirements of Schedule 1 of the Companies Act 1981 and accordingly have been prepared in compliance with Section 149(A), Section 152(A) and Schedule 8(A) of the Companies Act 1948.

(ii) Consolidation

The consolidated profit and loss account and balance sheet include the parent company and its subsidiaries, and the group's share of profits or losses and reserves of associated companies. They are prepared under the historical cost convention, adjusted for the revaluation of certain properties as disclosed in note 10. The profits or losses of subsidiaries acquired or sold during the year are included as from or up to their respective dates of acquisition or disposal.

(iii) 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

Assets and liabilities denominated in foreign currencies are translated into the functional currencies of the reporting companies at exchange rates ruling at the balance sheet date. The exchange differences arising, together with exchange differences on trading transactions, are dealt with in the respective profit and loss accounts.

For the purposes of consolidation of financial statements denominated in foreign currencies, assets and liabilities are translated into sterling at the exchange rates ruling at the balance sheet date and profit and loss account items at average exchange rates for the year. The exchange differences arising are dealt with through reserves. Unrealised intra-group profits are eliminated at exchange rates ruling on the date of the relevant transactions.

(iv) 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.

(v) 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.

(vi) 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.

(vii) 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 a maximum of ten years.

Notes to the Accounts

Accounting policies continued
(viii) Depreciation of fixed assets

Properties held for investment

(a) Completed investment properties are revalued annually and the effect is reflected in the investment property revaluation reserve. Profits or losses on disposal are dealt with in extraordinary items and are arrived at by comparing sale proceeds with the revalued book amount at the beginning of the year and making an appropriate transfer from revaluation reserve of the previously unrealised surplus or deficit relating thereto which has become realised as a result of the disposal, to arrive at the realised profit or loss against historical cost.

(b) No depreciation is provided on freehold land and buildings.

(c) No depreciation is provided on leasehold properties where the leases have more than 50 years to run. The historical costs of other leasehold properties are depreciated on a straight line basis over the remaining terms of the leases.

Other properties

(a) No depreciation is 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.

(ix) 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 a liability will not arise in 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.

The amounts of deferred taxation provided and the relevant potential liability are set out in note 16 on page 39.

Rank Xerox Companies

Full provision is made for deferred taxation.

	1982 £000	1981 £000
2 Trading profit		
Trading profit is arrived at after crediting	1,151	381
Surplus on purchase of debentures and loan stock		
And after charging	15,949	15,129
Depreciation	949	1,037
Auditors' remuneration (Company £168,000, 1981 £128,000)	3,173	797
Rental and leasing payments for plant and machinery		

3 Associated companies

	Rank Xerox Companies		Others	
	1982 £000	1981 £000	1982 £000	1981 £000
Share of profits less losses before taxation	57,109	85,181	6,115	6,695
Share of taxation (note 5)	(26,391)	(35,083)	(3,041)	(3,104)
Share of extraordinary items (note 7)	—	—	205	295
	30,718	50,098	3,279	3,886
Dividends receivable by the Group	(16,489)	(16,985)	(1,589)	(4,270)
Profits less losses for the year retained by associated companies	14,229	33,113	1,690	(384)
Minority interests	(510)	(1,196)	—	—
	13,719	31,917	1,690	(384)
Amounts retained attributable to shareholders of the company	—	—	(453)	(739)
Reserves of associated company written out on disposal of investment	—	—	—	—
Net increase in profits retained in associated companies	13,719	31,917	1,237	(1,123)

Notes to the Accounts

	1982 £000	1981 £000
4 Interest		
Interest on bank loans and overdrafts	15,810	10,633
Interest on other loans fully repayable within 5 years	11,861	10,753
Interest on other loans not fully repayable within 5 years	6,431	7,055
Discount on acceptance credits	2,883	2,248
Interest receivable	(2,118)	(2,425)
	<u>34,867</u>	<u>28,264</u>

	1982			Total	1981			
	Company and its subsidiaries	Associated companies			Company and its subsidiaries	Associated companies		Total
		Rank Xerox Companies	Others			Rank Xerox Companies	Others	
£000	£000	£000	£000	£000	£000	£000	£000	
5 Taxation								
United Kingdom corporation tax								
Current tax	3,189	3,522	663	7,374	2,872	10,053	14,780	
Deferred tax	(1,442)	(8,895)	(144)	(10,481)	(174)	1,380	431	
Advance corporation tax	(4)	—	—	(4)	(629)	—	(629)	
Prior year stock relief	—	—	—	—	—	(8,845)	(8,845)	
	<u>1,743</u>	<u>(5,373)</u>	<u>519</u>	<u>(3,111)</u>	<u>2,069</u>	<u>2,588</u>	<u>5,737</u>	
Overseas								
Current tax	1,851	15,403	2,284	19,538	1,959	14,720	18,911	
Deferred tax	(329)	16,361	238	16,270	2,005	17,775	19,572	
	<u>1,522</u>	<u>31,764</u>	<u>2,522</u>	<u>35,808</u>	<u>3,964</u>	<u>32,495</u>	<u>38,483</u>	
	<u>3,265</u>	<u>26,391</u>	<u>3,041</u>	<u>32,697</u>	<u>6,033</u>	<u>35,083</u>	<u>44,220</u>	

Company and its subsidiaries
 United Kingdom corporation tax is provided at 52% and is stated after crediting double tax relief of £854,000 (1981 £291,000) in respect of income from subsidiaries and £870,000 (1981 £559,000) in respect of dividends from associated companies. The charge for taxation has been reduced by £3,924,000 (1981 £2,802,000) in respect of accelerated capital allowances and other timing differences and by £941,000 (1981 £1,379,000) in respect of stock relief.

Rank Xerox Companies
 The charge for United Kingdom corporation tax provided at 52% has been reduced by £1,367,000 (1981 £1,836,000) in respect of stock relief. In 1981 deferred tax of £8,845,000 provided in prior years was released as a consequence of the Finance Act 1981.

6 Earnings per Ordinary Share

The calculation of earnings per Ordinary Share is based upon profit before extraordinary items of £26,470,000 from which are deducted Preference dividends totalling £583,000, giving earnings of £25,887,000 (1981 £52,366,000), and on Ordinary Shares in issue during the year of 201,995,000 (1981 201,995,000 shares). If full provision had been made for deferred taxation, other than in respect of capital gains, earnings would have been £21,963,000 (1981 £49,564,000) and earnings per share 10.9p (1981 24.5p).

