

Report and Accounts 1984

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The Rank Organisation Plc

Directors

Sir Patrick Meaney

Chairman

Michael B. Gifford*

Managing Director and Chief Executive

Leslie H. Bond*

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

Angus Crichton-Miller*

James Daly*

John C. Duckworth

Sir Leslie Fletcher, D.S.C.

Sir Denis Mountain, Bt.

The Hon. Angus Ogilvy

Douglas M. Yates, F.C.A.*

Finance Director

*Executive

Secretary and Registered Office
Brian C. Owers
6 Connaught Place,
London W2 2EZ

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

The Financial Calendar

The Interim Results for the half year and the interim dividend are announced in July. The interim dividend is paid in November.

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

The Annual General Meeting is held in 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 other Dividends and Interest

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

1984 at a glance

| Turnover and Profit | 1984 £ million | 1983 £ million |
|-------------------------------------------------------------|-------------------|-------------------|
| Turnover | 724.7 | 742.9 |
| Trading Profit | 59.8 | 38.2 |
| Share of results before taxation of Associated Companies | 65.4 | 56.7 |
| Profit before taxation | 105.3 | 69.3 |
| Profit before extraordinary items | 56.6 | 29.5 |
| Profit attributable to the Shareholders | 56.6 | 4.1 |
| Earnings, Dividend and Assets | | |
| Earnings per Ordinary share (before extraordinary items) | 27.7p | 14.3p |
| Total Dividend per Ordinary share | 12.0p | 10.0p |
| Net Tangible Assets per Ordinary share | 232.3p | 235.5p |
| Employees | | |
| Group employees at 31st October | 17,780 | 20,376 |

Notes

- (i) Analyses of Group turnover and profits by Division and geographical area are given on page 30.
- (ii) All foreign currencies have been translated at the exchange rates ruling at 31st October of each year.

Chairman's Statement

The Rank Organisation profit before tax for the year ended 31st October 1984 increased to £105.3 million compared with £69.3 million in the previous year.

The trading profit of the managed businesses increased to £59.8 million compared with £38.2 million in 1983. This reflects increased contributions from all Divisions with the exception of Holidays and Recreation where losses from Rank Travel offset improved results from other parts of the Division.

Rank's share of the income from Rank Xerox and other associate companies was £65.4 million compared with £56.7 million in 1983.

Interest costs fell from £25.6 million to £19.9 million as a result of the reduction in average borrowings and interest rates during the year. There was a sharp decrease in net borrowings at the year end from £241.1 million to £146.1 million.

Earnings per Ordinary share rose to 27.7p from 14.3p. The Board recommends a Final Dividend of 7.2p per Ordinary share. With the Interim Dividend of 4.8p declared in July 1984 this will make a total dividend of 12p per Ordinary share for the year ended 31st October 1984 compared with 10p for the previous year.

Whilst our principal associate Rank Xerox contributed increased profits of £63.9 million compared with £32.2 million in 1983 our share of the income from other associate companies declined from £4.5 million to £1.5 million. This decline was more than accounted for by the loss from Telecom Plus International.

Rank's International operations, particularly in the USA, produced a good performance overall, although Australia and Asia experienced trading difficulties in parts of their operations.

Throughout the Organisation we have continued to review, reorganise, sell or close operations which were not producing satisfactory profits and returns on the resources invested in them. The major divestment was our withdrawal from property investment activities grouped in the Rank City Wall company, resulting in the sale of the investment property portfolios in the UK and Eire. These and other sales realised a total of some £118 million in cash during the year. Since the year end the sale of the remaining Rank City Wall properties in Belgium and Canada, plus the

disposal of our 50% interest in our associate company, the Greater Union Organisation in Australia, and other assets have realised an additional £82 million.

We invested some £25 million in fixed assets in the businesses we have retained and spent £7.1 million on increased investment in subsidiaries including the acquisition of the outstanding 50% shareholding in Rank Phicom Video Group and this company is now integrated within the Film and Television Services Division.

During the year under review, our improved profit volume, return on assets, reduction in net debt and corresponding increases in earnings and dividends per share, demonstrated planned progress towards fulfilling the policies outlined to shareholders in the last Annual Report and at the Annual General Meeting in 1984.

Frequent and considerable changes have taken place in the Organisation in a relatively short period of time, and on behalf of the Board I thank management and employees throughout Rank for their contributions to the 1984 results and for their co-operation and support in the establishment of a stronger corporate base.

In a highly competitive world with continuing economic problems, high interest rates, volatile foreign exchange rates and growing protectionism, it would be folly to be too optimistic about the future. We intend to concentrate on increasing earnings, by improving and expanding where appropriate, our leisure businesses in Film and Television Services, Holidays and Recreation, Hotels and Catering and our Industrial operations in electro-optical and electronic equipment, and to add to our activities as suitable opportunities are identified in the UK and overseas.

Trading performance in the current year to date has continued to show improvement in the managed businesses and increased profitability is anticipated from the associate companies.

Your company now has financial strength, sound organisation and an efficient and imaginative management team and we shall continue our drive for earnings growth. Therefore, the current year should be one of further progress.

29th January 1985

Patrick Meaney

Directors' Report

The Directors submit their Report and Statement of Accounts for the year ended 31st October 1984.

Profit and Dividends

Profit before tax was £105.3 million for the year. Profit after tax and before extraordinary items, attributable to shareholders was £56.6 million (1983 £29.5 million).

The Directors recommend a final dividend of 7.2p per Ordinary share which, together with the interim dividend of 4.8p already paid, makes a total for the year of 12p per share (1983 10p). Subject to the approval of the Annual General Meeting, the final dividend will be paid on 8th April 1985 to those shareholders whose names are on the register on 7th March 1985.

The amount which it is proposed should be transferred to reserves is detailed in note 24 to the Accounts on page 28.

Business Review

The Rank Organisation owns interests in film and television services, holidays and recreation and hotels and catering and also manufactures electro-optical and electronic defence, theatrical and studio equipment in the United Kingdom and overseas. In Australia only, the company manufactures electrical appliances and furniture. Rank has a major investment in the Rank Xerox companies, owned jointly with Xerox Corporation, as well as other investments in associate companies.

Amongst the changes in company structure during the year was the disposal on 31st October 1984 of the United Kingdom and Eire investment property portfolio. Since the year end the remainder of the investment property interests in Belgium and Canada grouped under Rank City Wall, have been sold. The 50% shareholding in the Greater Union Organisation, our associated company in Australia, has also been sold since the year end.

An analysis of the Group's turnover and profit by business activity is set out in note 27 on page 30.

Further details of the Group's activities and a report on the business of the Company and its subsidiaries during the year, are contained in the Review of Operations.

Fixed Assets

Changes in fixed assets during the year are shown in note 12 on pages 19 and 20.

Current Cost Accounts

Current Cost Accounts have not been presented as the Board is not convinced that the requirements of SSAP16 are appropriate or of sufficient assistance to shareholders to warrant their presentation.

Directors

The Directors listed on page 2 were Directors of the Company throughout the year with the exception of Sir Leslie Fletcher who was appointed a Director on 7th February 1984.

Mr. R. F. Butlin, Mr. R. W. Evans, Sir Reay Geddes, Mr. J. B. Smith and Sir Richard Trehane resigned as Directors during the year.

Mr. L. H. Bond, Mr. R. F. H. Cowen and Mr. J. C. Duckworth retire by rotation in accordance with the Articles of Association and, being eligible, offer themselves for re-election.

Of the Directors proposed for re-election Mr. L. H. Bond has a service contract with the Company which is terminable by either party on not less than three years notice.

The beneficial interests of the Directors in shares of the Company, are shown in note 26 on page 29.

The Company's Articles of Association currently provide that each Director shall receive fees of £5,000 p.a. and may be entitled to further remuneration where special services are performed. It is now proposed that the Articles should be amended to provide that each Director shall be paid a fee at a rate to be decided by the Board subject to the aggregate of all such fees not exceeding £150,000 p.a. This amount includes some provision for any additional Directors that may be appointed and will permit the existing level of fees, which has not changed since 1980, to be increased.

The necessary Special Resolution altering the Articles of Association is contained in the Notice of Meeting on page 32.

Significant Shareholdings

The Company has not been notified at the date of this Report, of any holding of 5 per cent or more of the Ordinary share capital of the Company.

Personnel

Systems for employee communication and consultation have been established throughout the Group and information about the operations

Directors' Report continued

is made available to employees. Joint Committees provide elected employee representatives with the opportunity for regular consultation.

As a further development of our policy to promote employee involvement and interest in the Company, the introduction of a savings-related share option scheme for employees is proposed.

The Company has actively pursued a policy of providing employment and training opportunities for young people, and during the year has employed over 100 trainees on approved training programmes.

The Company encourages the employment of the disabled. Every effort is made to find suitable employment within the Group and training is given where necessary. The Company ensures that disabled employees benefit from employee training and development programmes.

Share Option Schemes

The Board is recommending to shareholders that the Company should introduce a savings-related share option scheme for employees and an executive share option scheme to be approved under the provisions of the Finance Acts. Details of both schemes are contained in the Chairman's letter of 18th February which accompanies this Report.

Charitable and Political Contributions

Charitable donations made during the year ended 31st October 1984 amounted to £34,500. No contributions for political purposes were made.

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.

Companies Act 1980

The Directors were authorised at the Annual General Meeting in 1984 to allot and grant rights over the then unissued share capital of the Company equal to a maximum nominal amount of £6,903,500 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 32.

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
Brian C. Owers
Secretary



29th January 1985

Review of Operations

FILM AND TELEVISION SERVICES DIVISION

Director - James Daly

| | 1984 | 1983 |
|---------------------------|------|------|
| Turnover (£million) | 98.9 | 97.3 |
| Trading Profit (£million) | 7.2 | 6.4 |

The Division achieved record results. All subsidiaries increased their trading profit except Rank Theatres, which had a difficult year.

Rank Theatres

Cinema admissions declined by around 30% due mainly to the lack of films with strong popular appeal and to the long hot summer. Strict management controls partially offset the adverse trend but profits were below the previous year. However, business in the current year has begun more encouragingly.

The installation of video retail outlets in nine cinema foyers has produced promising results and the operation is being extended to 20 sites.

The company now operates 198 screens in 78 sites.

Rank Film Laboratories

The business had another successful year. This resulted from increased volume combined with improved productivity. On the basis of its high technical standing and the efficiency of its service, the company increased most areas of its domestic business and achieved a 19% rise in overseas sales.

Rank Film Distributors

Significant growth was achieved in U.K. revenue from film distribution in cinema, television and video markets. Overseas results also improved, mainly due to the exploitation of video rights.

This is the company's third successive year of increased profits.

Pinewood Studios

Pinewood remains the largest full-service film studio outside Hollywood. A series of major films kept the studio busy throughout the year and resulted in an increased trading profit for the third year in succession.

The 007 set which was totally destroyed by fire in June has been rebuilt and was used in the latest James Bond film 'A View To A Kill'.

Rank Advertising Films

Despite the downturn in cinema admissions, the business achieved a small improvement in profit due to expansion of the outdoor poster and video activities, combined with greater cost effectiveness.

Rank Audio Visual

The company closed its 16mm film library during the year. Demand had fallen steadily owing to the growth of video.

The company's operations now consist of video cassette distribution and the production and distribution of training films. Both activities improved and the company has returned to profit.

Rank Video Services

In July 1984 The Rank Organisation acquired Phicom's 50% share in the Rank Phicom Video Group, now named Rank Video Services. The company provides a wide range of post production video services, including Europe's largest video duplication operation.

Profits increased substantially and were the highest yet achieved by the company.

The Entertainment Network

Rank holds a 14% interest in this company, formerly known as United Cable Programmes Limited, which provides a feature film channel to cable operators.

This channel began operating in March 1984 and despite the slower than anticipated progress of cable development, it is the principal distributor of feature films to cable networks.

HOLIDAYS AND RECREATION DIVISION

Director - Angus Crichton-Miller

| | 1984 | 1983 |
|---------------------------|-------|-------|
| Turnover (£million) | 240.0 | 221.0 |
| Trading Profit (£million) | 8.0 | 15.6 |

Butlins Holidays

Although pre-season bookings were low and there was inevitably some loss of business arising from last year's closure of the Clacton and Filey Main Centres, trading picked up significantly as the season progressed. Total bookings reached a level similar to the previous year. The new 'fun pool' at Minehead and the new chalet accommodation at Minehead and Bognor were well received by our customers and contributed to the growth in trading volume through the season. Day visitors increased and now form a growing and important part of the business.

The programme of upgrading accommodation continues and a 'fun pool' is being built at the Skegness centre.

Review of Operations continued

Leisure Holidays

Excellent results were achieved by U.K. caravan parks, by the holiday hotels and by marinas, producing a record year for the business overall.

J.K. caravan parks continued to prosper, despite the adverse affect of the miners' strike on sites in Yorkshire. Four of the smaller caravan parks were sold during the year.

The holiday hotels, five of which are in the U.K. and the other in Torremolinos, Spain, achieved high levels of occupancy. The strong emphasis on entertainment aids a profitable all-year-round operation.

The four marinas, all in the U.K., had another good year and more berths are being made available at the company's leading marina on the Hamble. The U.K. boating operations were sold during the year.

The company is actively looking for opportunities to expand its caravan park and marina interests and its holiday hotel business, in the U.K. and overseas.

Rank Travel

The company, together with other tour operators, had a difficult year. There was a small increase in the number of passengers carried by Rank Travel, but high discounting throughout the industry meant that the company's tour operations incurred losses.

The aircraft seat-broking activities were successful, and British Caledonian Airways (Charter) Limited, of which Rank Travel owns 50%, had a satisfactory year.

Current Winter bookings for Rank Travel were 25% up with a higher aircraft load factor.

Top Rank Clubs

Admissions were similar to the previous year but effective control of costs combined with higher added value per admission resulted in increased profit.

Clubs at Sunderland, Reading, and Finsbury Park were transferred to new premises and in every case the trading since transfer has exceeded expectations. In addition twelve clubs underwent major refurbishment to conform with the company's policy of offering the highest possible standards of comfort, service and value to its customers.