Notes to the Accounts

7 Extraordinary items	1982 £000	1981 £000
Profits less (losses)	(586)	(2)
Against opening valuation on disposal of investment properties	3,191	—*
Transfer from investment property revaluation reserve relating thereto	2,605	(2)*
Realised on investment properties against historical cost	643	677
Disposals of other properties	(27,359)	(10,772)
Disposal of investments in subsidiaries, cessations and re-organisations of businesses	(117)	10,439
Disposal of investments in associated companies	(1,561)	(3,626)
Goodwill written off	(1,550)	13
Exchange differences on repayment of overseas currency loans and preference shares	(27,339)	(3,271)
Taxation (including relief relating to previous years)	4,598	800
	(22,741)	(2,471)
Share of extraordinary items of associated companies	205	295
	(22,536)	(2,176)
Loss attributable to minorities	(70)	(232)
	(22,466)	(1,944)

*In the published accounts for 1981 a transfer of £535,000 to investment property revaluation reserve was not reflected through the profit and loss account but was dealt with in the movement on reserves.

8 Profit attributable to The Rank Organisation Plc	1982 £000	1981 £000
Dealt with in the accounts of The Rank Organisation Plc	11,060	29,946
Retained in subsidiary companies	(22,012)	(9,735)
Retained in associated companies	14,956	30,794
	4,004	51,005

9 Dividends	1982 £000	1981 £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 (1980 interim of 4.8p per share)	9,696	9,696
Final of 3.2p per share, proposed (1981 final of 6p per share)	6,464	12,119
	16,160	21,815
	16,743	22,398

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

10 Fixed assets

Group	Completed properties		Properties held for and in course of development		Total £000
	Freehold £000	Leasehold £000	Freehold £000	Leasehold £000	
Investment properties					
Net book amount at 31st October 1981*	129,354	80,762	3,222	—	213,338
Exchange adjustments	4,990	1,698	—	—	6,688
Additions at cost	2,331	334	726	—	3,391
Disposals at book amount	(50,392)	(3,684)	(585)	—	(54,661)
Transfers on completion	231	—	(231)	—	—
Depreciation for year	—	(171)	—	—	(171)
Surplus on revaluation	4,011	2,823	—	—	6,834
Net book amount at 31st October 1982	<u>90,525</u>	<u>81,762</u>	<u>3,132</u>	<u>—</u>	<u>175,419</u>

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

Completed investment properties have been valued as at 31st October 1982 on the basis of open market value for the existing use. The valuation includes £98,097,000 in respect of the United Kingdom portfolio which was valued by Messrs. Weatherall Green & Smith. The valuation of properties held by overseas subsidiaries was made by the Directors of those companies with advice from executives of the Group who hold appropriate professional qualifications or have relevant experience.

The net surplus of £6,834,000 arising from the valuations has been transferred, after taking account of minority interests, to investment property revaluation reserve.

Properties held for and in course of development are held at cost.

	Freehold land and buildings £000	Leasehold land and buildings £000	Plant, vehicles and equipment £000	Total £000
Other fixed assets				
At cost	126,836	63,208	147,439	337,483
At Directors' valuation in 1975	1,025	—	—	1,025
	<u>127,861</u>	<u>63,208</u>	<u>147,439</u>	<u>338,508</u>
Accumulated depreciation	20,692	11,769	71,997	104,458
Net book amount at 31st October 1982	<u>107,169</u>	<u>51,439</u>	<u>75,442</u>	<u>234,050</u>
<i>Movements during year:</i>				
Net book amount at 31st October 1981*	106,739	49,775	73,365	229,879
Exchange adjustments	(848)	(81)	(664)	(1,593)
New subsidiaries	1,594	—	1,634	3,228
Subsidiaries sold	(1,580)	—	(470)	(2,050)
Additions at cost	5,259	3,379	17,719	26,357
Disposals at book amount	(1,336)	(345)	(3,042)	(4,723)
Provisions for losses on disposal	(554)	150	(1,021)	(1,425)
Depreciation for year	(2,105)	(1,439)	(12,079)	(15,623)
Net book amount at 31st October 1982	<u>107,169</u>	<u>51,439</u>	<u>75,442</u>	<u>234,050</u>

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

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
<i>Company</i>				
At cost	29,237	28,560	42,189	99,986
Accumulated depreciation	7,961	5,612	22,331	35,904
Net book amount at 31st October 1982	21,276	22,948	19,858	64,082
<i>Movements during year:</i>				
Net book amount at 31st October 1981*	20,991	20,679	18,167	59,837
Intra group transfers at book amount	—	267	752	1,019
Additions at cost	1,184	2,490	5,356	9,030
Disposals at book amount	(387)	(117)	(565)	(1,069)
Provision for losses on disposal	(148)	204	(804)	(748)
Depreciation for year	(364)	(575)	(3,048)	(3,987)
Net book amount at 31st October 1982	21,276	22,948	19,858	64,082

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

The net book amount of leasehold investment properties and other leasehold land and buildings at 31st October 1982 includes for the Group £23,905,000 (1981 £23,742,000) and for the company £16,919,000 (1981 £16,242,000) in respect of leases with less than 50 years to run.

The net book amount of investment properties at 31st October 1982 not depreciated during the year ended on that date was, in respect of the Group £171,594,000 (1981 £206,193,000).

11 Future capital expenditure

	Group		Company	
	1982 £000	1981 £000	1982 £000	1981 £000
Commitments	5,939	3,586	373	181
Authorised by the Directors but not contracted	5,946	9,752	1,075	1,925
	11,885	13,338	1,448	2,106

Notes to the Accounts

12 Interests in subsidiaries

Group

Subsidiary not consolidated

Common shares of Nestar Systems Inc. at cost including £455,000 goodwill less provision for post acquisition losses of £479,000 (1982 8,269,193 shares representing 59% of those issued. 1981 4,483,070 shares representing 40% of those then issued.)

	1982	1981
	£000	£000

	469	—
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Nestar Systems Inc. is incorporated in the U.S.A. and operates in the computer technology industry. Its assets and liabilities have not been consolidated on the basis that the directors do not expect to maintain a shareholding in excess of 50%.

The provision against the cost of the shares is based on the Group's share of the accumulated losses shown by the unaudited management accounts made up to 31st October 1982. An amount of £34,000 due by Nestar to group companies is included in debtors.

In the opinion of the directors the value of the investment at 31st October 1982 is not less than its book amount.