Progress continues within the industry to obtain the necessary legislation to permit a National Game to be played in all U.K. bingo clubs for a daily prize of £50,000.

HOTELS AND CATERING DIVISION

Director - Stuart May

| | 1984 | 1983 |
|---------------------------|------|------|
| Turnover (£million) | 93.9 | 83.3 |
| Trading Profit (£million) | 11.3 | 6.4 |

Rank Hotels

Trading profit increased substantially over the previous year. The five London hotels all showed improvements in results. There was buoyant demand for our accommodation in London aided by the success of the continuing programme of refurbishment, with some 1,300 rooms completed over the last three years and work on some 700 more due to be undertaken over the next two years.

At the Gloucester Hotel in London, a sub-lease for a gaming casino has been entered into with Trident Casinos Limited. The casino has been developed, at Trident's expense, in the area previously utilised as a shopping arcade and it opens in February. It will bring income as well as advantages of additional hotel business.

The Unicorn Hotel, Bristol, achieved another profitable year.

The Hotel St Regis, Detroit, managed by Rank Hotels, had its most successful year, with improved occupancy and room rates.

Rank Motorway Services

Trading profit for the year was good. All six service areas improved their results with Hilton Park and Knutsford continuing to benefit from the modernisation undertaken in 1982. The programme of major improvements to sites continued and work is in hand to modernise the Aust and Farthing Corner service areas. Rank motorway service areas now offer travellers such useful facilities as children's activity centres, bureaux de change, post office services and fresh flower boutiques. Other innovations are planned for 1985.

The four Great American Disaster restaurants and three Wimpy restaurants were sold during the year.

INDUSTRIAL DIVISION

Director - Geoffrey Death

| | 1984 | 1983 |
|---------------------------|------|------|
| Turnover (£million) | 72.9 | 63.0 |
| Trading Profit (£million) | 7.7 | 6.0 |

Trading profits increased significantly, with better contributions particularly from Rank Taylor Hobson

and Rank Precision Industries Inc. Research and development expenditure was higher than in 1983, at 6.5% of turnover, with concentration on a range of new electro-optic products. Additional Government funded and private venture research and development expenditure was directed into thermal imaging projects. The overall development programme is designed to maintain the desired balance between civilian and military markets.

The programme of disposal of unprofitable businesses continued.

Current orders in hand are 20% higher than a year ago.

Rank Cintel

The company, which is the leading international supplier of telecine equipment for the conversion of images on motion picture film to electronic signals for the television screen, maintained its predominance in a depressed market. The majority of sales were to export markets, particularly Europe and the U.S.A. Start-up problems with the company's state-of-the-art digital telecine are being overcome.

Good progress was made in the development of a new range of video-micrographics equipment. This equipment uses a technology which is common to Cintel's telecine products to achieve the economic storage, retrieval and remote display of graphical data in digital form. First sales are expected during the current year.

Rank Electronic Tubes

The company, which manufactures cathode ray tubes, principally for avionics and military applications, produced disappointing results. These reflected a general decline in three of the company's product sectors and the fact that penetration of the market for military vehicle tubes was slower than expected. However, improved prospects are planned in the avionics sector for the coming year.

Rank Pullin Controls

There was some decline in business for military 24-hour sighting equipment compared to the particularly good 1983 result. Delays in the receipt of major overseas contracts adversely affected turnover and, consequently, profit. However, first sales were achieved during the year of Pullin's new lightweight individual night sight, of its compact day/night sight for armoured vehicles and of its thermal surveillance sight.

Rank Taylor Hobson

The company, which manufactures a wide range of metrological instruments, cine zoom lenses and thermal imaging scanners, had an excellent trading

result, aided by improved efficiency helped by site rationalisation. There was significant recovery in worldwide markets for metrology products, and demand for cine lenses continued to be high. In addition the company enjoyed the benefit of its first full year of thermal imaging scanner production.

Export sales were outstanding, particularly in the U.S.A. and China, and also in Japan, where the semiconductor industry has become a major user of Taylor Hobson's products.

At the end of the year, a new range of metrology products was launched and a further production contract was received from the Ministry of Defence for Thermal Imaging Common Modules.

NORTH AMERICA

Director - Brian Edney

| | 1984 | 1983 |
|----------------------------------|------|-------|
| Turnover (£million) | 44.3 | 33.3 |
| Trading Profit (Loss) (£million) | 3.1 | (2.5) |

Strand Lighting

Rank's international lighting activities were combined under one management organisation during 1984. The principal operating subsidiaries remain Strand Century Inc. in the U.S. and Rank Strand Limited in the U.K., with wholly owned sales offices and independent distributors serving overseas markets.

Strand Century achieved record profit from its established base in theatre and studio lighting systems and its growing penetration of architectural dimming and control markets. Reductions in personnel and tight control of other operating costs enabled Rank Strand to return to profit in a static market. Rank Strand's German subsidiary achieved satisfactory profits following reorganisation of its activities.

Nestar Systems Inc./Zynar Ltd.

Turnover of the companies' products increased with broader market acceptance of microcomputer-based local area networks. Continuing product development and promotion costs in a competitive market prevented the achievement of profitability, but losses were substantially reduced.

Lake Arrowhead Inc.

Lake Arrowhead is a recreational caravan park and campsite, located at Myrtle Beach, South Carolina, with a season lasting from March to November. Trading profits increased again despite hurricane Diana interrupting the autumn schedule.

Review of Operations continued

Telecom Plus International Inc.

Rank's share of the pre-tax losses of this associate for the year to 30th September 1984 was £4.9 million compared with £1.3 million in 1983. This loss mainly arose in the December quarter of 1983 as a result of the strike by installation employees in New York. The effects of the strike continued into 1984 and with increased competitive pressure in the market for business telephone equipment, following the AT&T divestiture, trading losses continued.

This investment is currently under review.

AUSTRALIA

Director - Leslie Bond

| | 1984 | 1983 |
|----------------------------------|------|-------|
| Turnover (£million) | 98.6 | 76.6 |
| Trading Profit (Loss) (£million) | 1.1 | (1.8) |

Although sales did not reach expectations, the Housewares business was profitable. However, nationally depressed sales in the refrigeration market resulted in a trading loss in Major Domestic Appliances. Action continued throughout the year to eliminate products in the electrical appliance businesses that were not yielding satisfactory profit margins. This action has been virtually completed together with a further reduction in costs in both businesses.

The two furniture subsidiaries both traded profitably, with the architectural fittings business producing excellent results.

Greater Union Organisation

Rank's share of the profit before tax of the companies within the Greater Union Organisation was £3.5 million for the year ended 30th June 1984 compared with £3.9 million the previous year. Since the year end our 50% interest in these companies has been sold.

NEW ZEALAND

Kerridge Odeon

The Rank 50% share of the profit before tax of associated companies in New Zealand was £2.2 million for the year ended 31st March 1984 compared with £1.5 million the previous year.

There was a further improvement in cinema business reflecting, in part, higher admissions.

The Business Equipment division produced a substantial profit increase over the previous year.

ASIA

Director - Peter Blaxtan

| | 1984 | 1983 |
|---------------------------|------|------|
| Turnover (£million) | 23.2 | 20.4 |
| Trading Profit (£million) | 1.4 | 1.4 |

Trading difficulties were encountered during the year, particularly in the consumer products sector, but overall profits were in line with expectations. The Apple agency in Hong Kong ceased owing to disagreement on new terms. Pentax sales were adversely affected by consumer resistance to the maintained price levels. Sales of technical products and services were excellent and year-end orders were considerably higher than in 1983.

Rank's 24% share of the profit before tax of the Cathay Organisation, our associate company in Singapore, for the year ended 31st December, 1983 was £0.5 million compared with £0.1 million the previous year.

PROPERTY

Rank City Wall

| | 1984 | 1983 |
|---------------------------|------|------|
| Turnover (£million) | 34.7 | 31.4 |
| Trading Profit (£million) | 11.9 | 10.1 |

The Group's interest in investment property has come to an end, with the sale in three separate transactions of the whole of Rank City Wall, for a total value of £136 million.

Cinema Disposals

As a result of the decline in cinema exhibition in the U.K. the Group owns a number of sites that are no longer in operational use.

It is continuing policy to seek redevelopment of these sites, usually by third parties and, to benefit from gains that arise. The Group's share of such gains rose to £7.1 million in 1984 from £3.5 million in 1983.

RANK XEROX

Rank's share of the profits before tax of the Rank Xerox companies was £63.9 million compared with £52.2 million the previous year.

This improved result reflects a record number of placements of copiers and duplicators and an increased market share in the mid-volume sector. The majority of installations were the '10 Series' machines and the success of this new range was the principal factor in the 18% increase in net placements during the year.

The Systems Business Division, which is responsible for marketing a wide range of office information systems, increased net placements substantially and turnover rose by 54%.

Share Ownership Analysis

at 31st October 1984

| | Holdings | | Nominal amount held | |
|-------------------------------------------|---------------|---------------|---------------------|---------------|
| | Number | % | £ million | % |
| Ordinary share holdings | | | | |
| Individuals | | | | |
| Up to 500 shares | 22,654 | 68.40 | 0.7 | 1.32 |
| 501 - 2,500 shares | 6,953 | 21.00 | 1.8 | 3.66 |
| 2,501 - 25,000 shares | 766 | 2.31 | 0.9 | 1.79 |
| Over 25,000 shares | 14 | 0.04 | 0.3 | 0.54 |
| | <u>30,387</u> | <u>91.75</u> | <u>3.7</u> | <u>7.31</u> |
| Institutions and other corporate holdings | | | | |
| Banks and nominee companies | 1,839 | 5.55 | 24.8 | 49.13 |
| Insurance companies and pension funds | 324 | 0.98 | 14.7 | 29.04 |
| Other corporate holdings | 569 | 1.72 | 7.3 | 14.52 |
| | <u>2,732</u> | <u>8.25</u> | <u>46.8</u> | <u>92.69</u> |
| Total Ordinary share holdings | <u>33,119</u> | <u>100.00</u> | <u>50.5</u> | <u>100.00</u> |
| Preference share holdings | <u>5,345</u> | | <u>12.6</u> | |
| Total | <u>38,464</u> | | <u>63.1</u> | |

Report of the Auditors

to the Members of The Rank Organisation Plc

We have audited the accounts on pages 12 to 30 in accordance with approved Auditing Standards.

In our opinion the accounts, which have been prepared on the basis of the accounting policies set out in note 2 on page 15, give a true and fair view of the state of affairs of the company and of the group at 31st October 1984 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.

The accounts do not include the current cost accounts required by Statement of Standard Accounting Practice No. 16,

London
29th January 1985

Paul Hewitt Mitchell & Co
PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

Group Profit & Loss Account

for the year ended 31st October 1984

| | Note | 1984 £ million | 1983 £ million |
|----------------------------------------------------------|--------|-------------------|-------------------|
| Turnover | 3 & 27 | 724.7 | 742.9 |
| Less costs net of exceptional items | 3 | <u>664.9</u> | <u>704.7</u> |
| Trading profit | 3 & 27 | 59.8 | 38.2 |
| Share of results of associated companies | 4 | | |
| Rank Xerox companies | | 63.9 | 52.2 |
| Others | | 1.5 | 4.5 |
| | | <u>125.2</u> | <u>94.9</u> |
| Interest | 5 | (19.9) | (25.6) |
| Profit on ordinary activities before tax | | <u>105.3</u> | <u>69.3</u> |
| Tax on profit on ordinary activities | 6 | (42.1) | (37.8) |
| Profit on ordinary activities after tax | | <u>63.2</u> | <u>31.5</u> |
| Minority interests | | (6.6) | (2.0) |
| Earnings | | <u>56.6</u> | <u>29.5</u> |
| Extraordinary items | 7 | — | (25.4) |
| Profit for the financial year | 8 | <u>56.6</u> | <u>4.1</u> |
| Dividends | 9 | (24.8) | (20.8) |
| Transfer to (from) reserves | 24 | <u>31.8</u> | <u>(16.7)</u> |
| Earnings per Ordinary Share (before extraordinary items) | 10 | <u>27.7p</u> | <u>14.3p</u> |

The notes to the accounts are on pages 15 to 30.

Balance Sheets

at 31st October 1984

| | Note | Group | | Company | |
|-----------------------------------------------------------------|---------|-------------------|-------------------|-------------------|-------------------|
| | | 1984 £ million | 1983 £ million | 1984 £ million | 1983 £ million |
| Fixed assets | | | | | |
| Intangible assets | 11 | 56.2 | 54.0 | 0.4 | 0.4 |
| Tangible assets | 12 | | | | |
| Investment properties | | 78.8 | 175.4 | — | — |
| Others | | 201.8 | 202.9 | 56.6 | 56.9 |
| Investments | | | | | |
| Subsidiary companies | 14 | — | — | 572.6 | 554.6 |
| Associated companies | 15 | 368.3 | 332.3 | 1.1 | 1.1 |
| Others | 16 | 0.4 | 1.2 | — | — |
| | | <u>705.5</u> | <u>765.8</u> | <u>630.7</u> | <u>613.0</u> |
| Current assets | | | | | |
| Stocks | 17 | 90.2 | 88.1 | 14.0 | 14.3 |
| Debtors | 18 | 142.0 | 146.7 | 99.6 | 58.9 |
| Short term deposits | | 35.7 | 21.9 | 4.2 | 18.1 |
| Cash at bank and in hand | | 7.0 | 5.4 | 1.5 | 1.6 |
| Creditors (amounts falling due within one year) | | | | | |
| Loan capital | 19 | (26.9) | (25.0) | (21.1) | (4.2) |
| Other | 20 | (169.1) | (152.2) | (165.9) | (142.7) |
| Net current assets (liabilities) | | <u>78.9</u> | <u>84.9</u> | <u>(67.7)</u> | <u>(54.0)</u> |
| Total assets less current liabilities | | <u>784.4</u> | <u>850.7</u> | <u>563.0</u> | <u>559.0</u> |
| Creditors (amounts falling due after more than one year) | | | | | |
| Loan capital | 19 | (161.9) | (243.4) | (149.5) | (211.1) |
| Other | 20 | (3.5) | (3.2) | (0.1) | (0.2) |
| Provisions for liabilities and charges | | | | | |
| Deferred taxation | 21 & 23 | (17.4) | (8.4) | (8.7) | (3.0) |
| Other provisions | 21 | (27.9) | (22.8) | (3.7) | (3.2) |
| | | <u>573.7</u> | <u>572.9</u> | <u>401.0</u> | <u>341.5</u> |
| Capital and reserves | | | | | |
| Called up share capital | 24 | 63.1 | 63.1 | 63.1 | 63.1 |
| Share premium account | 24 | 141.6 | 141.6 | 141.6 | 141.6 |
| Revaluation reserve | 24 | 16.9 | 67.5 | 117.6 | 104.0 |
| Other reserves | 24 | 316.5 | 270.1 | 78.7 | 32.8 |
| | | <u>538.1</u> | <u>542.3</u> | <u>401.0</u> | <u>341.5</u> |
| Minority interests | | | | | |
| Preference shareholders | | 21.0 | 18.4 | — | — |
| Ordinary shareholders | | 14.6 | 12.2 | — | — |
| | | <u>573.7</u> | <u>572.9</u> | <u>401.0</u> | <u>341.5</u> |