Company

Shares in subsidiaries at or under cost

Amounts owing by subsidiaries including dividends receivable less provisions

Interest receivable

	1982	1981
	£000	£000

	164,509	153,375
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	266,881	240,459
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	—	709
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	431,390	394,543
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Less: Amounts owing to subsidiaries

Interest payable

	61,183	85,734
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	2,186	2,135
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	368,021	306,674
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Of the amounts owing by subsidiaries £54,500,000 (1981 £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 10 to 18, are:

	Class of shares owned	Percentage of share capital attributable to the Company		
		Directly owned	Through subsidiaries	Total
Leisure Division				
Rank Leisure Limited	Company limited by guarantee	100	—	100
Oleon (Ireland) Limited	Ordinary	—	100	100
Rank Tuschinski Beheer B.V.	Ordinary	—	100	100
Hotels and Holidays Division				
Butlin's Limited	6% Cumulative Preference	100	—	100
	Ordinary	100	—	100
Leisure Caravan Parks Limited	Ordinary	—	100	100
Rank Hotels Limited	Ordinary	100	—	100
Rank Travel Limited	Ordinary	100	—	100
Film and Television Services Division				
Pinewood Studios Limited	Ordinary	100	—	100
Rank Advertising Films Limited	Ordinary	100	—	100
Rank Film Distributors Limited	Ordinary	100	—	100
Rank Film Laboratories Limited	Ordinary	100	—	100
Rank Audio Visual Limited	Ordinary	100	—	100

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
Industrial Division				
English Numbering Machines Limited	Ordinary	100	—	100
Rank Strand Limited	Ordinary	100	—	100
Rank Precision Industries Limited (note (c))	Ordinary	30	65	95
International Division				
Rank Industries America Inc.	Common	—	100	100
Rank Industries Asia Pte. Limited	Ordinary	—	100	100
Rank Industries Australia Limited	Ordinary	—	100	100
Rank Industries Canada Limited	Common Non-Cumulative Participating Preference	—	100	100
Property				
Rank City Wall Limited	Ordinary	100	—	100
Rank City Wall Canada Limited	Common	—	100	100
Holding Companies				
A. Kershaw & Sons, Plc (note (a))	8% 'A' Cumulative Preference 12½% 'B' Non-Cumulative Preference Ordinary	78 85 82	— — —	78 85 82
Rank Overseas Holdings Plc (note (b))	Ordinary	100	—	100
Rank Precision Industries (Holdings) Plc (notes (a) and (c))	5% Cumulative Preference Ordinary	57 60	35 33	92 93
Rank RX Holdings Limited (notes (c) and (d))	Ordinary	50	46	96
Rank Zynar B.V. (note (e))	Ordinary	—	100	100

- (a) A. Kershaw & Sons, Plc holds 43% of the preference and 40% of the ordinary share capital of Rank Precision Industries (Holdings) Plc.
- (b) Rank Overseas Holdings Plc owns the Group's investment in Rank Industries Australia Limited and many other overseas subsidiary and associated companies.
- (c) Rank Precision Industries (Holdings) Plc 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) Rank Zynar B.V. owns all the issued share capital of Zynar Holdings B.V. which is the holding company of Zynar Limited and Zynar Vertriebs Gesellschaft m.b.H. which are wholly owned and Nestar Systems Inc. which is 59% owned. A share scheme has been established whereby certain senior executives of Zynar Holdings or its subsidiaries may subscribe for shares in that company on terms that such shares may be purchased by Rank Zynar at a future date at a price determined in accordance with the provisions of the scheme. The total number of shares which may be issued to executives will not exceed 25% of the issued share capital of Zynar Holdings and to date no shares have been issued under the scheme.
- (f) All companies listed above are incorporated and operate in Great Britain other than:
- Odeon (Ireland) – Republic of Ireland
 - Rank Industries America – U.S.A.
 - Rank Industries Asia – Singapore
 - Rank Industries Australia – Australia
 - Rank Industries Canada – Canada
 - Rank City Wall Canada – Canada
 - Rank Tuschinski Beheer – Holland
 - Rank Zynar – Holland

Notes to the Accounts

13 Investments	1982	1981
Group	£000	£000
Rank Xerox Companies		
Unlisted		
Shares at par	14,883	14,883
Shares at cost*	4,481	4,148
Share of retained profits and reserves	214,440	218,513
	<hr/>	<hr/>
Subordinated unsecured loan notes	233,774	237,541
Promissory notes	1,200	1,200
	656	596
	<hr/>	<hr/>
	235,630	239,337
	<hr/>	<hr/>
Other associated companies		
Unlisted		
Shares at Directors' valuation	250	250
Shares at cost less amounts written off	15,424	4,434
Scrip issue at par	—	902
Share of retained profits and reserves	22,874	22,556
Advances	1,210	602
	<hr/>	<hr/>
	39,758	28,744
	<hr/>	<hr/>
Listed		
Shares at cost (Market value £196,000—1981 £155,000)	71	73
	<hr/>	<hr/>
	39,829	28,817
	<hr/>	<hr/>
Other investments		
Listed shares at cost less amounts written off (Market value £15,000—1981 £17,000)	38	39
Promissory note	1,461	1,800
Unlisted shares at cost less amounts written off	346	311
	<hr/>	<hr/>
	1,845	2,150
	<hr/>	<hr/>
Total		
Unlisted	277,196	270,192
Listed	109	112
	<hr/>	<hr/>
	277,304	270,304
	<hr/>	<hr/>
Company		
Other associated companies		
Unlisted		
Shares at cost	41	256
Scrip issue at par	—	902
	<hr/>	<hr/>
	41	1,158
	<hr/>	<hr/>
Other investments		
Listed shares at cost (Market value £12,000—1981 £14,000)	35	36
Unlisted shares at cost	203	200
	<hr/>	<hr/>
	238	236
	<hr/>	<hr/>
Total	279	1,394
	<hr/>	<hr/>

* At 31st October 1982 the Group had agreed to subscribe a further £2,871,000 to a Rank Xerox Company as additional paid in share capital.

Notes to the Accounts

Investments continued

The holdings, all through subsidiaries, of associated companies principally affecting profits are:

	Country of incorporation and operation	Class of capital owned	Date of accounts (see note 1(ii))	Percentage holding
Rank Xerox Companies				
Rank Xerox Limited	Great Britain	'B' Ordinary	31.10.82	96.4
		'D' Ordinary		96.4
Rank Xerox Business Equipment Inc.	U.S.A.	'B' Common	31.10.82	96.4
Rank Xerox Holding B.V.	Holland	'B' Ordinary	31.10.82	96.4
		'C' Ordinary		96.4
Rank Xerox Investments Limited	Bermuda	'B' Ordinary	31.10.82	96.4
Other associated companies				
Film exhibition				
Cathay Films Distribution Company Limited	Hong Kong	Ordinary	31.12.81	24.2
Cathay Organisation Private Limited	Singapore	Ordinary	31.12.81	24.2
The Greater Union Organisation Pty. Limited	Australia	Ordinary	30. 6.82	50.0
Kerridge Odeon Corporation Limited	New Zealand	Ordinary	31. 3.82	50.0
Video and broadcast facilities				
Rank Phicom Video Group Limited	Great Britain	Ordinary	31.10.82	50.0
Communication systems				
Telecom Plus International Inc.	U.S.A.	Common	30. 9.82*	20.8

* unaudited management accounts

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 the 'B' and 'D' shares in Rank Xerox Limited and is entitled to approximately 48.6% 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 with wholly owned subsidiaries in the United Kingdom, Belgium, France and West Germany, whose businesses 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 with subsidiaries in Africa and the Middle East whose businesses consist 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

14 Share capital and reserves

Share capital	1982		1981	
	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	50,498
	<u>70,000</u>	<u>63,096</u>	<u>70,000</u>	<u>63,096</u>

At 31st October 1982 3,901,880 of the unissued Ordinary shares were reserved against conversions of the outstanding 4½% Convertible Loan 1993.