PATRICK MEANEY

M. B. GIFFORD

Patrick Meaney
Directors

Accounts approved by Board of Directors on 29th January 1985.

The notes to the accounts are on pages 15 to 30.

Source and Application of Funds

for the year ended 31st October 1984

| | 1984 | 1983 |
|------------------------------------------------------|--------------|-------------|
| | £ million | £ million |
| Generation of funds from operations | | |
| Trading profit | 59.8 | 38.2 |
| Interest | (19.9) | (25.6) |
| Dividends received from associated companies | 36.5 | 15.9 |
| Extraordinary items before tax | (2.1) | (28.2) |
| Items included above not requiring (providing) funds | | |
| Depreciation | 17.3 | 16.8 |
| Other items | (24.6) | 13.7 |
| | <u>67.0</u> | <u>30.8</u> |
| Decrease in working capital | | |
| Stocks | 0.7 | 10.5 |
| Debtors | 0.4 | 3.0 |
| Creditors and provisions | 13.2 | 15.3 |
| | <u>81.3</u> | <u>59.6</u> |
| Net proceeds from the sale of: | | |
| Investment properties | 1.9 | 3.6 |
| Other tangible fixed assets | 27.9 | 14.9 |
| Net assets and goodwill of subsidiaries | 86.0 | 1.3 |
| Investments | — | 1.0 |
| | <u>197.1</u> | <u>80.4</u> |
| Application of funds | | |
| Acquisition of net assets of subsidiaries | 7.1 | 0.7 |
| Investments in associated companies | — | 26.9 |
| Additions to tangible fixed assets | | |
| Investment properties | 7.6 | 3.4 |
| Other tangible fixed assets | 25.1 | 22.8 |
| Dividends paid | 26.8 | 20.2 |
| Taxation paid | 5.1 | 2.4 |
| | <u>71.7</u> | <u>76.4</u> |
| Decrease (increase) in net borrowings | <u>125.4</u> | <u>4.0</u> |
| Represented by changes in: | | |
| Loan capital | 112.0 | (10.2) |
| Cash and short term deposits | 13.4 | 14.2 |
| | <u>125.4</u> | <u>4.0</u> |

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 Change in accounting policy

The group has in its 1984 accounts adopted the policy for accounting for foreign exchange differences provided for in Statement of Standard Accounting Practice No. 20. This represents a change of policy from that adopted in previous years' accounts. The directors are of the opinion, however, that the difference is not of sufficient magnitude to warrant a change to the 1983 comparative figures. The accounting policy adopted in respect of exchange differences, is further explained in note 2(ii).

2 Accounting policies

(i) Consolidation

The consolidated profit and loss account and balance sheet include the accounts of the parent company and its subsidiaries, and the group's share of profits or losses and reserves of associated companies which are all related companies. The accounts are prepared under the historical cost convention, adjusted for the revaluation of certain properties as disclosed in note 12. 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. As provided for by Section 149(6) of the Companies Act 1948, no profit and loss account is presented in respect of The Rank Organisation Plc.

(ii) Exchange rates

The Company and its subsidiaries

Assets, liabilities, revenues and costs arising from transactions denominated in foreign currencies are translated into the currencies of the reporting companies either at the exchange rate on the day on which the transaction occurs or at the contracted rate if the transaction is covered by a related or matching foreign exchange contract. At the balance sheet date, non-monetary assets are maintained at the historic sterling equivalent and monetary assets and liabilities at closing or if appropriate forward contract rates.

Where foreign currency assets have been financed by foreign currency borrowings, exchange differences arising on the borrowings have been dealt with through reserves to the extent that they are covered by exchange differences arising on the related assets. The matching of exchange differences has not been restricted to individual currencies since the directors consider that net foreign currency assets are funded by total foreign currency borrowings. Other gains and losses arising on transactions in foreign currencies during the year are included in the profit and loss account.

The results of overseas subsidiaries and branches are included in the group profit and loss account at the rates ruling on the balance sheet date. Exchange differences arising from the re-translation of the opening net investment in overseas subsidiaries and branches at the closing rates of exchange are recorded as a movement in reserves.

Rank Xerox companies

Assets and liabilities denominated in foreign currencies are translated into the 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.

(iii) 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.

(iv) Goodwill

Goodwill in the consolidated balance sheet represents the net excess of the cost of shares in subsidiaries over net tangible assets at dates of acquisition together with the historical cost of goodwill of the parent company. It is stated at cost less provisions for permanent diminution in value. No amortisation is provided.

Goodwill in the balance sheet of the Company is amortised over an estimated useful life of 20 years from the date of purchase.

(v) 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.

(vi) Research and development expenditure

Research and development expenditure incurred in the year is charged against profit from ordinary activities unless specifically chargeable to and recoverable from customers under agreed contract terms.

(vii) Depreciation of fixed assets

Properties held for investment

(a) Completed investment properties are revalued regularly 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.

(viii) 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 23 on page 27.

Rank Xerox companies

Full provision is made for deferred taxation.