Reserves	Group		Company	
	1982	1981	1982	1981
	£000	£000	£000	£000
Share premium account	141,608	141,608	141,608	141,608
Investment property revaluation reserve	73,080	71,485	—	—
Other reserves	268,650	303,175	50,685	56,375
	<u>483,338</u>	<u>516,268</u>	<u>192,293</u>	<u>197,983</u>

	£000
Movements in investment property revaluation reserve	71,485
Balance at 31st October 1981	1,016
Exchange adjustment	6,770
Surplus on revaluation of investment properties (see note 10)	(3,000)
Provision for deferred taxation	(3,191)
Transfer to Profit and Loss Account on disposals	—
	<u>73,080</u>
Balance at 31st October 1982	—

Movements in other reserves

	Group			Company
	Company and its subsidiaries	Associated companies	Total	
	£000	£000	£000	£000
Balances at 31st October 1981	70,345	232,830	303,175	56,375
Exchange adjustments	—	(17,647)	(17,647)	—
Rank Xerox companies	(2,766)	(1,647)	(4,413)	(7)
Other companies	—	249	249	—
Surplus on revaluation of fixed assets	25	—	25	—
Sundry	(27,695)	14,956	(12,739)	(5,683)
(Deficit) surplus on Profit and Loss Account	—	—	—	—
	<u>39,909</u>	<u>228,741(a)</u>	<u>268,650</u>	<u>50,685(b)</u>
Balances at 31st October 1982	—	—	—	—

(a) Includes £206,170,000 in respect of Rank Xerox companies
 (b) Includes £45,329,000 regarded as available for distribution

Notes to the Accounts

15 Loan capital and borrowed money

	Group		Company	
	1982 £000	1981 £000	1982 £000	1981 £000
Bank overdrafts	7,227	5,135	—	—
Bank loans				
Amounts repayable				
Within one year or on demand	18,230	23,526	10,080	6,229
Between one and two years	4,089	4,121	4,000	4,000
Between two and five years	16,564	17,865	16,500	13,333
In five years or more	61,500	8,667	61,500	8,667
	100,383	54,179	92,080	32,229
Other borrowings				
4½% Convertible Loan 1993				
Remainder	33,831	32,106	33,831	32,106
Amounts repayable				
Within one year	17,715	37,060	1,496	1,357
Between one and two years	10,247	19,051	1,496	1,358
Between two and five years	8,385	15,975	3,577	4,069
Between five and fifteen years	27,421	29,324	7,426	7,995
In fifteen years or more	22,724	23,040	18,736	18,736
	120,323	156,556	66,562	65,621
Total	227,933	215,870	158,642	97,850
Secured				
Sterling	24,551	25,660	10	13
Other currencies	6,345	7,528	—	—
	30,896	33,188	10	13
Unsecured				
Sterling	112,510	53,093	112,162	52,162
Other currencies	84,527	129,589	46,470	45,675
	197,037	182,682	158,632	97,837
Total as above	227,933	215,870	158,642	97,850
Deduct: Parallel loans	6,735	12,120	—	—
	221,198	203,750	158,642	97,850
Deduct: Amounts repayable within one year or on demand included in current liabilities	43,172	59,677	11,576	7,586
	178,026	144,073	147,066	90,264

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. No conversion rights had been exercised by 31st October 1982 at which date U.S. \$56,667,000 nominal of the loan was outstanding. During the year the Company purchased and cancelled U.S. \$2,600,000 of the loan.

The remainder of other borrowings shown above includes borrowings not fully repayable within five years totalling £54,256,000 (1981 £53,379,000) for the Group and £26,162,000 (1981 £33,502,000) for the Company. These borrowings are repayable in part by annual sinking funds or by instalments and are repayable at par. The average rate of interest payable on these borrowings was, for the Group 9.1% (1981 9.0%) and for the Company 9.5% (1981 9.3%).

In 1976, a subsidiary entered into two parallel loan agreements with an overseas third party the first of which expired during the year ended 31st October 1982. Under each agreement the subsidiary initially borrowed U.S. \$10,000,000 and lent the third party the sterling equivalent thereof. At 31st October 1982, the amount outstanding under these agreements totalled U.S. \$11,507,000 (1981 U.S. \$22,949,000) by the subsidiary and £6,735,000 (1981 £12,120,000) by the third party.

Notes to the Accounts

16 Deferred taxation	As provided				Full potential liability			
	Group		Company		Group		Company	
	1982 £000	1981 £000	1982 £000	1981 £000	1982 £000	1981 £000	1982 £000	1981 £000
Capital allowances	1,423	5,329	—	219	39,333	40,087	10,313	9,266
Investment property revaluation	3,000	—	—	—	20,321	16,480	—	—
Other timing differences	2,852	2,992	1,874	1,654	(1,501)	(2,601)	(1,871)	(725)
Losses	(1,165)	—	—	—	(1,407)	(281)	—	—
Advance corporation tax	6,110 (126)	8,321 (2,165)	1,874	1,873	56,746 (1,017)	53,685 (4,287)	8,442	8,541
	<u>5,984</u>	<u>6,156</u>	<u>1,874</u>	<u>1,873</u>	<u>55,729</u>	<u>49,398</u>	<u>8,442</u>	<u>8,541</u>

The above figures exclude taxation payable:

- (a) in the event of profits of certain overseas subsidiary and associated companies being distributed and
 (b) estimated at £8 million (1981 £9 million) at current rates of taxation on capital gains which might arise from the sale of properties used for trading purposes at the values at which they are stated in the Group Balance Sheet.

17 Net current assets (liabilities)	Group		Company	
	1982 £000	1981 £000	1982 £000	1981 £000
Current assets				
Stocks				
Raw materials and consumables	13,974	15,400	1,007	1,011
Work in progress	18,375	21,412	17	—
Finished goods and goods for resale	56,617	59,145	6,390	3,129
Film productions	5,818	4,733	5,539	3,965
	<u>94,784</u>	<u>100,690</u>	<u>12,953</u>	<u>8,105</u>
Debtors and prepayments	111,857	114,228	15,779	4,267
Advance corporation tax recoverable on dividends provided in the accounts	1,446	1,286	1,446	1,286
Dividends receivable from associated companies	9,414	8,231	—	—
Short term deposits	7,679	24,849	4,500	19,000
Cash at bank and in hand	5,064	4,301	633	334
	<u>230,244</u>	<u>253,585</u>	<u>35,311</u>	<u>32,992</u>
Current liabilities				
Amount of loan capital and borrowed money repayable within one year or on demand	43,172	59,677	11,576	7,586
Creditors, provisions and accrued expenses	136,602	129,173	36,675	20,148
Acceptances by banks	11,188	16,175	—	—
United Kingdom corporation tax	2,472	2,588	788	824
Overseas taxation	1,604	2,708	—	—
Dividends				
Accrued on preference shares	194	194	194	194
Payable and proposed on Ordinary Shares	16,160	21,815	16,160	21,815
Minority shareholders of subsidiaries	957	2,280	—	—
Advance corporation tax	1,446	1,286	1,446	1,286
	<u>213,795</u>	<u>235,896</u>	<u>66,839</u>	<u>51,853</u>
Net current assets (liabilities)	<u>16,449</u>	<u>17,689</u>	<u>(31,528)</u>	<u>(18,861)</u>

Notes to the Accounts

18 Minority interests

Minority interests at 31st October 1982 include £16,781,000 in respect of preference shares redeemable at par on 30th November 1985 issued by a subsidiary, Rank Industries Australia Limited, on 29th October 1982 repayment of which is guaranteed by the Company. At 31st October 1981 they included £33,315,000 in respect of preference shares issued by a subsidiary which were redeemed at par on 17th May 1982.