Notes to the Accounts continued

| | 1984 | 1983 |
|-----------------------------------------------------------------------------------------------|-----------|-----------|
| | £ million | £ million |
| 3 Trading profit | | |
| Turnover | 724.7 | 742.9 |
| Cost of sales | (569.9) | (594.0) |
| | <hr/> | <hr/> |
| Gross profit | 154.8 | 148.9 |
| Distribution costs | (54.7) | (58.1) |
| Administrative expenses | (55.5) | (58.7) |
| Other operating income | 0.8 | 0.4 |
| | <hr/> | <hr/> |
| | 45.4 | 32.5 |
| Exceptional items | 2.9 | 1.8 |
| Surplus on purchase of debenture and loan stock | | |
| Profits less losses on disposal of operating properties and cancellation of aircraft lease | 11.3 | 4.9 |
| Oil exploration expenditure in prior years recovered/written off | 0.2 | (1.0) |
| | <hr/> | <hr/> |
| Trading profit | 59.8 | 38.2 |
| Trading profit is stated after (charging) or crediting the following items: | | |
| Depreciation of tangible fixed assets | (17.3) | (16.8) |
| Rental and leasing payments for plant and machinery | (3.8) | (4.3) |
| Auditors' remuneration (Company £0.2m 1983 £0.2m) | (0.9) | (1.0) |
| Rents receivable | 14.2 | 12.9 |
| | <hr/> | <hr/> |
| 4 Share of results of associated companies | | |
| | 1984 | 1983 |
| | £ million | £ million |
| Share of profits less losses before taxation | 65.4 | 56.7 |
| Share of taxation (note 6) | (27.7) | (27.3) |
| Share of extraordinary items (note 7) | 9.9 | (0.3) |
| | <hr/> | <hr/> |
| Dividends receivable by the Group | 47.6 | 29.1 |
| | (36.9) | (17.3) |
| | <hr/> | <hr/> |
| Profits less losses for the year retained by associated companies | 10.7 | 11.8 |
| Minority interests | (0.8) | (0.4) |
| | <hr/> | <hr/> |
| Amounts retained attributable to shareholders of the Company | 9.9 | 11.4 |
| Transfers on companies becoming subsidiaries | 1.4 | (0.1) |
| | <hr/> | <hr/> |
| Net increase in profits retained in associated companies | 11.3 | 11.3 |
| | <hr/> | <hr/> |
| 5 Interest | | |
| | 1984 | 1983 |
| | £ million | £ million |
| Interest on bank loans and overdrafts | (21.5) | (17.9) |
| Interest on other loans fully repayable within 5 years | (0.7) | (5.1) |
| Interest on other loans not fully repayable within 5 years | (6.5) | (6.4) |
| Discount on acceptance credits | — | (0.2) |
| Interest receivable | 8.8 | 4.0 |
| | <hr/> | <hr/> |
| | (19.9) | (25.6) |
| | <hr/> | <hr/> |

6 Taxation

| | Company and its subsidiaries £ million | 1984 Associated companies | | Total £ million | Company and its subsidiaries £ million | 1983 Associated companies | | Total £ million |
|--------------------------------|-----------------------------------------------------|---------------------------------|------------|------------------------|-----------------------------------------------------|---------------------------------|------------|------------------------|
| | | Rank Xerox companies | Others | | | Rank Xerox companies | Others | |
| | | £ million | £ million | | | £ million | £ million | |
| United Kingdom corporation tax | | | | | | | | |
| Current | 6.8 | 1.2 | 0.1 | 8.1 | 7.2 | 1.0 | 0.5 | 8.7 |
| Deferred | 1.2 | 1.4 | — | 2.6 | (0.2) | (4.6) | — | (4.8) |
| Advance corporation tax | — | — | — | — | (1.0) | — | — | (1.0) |
| Development land tax | 3.1 | — | — | 3.1 | 1.3 | — | — | 1.3 |
| | <u>11.1</u> | <u>2.6</u> | <u>0.1</u> | <u>13.8</u> | <u>7.3</u> | <u>(3.6)</u> | <u>0.5</u> | <u>4.2</u> |
| Overseas | | | | | | | | |
| Current | 3.2 | 9.7 | 0.2 | 13.1 | 2.3 | 12.6 | 2.4 | 17.3 |
| Deferred | 0.1 | 15.0 | 0.1 | 15.2 | 0.9 | 16.0 | (0.6) | 16.3 |
| | <u>3.3</u> | <u>24.7</u> | <u>0.3</u> | <u>28.3</u> | <u>3.2</u> | <u>28.6</u> | <u>1.8</u> | <u>33.6</u> |
| | <u>14.4</u> | <u>27.3</u> | <u>0.4</u> | <u>42.1</u> | <u>10.5</u> | <u>25.0</u> | <u>2.3</u> | <u>37.8</u> |

Company and its subsidiaries

United Kingdom corporation tax on profits for the year has been provided at 47.08% (1983 52%) and provision for deferred taxation has been made at rates which have regard to the reduction in corporation tax rates set out in Section 18 Finance Act 1984. The United Kingdom tax charge is stated after crediting double tax relief of £1.5m (1983 £1.3m) in respect of income from subsidiaries and £0.7m (1983 £0.8m) in respect of dividends from associated companies. The charge for taxation has been reduced by £1.4m (1983 increased by £0.9m) in respect of accelerated capital allowances and other timing differences and has been reduced by £0.4m (1983 £0.9m) in respect of stock relief.

Rank Xerox companies

The charge for United Kingdom corporation tax provided at 47.08% (1983 52%) has been reduced by £0.8m (1983 £1.7m) in respect of stock relief.

7 Extraordinary items

| | 1984 £ million | 1983 £ million |
|------------------------------------------------------------------------|-------------------|-------------------|
| Profits less (losses) on disposal of investment properties | | |
| Against opening valuation | (27.6) | — |
| Transfer from investment property revaluation reserve relating thereto | 46.5 | 0.6 |
| Realised on investment properties against historical cost | 18.9 | 0.6 |
| Cost and provision for cost of terminating activities | (21.0) | (28.0) |
| Exchange differences on repayment of overseas currency loans | — | (0.8) |
| | <u>(2.1)</u> | <u>(28.2)</u> |
| Taxation (including relief relating to previous years) | (7.7) | 2.7 |
| | <u>(9.8)</u> | <u>(25.5)</u> |
| Share of extraordinary items of associated companies | 9.9 | (0.3) |
| | <u>0.1</u> | <u>(25.8)</u> |
| Attributable to minorities | (0.1) | 0.4 |
| | <u>—</u> | <u>(25.4)</u> |

The reduction in rates of capital allowances foreseen in the Finance Act 1984 has fundamentally changed the basis on which deferred taxation is provided in the accounts. The taxation effect has accordingly been dealt with in extraordinary items in the following manner:-

| | |
|---------------------------------------------------------------------|--------------|
| Included in taxation in respect of the Company and its subsidiaries | (8.1) |
| Included in share of extraordinary items of associated companies | 3.7 |
| Net charge to extraordinary items | <u>(4.4)</u> |

Notes to the Accounts continued

8 Profit attributable to The Rank Organisation Plc

The profit for the financial year dealt with in the accounts of The Rank Organisation Plc was £70.7m (1983 £2.1m) and included dividends paid or payable by subsidiaries out of realised profits on undertakings and assets sold to sub-subsidiaries amounting to £49.6m.

9 Dividends

| | 1984 £ million | 1983 £ million |
|---------------------------------------------------------------------------|-------------------|-------------------|
| <i>Preference shares</i> | | |
| 6½% Cumulative Preference | 0.4 | 0.4 |
| 8% Second Cumulative Preference | 0.2 | 0.2 |
| | <u>0.6</u> | <u>0.6</u> |
| <i>Ordinary shares</i> | | |
| Interim of 4.8p per share, since paid (1983 interim of 4.0p per share) | 9.7 | 8.1 |
| Final of 7.2p per share, proposed (1983 final of 6.0p per share) | 14.5 | 12.1 |
| | <u>24.2</u> | <u>20.2</u> |
| | <u>24.8</u> | <u>20.8</u> |

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 8.6% per annum respectively.

10 Earnings per Ordinary share

The calculation of earnings per Ordinary share is based upon profit before extraordinary items of £56.6m from which are deducted Preference dividends totalling £0.6m giving earnings of £56.0m (1983 £28.9m) and on Ordinary shares in issue during the year of 201,995,000 (1983 201,995,000 shares).

11 Intangible fixed assets

| | Group | | | Company | | |
|-----------------------------|----------------------------------------------|-----------------------|--------------------|----------------------------------------------|-----------------------|--------------------|
| | Deferred revenue expenses £ million | Goodwill £ million | Total £ million | Deferred revenue expenses £ million | Goodwill £ million | Total £ million |
| <i>Cost</i> | | | | | | |
| At 31st October 1983 | 0.7 | 53.7 | 54.4 | 0.2 | 3.4 | 3.6 |
| Exchange adjustments | — | 0.2 | 0.2 | — | — | — |
| Additions | 0.1 | 3.5 | 3.6 | 0.1 | — | 0.1 |
| Disposals | — | (1.5) | (1.5) | — | — | — |
| | <u>0.8</u> | <u>55.9</u> | <u>56.7</u> | <u>0.3</u> | <u>3.4</u> | <u>3.7</u> |
| <i>At 31st October 1984</i> | | | | | | |
| At 31st October 1984 | 0.8 | 55.9 | 56.7 | 0.3 | 3.4 | 3.7 |
| <i>Amortisation</i> | | | | | | |
| At 31st October 1983 | 0.4 | — | 0.4 | — | 3.2 | 3.2 |
| Charged in year | 0.1 | — | 0.1 | 0.1 | — | 0.1 |
| | <u>0.5</u> | <u>—</u> | <u>0.5</u> | <u>0.1</u> | <u>3.2</u> | <u>3.3</u> |
| <i>At 31st October 1984</i> | | | | | | |
| At 31st October 1984 | 0.5 | — | 0.5 | 0.1 | 3.2 | 3.3 |
| <i>Net book amount</i> | | | | | | |
| At 31st October 1983 | 0.3 | 53.7 | 54.0 | 0.2 | 0.2 | 0.4 |
| At 31st October 1984 | 0.3 | 55.9 | 56.2 | 0.2 | 0.2 | 0.4 |

12 Tangible fixed assets

| Group | Completed properties at valuation | | Properties held for development at cost | Properties in course of development at cost | Total £ million |
|----------------------------------------------------------------------|-----------------------------------|------------------------|-----------------------------------------|---------------------------------------------|--------------------|
| | Freehold £ million | Leasehold £ million | Freehold £ million | Freehold £ million | |
| Investment properties | | | | | |
| Cost or valuation at 31st October 1983 | 82.1 | 88.8 | 2.4 | 2.1 | 175.4 |
| Currency translation adjustment | 4.5 | 5.5 | — | — | 10.0 |
| Transfers to other fixed assets | (5.8) | — | — | — | (5.8) |
| Additions at cost | 4.2 | 2.0 | — | 1.5 | 7.7 |
| Disposals at book amount | (41.5) | (50.4) | (2.4) | (1.1) | (95.4) |
| Transfers to stock | — | — | — | (2.5) | (2.5) |
| Depreciation for year | — | (0.4) | — | — | (0.4) |
| Elimination of revaluation surplus on transfer to other fixed assets | (7.6) | — | — | — | (7.6) |
| Adjustments to valuation | (0.7) | (1.9) | — | — | (2.6) |
| Cost or valuation at 31st October 1984 | 35.2 | 43.6 | — | — | 78.8 |

Completed investment properties include £29.6m freehold and £40.7m leasehold properties at directors' valuation as at 31st October 1983. The valuation of those properties which are held by an overseas subsidiary was made by Directors' of that company with advice from executives of the Group who hold appropriate professional qualifications or have relevant experience. Expenditure since 31st October 1983 has been written off against revaluation reserve. The remaining completed investment properties are included at realisable value.

The amounts of completed properties included at valuation determined according to the historical accounting rules are for freehold £14.3m (1983 £39.8m) and leasehold £35.8m (1983 £61.0m).

The net book amount of investment properties at 31st October 1984 not depreciated during the year ended on that date was £70.3m (1983 £171.8m).

| Other tangible fixed assets | Freehold land and buildings £ million | Leasehold land and buildings £ million | Plant and machinery £ million | Fixtures fittings tools and equipment £ million | Assets in course of construction £ million | Total £ million |
|----------------------------------------|------------------------------------------|-------------------------------------------|----------------------------------|----------------------------------------------------|-----------------------------------------------|--------------------|
| Cost or valuation at 31st October 1983 | 106.9 | 59.9 | 52.9 | 36.6 | — | 303.3 |
| Currency translation adjustment | 3.8 | 0.3 | 0.3 | 2.8 | — | 7.1 |
| Subsidiaries acquired | — | — | 7.8 | — | — | 7.8 |
| Additions | 5.3 | 0.8 | 14.3 | 4.3 | 0.5 | 24.9 |
| Disposals | (10.9) | (2.3) | (10.1) | (11.1) | — | (40.4) |
| Transfers from investment properties | 5.8 | — | — | — | — | 5.8 |
| Transfers to current assets | (4.2) | (0.9) | (2.2) | — | — | (7.3) |
| Cost at 31st October 1984 | 100.4 | 57.5 | 110.2 | 32.6 | 0.5 | 301.2 |
| Depreciation at 31st October 1983 | 18.8 | 12.3 | 49.7 | 19.6 | — | 100.4 |
| Currency translation adjustment | 0.3 | 0.1 | 0.3 | 1.3 | — | 2.0 |
| Subsidiaries acquired | — | — | 2.8 | — | — | 2.8 |
| Disposals | (3.9) | (2.0) | (7.0) | (7.0) | — | (19.9) |
| Transfers to current assets | (0.7) | (0.7) | (1.5) | — | — | (2.9) |
| Depreciation for year | 1.9 | 1.4 | 9.7 | 3.8 | — | 16.8 |
| Provisions for losses | 0.2 | — | — | — | — | 0.2 |
| Depreciation at 31st October 1984 | 16.6 | 11.1 | 54.0 | 17.7 | — | 99.4 |
| Net book amount at 31st October 1983 | 88.1 | 47.6 | 50.2 | 17.0 | — | 202.9 |
| Net book amount at 31st October 1984 | 83.8 | 46.4 | 56.2 | 14.9 | 0.5 | 201.8 |