19 Contingent liabilities

A claim against the Company in the High Court arising out of the 1975 Offer for Sale has been dismissed, and the plaintiffs have been ordered to pay the Company's legal costs. The plaintiffs have lodged an appeal but the Company is advised that it is likely to fail and accordingly no provision has been made. The amount of damages claimed was in the first instance £600,000 excluding interest, but during the course of the trial leave was given (against which the Company has also lodged an appeal) to amend the Statement of Claim so that the action became one brought on behalf of all the investors concerned which effectively increased the damages claimed to an amount estimated at £2,490,000 excluding interest.

In addition there are the following items:

Group There are contingent liabilities in respect of (a) guarantees (other than in respect of leasing commitments and preference shares) amounting in aggregate to approximately £15,700,000 (1981 £6,300,000) including £300,000 (1981 £300,000) relating to advances by third parties at 31st October 1982 to associated companies and (b) additional taxation payable in the event of the profits of certain overseas subsidiary and associated companies being distributed. Guarantees have also been given by the Company and Group in respect of rental commitments for leased properties and leased aircraft, for which the outstanding payments are £50,000,000 and £14,000,000 respectively.

Company In addition to guarantees given in respect of leasing commitments and preference shares there are contingent liabilities mainly in respect of advances by third parties at 31st October 1982 to (a) subsidiaries amounting in aggregate to approximately £53,700,000 (1981 £65,500,000) of which £42,500,000 (1981 £65,000,000) is included as liabilities in the Group balance sheet and (b) associated companies of approximately £300,000 (1981 £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.

20 Directors and employees

(a) Except as stated below none of the Directors held interests in shares or debentures of the Company or any of its subsidiaries at 1st November 1981 or at 31st October 1982.

None of the Directors or their families has acquired or sold any interest in shares or debentures of the Company or its subsidiaries since 31st October 1982.

The Rank Organisation Plc			
	6½%	Ordinary	10½%
	Preference Shares	Shares	Unsecured Loan Stock
Sir Robert Bellinger		5,000	
R. F. Butlin		41,038	
As trustee		5,648	£155,000
R. F. H. Cowen		81,900	
As trustee	1,025	20,800,366 (20,505,425)	£15,200
Russell W. Evans		9,706	
Sir Reay Geddes		1,166	
Sir Patrick Meaney		1,008	
As trustee			£76
Sir Denis Mountain	1,000	315	
As trustee		46,600	
The Hon. Angus Ogilvy		2,679	
K. S. Russett		8,516	
Harry Smith		6,160	
J. B. Smith		240	
Sir Richard Trehane	1,000	1,260	
Butlin's Limited			
	6½%	7½%	8%
	Debenture Stock	Debenture Stock	Debenture Stock
R. F. Butlin	£500		
As trustee		£10,000	£10,000

The above interests existed at both 1st November 1981 and at 31st October 1982 except for R. F. H. Cowen whose non-beneficial interest in Ordinary Shares at 1st November 1981 is indicated in brackets.

Notes to the Accounts

Directors and employees <i>continued</i>	1982 £000	1981 £000
(b) Total emoluments of the directors of The Rank Organisation Plc		
Fees	70	69
Other emoluments	361	370
Contributions to pension schemes	141	153
Pension paid to former director	11	8
Compensation for loss of office	—	155
(c) Emoluments of former Chairman to 19th March 1982	21	53
Emoluments of present Chairman from 19th March 1982	42	—
(d) Emoluments of highest paid director (including emoluments received as present Chairman from 19th March 1982)	73	69
(e) The table which follows shows the number of directors of The Rank Organisation Plc other than the highest paid director and of higher paid employees of the Group, whose emoluments during the year were within the bands stated.		

Emoluments £	Directors		Employees	
	1982	1981	1982	1981
Up to 5,000	7	7		
5,001—10,000	3	3		
10,001—15,000	1	1		
20,001—25,000	1	—		
30,001—35,000			6	3
35,001—40,000	—	1	4	—
40,001—45,000	2	2		
45,001—50,000	1	—		
50,001—55,000	—	1		
55,001—60,000	1	—		

- (f) The particulars shown in notes (d) and (e) above are provided only in respect of directors and employees of the Group working wholly or mainly in the United Kingdom.
- (g) At 31st October 1982 two officers had loans outstanding from the Company totalling £98,000 (1981 £30,000).

Current Cost Accounts

Group Profit and Loss Account for the year ended 31st October 1982

	Note	1982 £million	1981 £million
Turnover		675.2	618.4
Historical cost trading profit before interest		33.2	39.1
Less Current cost operating adjustments	2	(20.1)	(21.3)
Current cost operating profit		13.1	17.8
Gearing adjustment	3	5.4	4.5
Interest on net borrowing		(34.9)	(28.3)
		(29.5)	(23.8)
		(16.4)	(6.0)
Associated Companies			
Per historical cost accounts		63.2	91.9
Less Current cost adjustments	4	(20.5)	(22.0)
		42.7	69.9
Current cost profit before taxation		26.3	63.9
Taxation		(32.7)	(44.2)
		(6.4)	19.7
Minority interests		(0.6)	(5.7)
Current cost (loss) profit before extraordinary items		(7.0)	14.0
Extraordinary items		(25.0)	(1.0)
Current cost (loss) profit attributable to The Rank Organisation Plc		(32.0)	13.0
Dividends		(16.7)	(22.4)
Current cost deficit for the year		(48.7)	(9.4)
Current cost (loss) earnings per ordinary share		(38)p	6.6p

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.

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

- (i) Plant has been restated using appropriate Government indices applied to the historical costs.
- (ii) 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 or have relevant experience. 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

	1982 £m	1981 £m
Cost of sales	(6.8)	(7.4)
Monetary working capital	(0.3)	1.3
	(7.1)	(6.1)
Depreciation	(12.3)	(13.5)
Fixed asset disposals	(0.7)	(1.7)
	(20.1)	(21.3)

3. Gearing adjustment

(a) Shareholders' funds have been adjusted to eliminate from the balance sheet, investments, goodwill and the net interest in investment properties.

(b) Average borrowings during the year of £89.4 million (1981 £87.4 million) have been attributed to investment properties.

4. Associated companies: current cost adjustments

	1982 £m	1981 £m
Cost of rentals and sales	(7.2)	(9.6)
Monetary working capital	(2.8)	(4.3)
	(10.0)	(13.9)
Depreciation	(14.3)	(13.9)
Fixed asset disposals	(1.0)	(0.6)
	(25.3)	(28.4)
Leasing adjustment	(1.6)	(0.9)
Gearing adjustment	6.4	7.3
	(20.5)	(22.0)

The 1981 comparative figures have been restated to give effect to a correction made by an associated company to its current cost operating adjustments. The restatement has resulted in a reduction of the previously reported current cost deficit of £3.4 million and has reduced the Group's Current Cost Reserve at 31 October 1981 by £3.4 million.

Current Cost Accounts

Group Balance Sheet at 31st October 1982

	Note	1982 £million	1981 £million
Assets employed			
Fixed assets			
Investment properties		175.4	213.3
Other fixed assets	5	376.4	399.3
Investments		362.4	348.4
Goodwill		47.1	35.5
Working capital			
Stock		95.8	102.0
Trade debtors less trade creditors		5.2	(15.0)
		101.0	87.0
Net operating assets		1,062.3	1,083.5
Financed by			
Ordinary share capital		50.5	50.5
Reserves: Current cost	6	328.7	318.9
Other	7	366.7	435.6
Ordinary shareholders' funds		745.9	805.0
Preference share capital		12.6	12.6
Minority interests		37.8	48.7
Dividends payable		16.2	21.8
Total shareholders' interest		812.5	888.1
Net borrowing			
Loan capital and borrowed money		178.0	144.3
Deferred taxation		6.0	6.2
Other current liabilities/assets (net)		65.8	44.9
		249.8	195.4
		1,062.3	1,083.5

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

5. Other fixed assets

	1982		1981	
	Gross current replacement cost or valuation £m	Accumulated depreciation £m	Net current replacement cost or valuation £m	Net current replacement cost or valuation £m
Freehold land and buildings	239.7	38.6	201.1	215.2
Leasehold land and buildings	84.0	14.1	69.9	80.1
Plant, vehicles and equipment	264.9	159.5	105.4	104.0
	588.6	212.2	376.4	399.3

7. Other reserves

	£m
Balance at 31st October 1981	435.6
Movement in investment property revaluation reserve	1.6
Movement in other reserves before historical cost profit retained	(21.8)
Current cost deficit for the year	(48.7)
Balance at 31st October 1982	366.7

6. Current cost reserve

Balance at 31st October 1981	£m 318.9
Revaluation surpluses reflecting price changes:	
Land and buildings	(14.0)
Plant and machinery	2.5
Stock	6.5
Investments	27.0
Adjustments to Goodwill	1.0
Monetary working capital adjustment	0.3
Cearing adjustment	(5.4)
Minority interests	(8.1)
Balance at 31st October 1982	328.7
of which: Realised	116.6
Unrealised	212.1

The Rank Organisation

Analysis of Turnover

	1982 £000	1981 £000	1980 £000	1979 £000	1978 £000
Leisure Division	124,778	129,023	122,074	113,986	105,700
Hotels and Holidays Division	224,974	131,719	127,596	117,285	92,743
Film and Television Services Division	47,323	40,807	45,346	52,786	45,328
Industrial Division	84,680	92,174	86,986	83,620	92,872
International Division					
Australia	120,203	160,315	103,216	70,931	55,137
America and Asia	44,036	43,305	30,426	26,977	22,209
Property	28,819	20,651	16,321	14,930	17,398
Radio and Television	—	—	64,563	57,196	57,573
Sundry	369	408	195	121	136
Turnover	<u>675,182</u>	<u>618,402</u>	<u>596,723</u>	<u>537,832</u>	<u>485,096</u>

Analysis of Trading Profit

	1982	1981	1980	1979	1978
Leisure Division	6,551	6,431	8,255	9,192	9,801
Hotels and Holidays Division	9,605	14,694	15,610	17,847	11,510
Film and Television Services Division	4,708	2,099	934	3,397	3,900
Industrial Division	1,096	(3,753)	2,616	4,708	6,021
International Division					
Australia	(6,019)	4,969	4,633	(563)	823
America and Asia	2,469	2,729	976	1,348	907
Property	15,118	13,095	9,443	8,295	7,567
Radio and Television	—	—	(4,280)	(364)	(988)
	<u>33,528</u>	<u>40,264</u>	<u>38,187</u>	<u>43,860</u>	<u>39,541</u>
Unallocated central costs	(1,512)	(1,501)	(1,670)	(1,548)	(1,344)
Profits on redemption of debentures	1,151	381	705	1,467	967
Trading Profit	<u>33,167</u>	<u>39,144</u>	<u>37,222</u>	<u>43,779</u>	<u>39,164</u>

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 1982 is as follows:

	Turnover £000	Trading Profit £000
United Kingdom	465,339	28,021
Belgium	1,022	264
France	1,884	(53)
Germany	4,707	(294)
Holland	7,645	(772)
Italy	1,732	107
Republic of Ireland	201	686
Rest of Europe	1,913	103
Canada	19,116	8,185
U.S.A.	27,460	1,729
Australasia	120,203	(6,019)
Asia	16,100	1,066
Japan	2,860	505
Deduct: Unallocated central costs net of profits on redemption of debentures		(361)
	<u>675,182</u>	<u>33,167</u>

The Rank Organisation

Five Year Review

	1982	1981	1980	1979	1978
	£000	£000	£000	£000	£000
Turnover	<u>675,182</u>	<u>618,402</u>	<u>596,723</u>	<u>537,832</u>	<u>485,096</u>
Profits					
Trading profit before depreciation	49,116	64,273	51,524	56,662	49,618
Depreciation	15,949	15,129	14,302	12,883	10,454
Trading profit	<u>33,167</u>	<u>39,144</u>	<u>37,222</u>	<u>43,779</u>	<u>39,164</u>
Share of profits before taxation of associated companies					
Rank Xerox Companies	57,109	85,181	87,531	101,889	97,899
Others	6,115	6,695	6,694	5,414	5,070
Interest	<u>96,391</u>	<u>131,020</u>	<u>131,447</u>	<u>151,082</u>	<u>142,133</u>
Profit before taxation	<u>34,867</u>	<u>28,264</u>	<u>22,023</u>	<u>19,893</u>	<u>20,203</u>
Taxation	<u>61,524</u>	<u>102,756</u>	<u>109,424</u>	<u>131,189</u>	<u>121,930</u>
The Rank Organisation Plc and subsidiaries	3,265	6,033	1,671	1,345	2,151
Associated companies					
Rank Xerox Companies	26,391	35,083	45,803	49,722	48,139
Others	3,041	3,104	3,492	2,660	2,567
Profit after Tax	<u>32,697</u>	<u>44,220</u>	<u>50,966</u>	<u>53,727</u>	<u>52,857</u>
Minority interests	<u>28,827</u>	<u>58,536</u>	<u>58,458</u>	<u>77,462</u>	<u>69,073</u>
Profit before extraordinary items	<u>2,357</u>	<u>5,587</u>	<u>4,109</u>	<u>3,476</u>	<u>2,540</u>
Extraordinary items	<u>26,470</u>	<u>52,949</u>	<u>54,349</u>	<u>73,986</u>	<u>66,533</u>
Extraordinary items	<u>(22,466)</u>	<u>(1,944)</u>	<u>(20,015)</u>	<u>(323)</u>	<u>2,084</u>
Appropriation	<u>4,004</u>	<u>51,005</u>	<u>34,334</u>	<u>73,663</u>	<u>68,617</u>
Dividends of Parent Company					
Preference	583	583	593	583	583
Ordinary	16,160	21,815	21,815	21,747	16,494
Additions to reserves etc.					
The Rank Organisation Plc and subsidiaries	(27,695)	(2,187)	(8,438)	21,599	24,965
Associated companies					
Rank Xerox Companies	13,719	31,917	19,592	28,192	25,742
Others	1,237	(1,123)	782	1,542	1,833
Assets employed	<u>4,004</u>	<u>51,005</u>	<u>34,334</u>	<u>73,663</u>	<u>68,617</u>
Fixed Assets	409,469	443,217	398,571	362,798	323,436
Investments—					
Rank Xerox Companies	235,630	239,337	185,903	194,226	160,985
Others	42,143	30,967	26,245	30,677	27,198
Goodwill and deferred revenue expenditure	57,064	46,525	47,166	51,818	42,245
Net current assets before deducting loan capital repayable within one year	<u>59,621</u>	<u>77,366</u>	<u>57,989</u>	<u>80,887</u>	<u>74,248</u>
Financed by	<u>803,917</u>	<u>837,412</u>	<u>715,874</u>	<u>720,406</u>	<u>628,112</u>
Ordinary share capital and reserves	533,836	566,766	482,672	468,518	354,763
Preference share capital	12,598	12,598	12,598	12,598	12,598
Deferred taxation	5,984	6,156	3,697	5,217	7,294
Minority interests	30,301	48,142	37,353	44,103	13,146
Loan capital and borrowed money including amounts repayable within one year	<u>221,198</u>	<u>203,750</u>	<u>179,604</u>	<u>189,970</u>	<u>240,311</u>
Financed by	<u>803,197</u>	<u>837,412</u>	<u>715,874</u>	<u>720,406</u>	<u>628,112</u>

The figures for the five years 1978 to 1982 represent abridged versions of the full accounts which have been filed with the registrar of companies and on which the auditors gave unqualified reports. The 1980 figures have been restated to give effect to a change by the Rank Xerox companies in the accounting policy for translating amounts denominated in foreign currencies. Prior year figures have not been restated for this change. The 1978 figures have been restated to give effect to a change in the accounting policies for depreciation on freehold buildings and for deferred taxation.

Five Year Review

	1982 £000	1981 £000	1980 £000	1979 £000	1978 £000
Turnover	1,318,902	1,268,167	1,237,344	1,184,954	1,086,862
Profits					
Trading profit before depreciation	290,394	371,268	380,391	399,893	398,143
Depreciation	133,334	121,263	123,708	114,369	108,025
Trading profit	157,060	250,005	256,683	285,524	290,118
Share of profit before taxation of associated companies	31,673	26,523	19,371	32,268	22,309
Interest receivable	24,113	12,386	14,603	11,325	7,414
Interest payable	212,846	288,914	290,657	329,117	319,841
Central costs (See note below)	33,800	27,595	26,663	25,902	26,986
Profit before taxation and central costs	179,046	261,319	263,994	303,215	292,855
Taxation based thereon	74,265	60,458	42,154	48,111	40,461
Profit after taxation	104,781	200,861	221,840	255,104	252,394
Profit attributable to minority interests	44,203	77,318	116,798	123,006	122,233
Profit attributable to minority interests	60,578	123,543	105,042	132,098	130,161
Deduct: Amount attributable to Xerox Corporation and 'E' shareholders	2,487	1,792	414	171	1,714
Profit after taxation attributable to The Rank Organisation Group	58,091	121,751	104,628	131,927	128,447
Deduct: Amount attributable to Xerox Corporation and 'E' shareholders	27,373	71,653	62,900	79,760	78,514
Profit after taxation attributable to The Rank Organisation Group	30,718	50,098	41,728	52,167	49,933
Assets employed					
Fixed assets	527,926	559,438	500,121	544,184	486,241
Investment in associated companies	85,661	74,923	56,936	53,408	34,616
Loans for the purchase of 'E' shares	3,285	3,007	1,687	1,461	2,161
Net current assets	154,359	134,322	96,537	104,553	102,363
Taxation on unrealised intra-group profits	117,440	122,495	121,726	115,124	111,961
Development expenditure and items receivable after one year	74,091	73,758	32,035	24,332	10,469
Assets employed	962,762	967,943	809,042	843,062	747,811
Financed by					
Share capital and reserves					
The Rank Organisation Group	233,701	237,469	184,125	192,383	159,739
Xerox Corporation	446,052	453,072	347,672	365,144	300,772
'E' shareholders	3,074	3,074	3,074	3,074	3,074
Minority interests	11,182	10,228	9,162	9,266	9,360
Loan capital and borrowed money repayable after one year	126,718	114,323	101,568	134,567	157,295
Deferred taxation	103,019	111,541	132,093	107,248	95,052
Non-current taxation and other liabilities	39,016	38,236	31,348	31,360	22,519
Financed by	962,762	967,943	809,042	843,062	747,811

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 by Xerox Corporation for research and development and corporate overhead costs ("central costs").

Statement on the results of the Rank Xerox Companies

For Rank Xerox, 1982 was a year of continued investments to maintain our leadership position in the reprographics market and to extend our presence in the office information business. In spite of the prolonged economic depression and competitive environment, our performance in both markets was good.

Net placements of copiers and duplicators increased significantly to reach a new record and improved our market share. We successfully launched a new range of electronic typewriters, personal computers and office systems in many of our operating companies and established a major position in the fast growing electronic printing market. Furthermore, substantial progress was made in preparing a new generation of copiers and duplicators that will be launched in early 1983. Above all, we improved the cost-effectiveness of our operations and achieved significant productivity gains in all areas of the business.

The Group made good progress towards the twin goals of being the most cost effective supplier in the reprographics industry and a leader in the office information business. The achievement of these goals calls for large investments and the commitment of Rank Xerox is total, undeflected by the economic recession.

The prolonged depression combined with continuing inflation had an adverse impact on profits. There was little or no economic growth in many of the countries in which we operate and the depressed level of activity resulted in a slow down in copy volume growth. Operating costs continued to rise, albeit at a slower rate because of falling inflation rates in some countries and our productivity gains. Profits were affected by this and the high level of our investments.

The manpower reduction programme recognises the need to improve cost effectiveness to ensure our future success, particularly at a time when we are improving operating methods and changing the skills base in the Group consistent with our social responsibilities.

Results

Revenues for the year to 31 October 1982

amounted to £1,349 million, an increase of 6%. Profits before tax and before Xerox Corporation charges were £179 million, compared with £261 million in 1981.

Currency effects accounted for approximately £12 million of the profits fall, due mainly to transaction losses resulting from the strengthening of the pound against the major European currencies since the beginning of the year. Exceptional redundancy costs and provisions amounted to £27 million in 1982. Excluding the impact of these two items, underlying performance profits fell by 20%.

Our associate company, Fuji Xerox Co. Ltd, increased its profits contribution by 20% to £32 million. These results were boosted both by a strong yen and strong performance. Profits are continuing to benefit from the productivity improvements achieved under the Total Quality Control programme for which Fuji Xerox won the coveted Deming Award in 1980. Fuji Xerox has also been highly successful in developing mass retail distribution channels in partnership with other Japanese enterprises.

The Rank Xerox contribution to research and development costs and corporate overheads of Xerox Corporation amounted to £74 million in 1982 against £60 million in the previous year. A large part of the increase was the result of the strength of the dollar against the pound. Since distribution of profits from the jointly-owned companies is calculated before the allocation of these costs, profits attributable to The Rank Organisation are not affected. After these charges, our profits before tax amounted to £105 million.

Reprographics

Placements of copiers and duplicators increased substantially to a new record. Sales of machines at the low end of the market in particular have been encouraging with an improvement in our share of placements.

Added to the good performance by Rank Xerox salesforce, results from new distribution outlets were encouraging. There are now 28 retail outlets in Europe, and it is intended that this number will more than double in 1983. At the same time, our reprographic products are being marketed through an increasing number of

dealers, and part-time salespeople, as well as through direct marketing activities.

Service revenues grew by over a quarter, reflecting demand for our service engineers to maintain machines bought outright by customers. It is also heartening to report that customer service is getting even better although the service force has stayed virtually constant for three years, while machines in the field have increased by half, reflecting significant improvements in productivity. This has been achieved by substantial investments in computerised systems, improved work methods and organisation and more reliable machines.

Rank Xerox has also exceeded its productivity targets in manufacturing, with improvements averaging over 20% in each of the last three years. This has been achieved by improving manufacturing manning levels to those more in line with the best international standards, prudent cost cutting and a world wide procurement and manufacturing strategy.

The introduction of a new range of copiers and duplicators in 1983 will see the fulfilment of our 'world copier concept'. In essence this means that Rank Xerox has taken the lead in designing a range of machines for the mid-volume sector, to be marketed by Rank Xerox and Xerox worldwide. The economies of scale in the implementation of this strategy will become significant in years to come.

Office Systems

Results from the office information systems business were satisfactory, and our range of word processors, facsimile, and engineering products did well. Furthermore, there was wide customer acceptance of our new range of electronic typewriters, personal computers, and office systems announced in 1981 and introduced during 1982. Rank Xerox is becoming increasingly involved in the manufacture of electronic typewriters at Lille in France, and electronics assembly at Welwyn Garden City in the United Kingdom.

Our Group is committed to sharing its technology and expertise and to develop partnerships to mutual advantage. The link between Xerox and Siemens, announced during 1982, will accelerate the development of integrated office systems. Siemens will be

integrating Xerox systems into its PABX product line and marketing Xerox office information systems in Germany, Austria and Switzerland.

The agreement is also an endorsement for the Ethernet local area network, which has now established an industry standard for the communication of information between interconnected machines.

More than 30 organisations in Europe have installed Ethernet to establish communications between work stations, and this figure is likely to grow substantially by the end of 1983. One of the largest installations is at the Greater London Council where the UK Department of Industry has funded one of a number of office automation experiments.

Our leading technology has enabled Rank Xerox to make significant strides in electronic printing and to establish a major presence in this large and fast growing market. It has been estimated that the total printing market is five times bigger than the copier market and that within this, non-impact printing is growing at a rate of almost 40% a year.

The scope for the Xerox 9700 electronic printer – and allied products to be launched in early 1983 – arises from enhanced presentation of computer data, printed at high speeds on to cut sheet plain paper with a virtually unlimited range of type styles and sizes and providing the additional facility of duplexing. As many customers are discovering, the potential for productivity improvements is vast.

The Xerox 8700 and Xerox 2700 will bring these advantages to a whole new range of organisations whose print requirements are relatively modest compared with the capacity of the Xerox 9700.

In addition, the Electronic Printer Image Construction (EPIC) and the Xerox Integrated Composition System (XICS) are two software packages that allow customers to construct an internal print shop in their own office. The potential for these products is excellent and we are accelerating their introduction in all of the major operating companies in the course of 1983.

The Rank Xerox Business Equipment companies are now beginning to expand significantly. In particular, Diablo, Shugart and Versatec have made good progress.

Directors

Rank Xerox Limited. We welcome to the Board Brian Smith, Managing Director of The Rank Organisation. James P. O'Neill and D. L. Stephenson have resigned from the Board.

Rank Xerox Business Equipment Inc.
P. H. Courtney has resigned from the Board.

The Future

In 1983 Rank Xerox will be launching a new generation of copiers and duplicators that has been designed and developed as part of a world wide programme. The new products, covering all copying needs up to high speed duplicating, will bring substantial benefits to customers and help to maintain our leadership in the reprographics market. Investments will also be made in office systems, new channels of

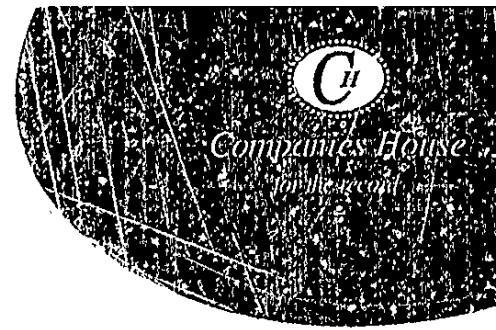
distribution and cost effectiveness programmes

A concern to us is the increasing trend towards protectionism being taken by governments in response to the recession and in efforts to support their own individual domestic electronics industries. Should protectionist attitudes prevail, we shall all lose; consumers, companies and national economies.

While financial results will continue to be affected by the poor economic climate and competitive pressures, actions we have taken and are continuing to pursue - will provide the best profits performance achievable in the present economic conditions.

H. Orr-Ewing
Chairman
Rank Xerox Limited.

P. A. Allaire
Managing Director
Rank Xerox Limited.



NOTICE OF MISSING PAGES FROM THE MICROFICHE RECORD

Companies House regrets that pages are missing from documents on this company's microfiche record.

This has been noted but unfortunately steps taken to rectify this were unsuccessful.

Companies House would like to apologise for any inconvenience this may cause.