Notes to the Accounts continued

Tangible fixed assets continued

Company

| | Freehold land and buildings £ million | Leasehold land and buildings £ million | Fixtures fittings tools and equipment £ million | Total £ million |
|--------------------------------------|------------------------------------------------|-------------------------------------------------|-------------------------------------------------------------|--------------------|
| Cost at 31st October 1983 | 23.6 | 26.0 | 38.8 | 88.4 |
| Additions | 3.5 | 1.0 | 6.3 | 10.8 |
| Disposals | (3.8) | (1.3) | (3.7) | (8.8) |
| Transfers to current assets | (0.5) | (0.9) | (1.5) | (2.9) |
| Cost at 31st October 1984 | <u>22.8</u> | <u>24.8</u> | <u>39.9</u> | <u>87.5</u> |
| Depreciation at 31st October 1983 | 6.2 | 5.4 | 19.9 | 31.5 |
| Disposals | (0.4) | (0.5) | (1.4) | (2.3) |
| Charge for period | 0.4 | 0.5 | 3.0 | 3.9 |
| Provisions for loss on disposal | — | — | (0.1) | (0.1) |
| Transfers to current assets | (0.2) | (0.7) | (1.2) | (2.1) |
| Depreciation at 31st October 1984 | <u>6.0</u> | <u>4.7</u> | <u>20.2</u> | <u>30.9</u> |
| Net book amount at 31st October 1983 | <u>17.4</u> | <u>20.6</u> | <u>18.9</u> | <u>56.9</u> |
| Net book amount at 31st October 1984 | <u>16.8</u> | <u>20.1</u> | <u>19.7</u> | <u>56.6</u> |

The net book amount of leasehold investment properties and other leasehold land and buildings at 31st October 1984 includes for the Group £24.1m (1983 £26.0m) and for the Company £15.4m (1983 £16.1m) in respect of leases with less than 50 years to run.

13 Commitments

Future capital expenditure

| | Group | | Company | |
|---------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 1984 £ million | 1983 £ million | 1984 £ million | 1983 £ million |
| Commitments Authorised by the Directors but not contracted | 3.7 | 4.5 | 0.4 | 0.2 |
| | <u>16.6</u> | <u>6.2</u> | <u>2.1</u> | <u>0.7</u> |
| | <u>20.3</u> | <u>10.7</u> | <u>2.5</u> | <u>0.9</u> |

Rental commitments over periods of leases

There are the following rental commitments in respect of leased properties payable in the year ending 31st October 1985.

| | Group £ million | Company £ million |
|----------------------------------------------|--------------------|----------------------|
| Commitments expiring in one year | 0.3 | — |
| Commitments expiring in two to five years | 0.2 | — |
| Commitments expiring in more than five years | 3.7 | 1.5 |
| | <u>4.2</u> | <u>1.5</u> |

Total rental commitments in respect of finance leases of plant and machinery amounted to £2.9m at 31st October 1984 of which £1.1m is payable within one year.

Forward foreign exchange contracts are entered into by certain group companies during the ordinary course of their business. At 31st October 1984 these amounted to £24.4m sterling equivalent.

14 Investments in subsidiaries

| | Shares at cost or valuation £ million | Loans and advances £ million | Provisions £ million | Net book amount £ million |
|-------------------------------|------------------------------------------------|---------------------------------------|-------------------------|------------------------------------|
| Balances at 31st October 1983 | 285.8 | 307.6 | (38.8) | 554.6 |
| Additions | 3.6 | 78.6 | — | 82.2 |
| Disposals/repayments | (22.0) | (55.7) | 2.4 | (81.3) |
| Increase in provisions | — | — | (4.2) | (4.2) |
| Reduction of provisions | — | — | 7.7 | 7.7 |
| Surplus on revaluation | 13.6 | — | — | 13.6 |
| Balances at 31st October 1984 | 275.0 | 330.5 | (32.9) | 572.6 |

The Company's 80% directly owned holding in Rank Precision Industries (Holdings) Plc was revalued by the directors on 31st October 1984 at £120.9m being an amount equal to the historical cost of £3.3m plus the appropriate share of post acquisition retained reserves. The surplus on revaluation has been taken to revaluation reserve.

Of the loans and advances to subsidiaries £46.2m (1983 £61.6m) 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 7 to 10 are:

| | Class of shares owned | Country of incorporation and operation | Percentage of share capital attributable to the Company | | Total |
|-------------------------------------------------|-----------------------------------------|-------------------------------------------------|------------------------------------------------------------|-------------------------|-------|
| | | | Directly owned | Through subsidiaries | |
| Film and Television Services | | | | | |
| Pinewood Studios Limited | Ordinary | Great Britain | 100 | — | 100 |
| Rank Advertising Films Limited | Ordinary | Great Britain | 100 | — | 100 |
| Rank Film Distributors Limited | Ordinary | Great Britain | 100 | — | 100 |
| Rank Film Laboratories Limited | Ordinary | Great Britain | 100 | — | 100 |
| Rank Audio Visual Limited | Ordinary | Great Britain | 100 | — | 100 |
| Rank Video Services Limited | Ordinary | Great Britain | 50 | 50 | 100 |
| Rank Theatres Limited | Ordinary | Great Britain | 100 | — | 100 |
| Holidays and Recreation | | | | | |
| Butlin's Limited | 6% Cumulative Preference Ordinary | Great Britain | 100 | — | 100 |
| Leisure Holidays Limited | Ordinary | Great Britain | 100 | — | 100 |
| Rank Travel Limited | Ordinary | Great Britain | 100 | 100 | 100 |
| Top Rank Limited | Ordinary | Great Britain | 100 | — | 100 |
| Hotels and Catering | | | | | |
| Rank Hotels Limited | Ordinary | Great Britain | 100 | — | 100 |
| Rank Motorway Services Limited | Ordinary | Great Britain | 100 | — | 100 |
| Industrial | | | | | |
| Rank Precision Industries Limited (note (c)) | Ordinary | Great Britain | 30 | 65 | 95 |
| America | | | | | |
| Nestar Systems Inc. | Common | U.S.A. | — | 85 | 85 |
| Rank America Inc. | Common | U.S.A. | — | 100 | 100 |
| Rank Strand Limited | Ordinary | Great Britain | 100 | — | 100 |
| Zynar Limited | Ordinary | Great Britain | 100 | — | 100 |
| Australia | | | | | |
| Rank Industries Australia Limited | Ordinary | Australia | — | 100 | 100 |
| Asia | | | | | |
| Rank Industries Asia Pte. Limited | Ordinary | Singapore | — | 100 | 100 |
| Property | | | | | |
| Rank City Wall Canada Limited | Common | Canada | — | 100 | 100 |

Notes to the Accounts continued

| Details of principal subsidiary companies continued | Class of shares owned | Country of incorporation and operation | Percentage of share capital attributable to the Company | | |
|--------------------------------------------------------------|--------------------------------------------------------------------------------|----------------------------------------|---------------------------------------------------------|----------------------|----------------|
| | | | Directly owned | Through subsidiaries | Total |
| Holding and other companies | | | | | |
| A. Kershaw & Sons, Plc (note (a)) | 8% 'A' Cumulative Preference 12½% 'B' Non-Cumulative Preference Ordinary | Great Britain | 78 85 82 | — — — | 78 85 82 |
| Rank Overseas Holdings Plc (note (b)) | Ordinary | Great Britain | 100 | — | 100 |
| Rank Precision Industries (Holdings) Plc (notes (a) and (c)) | 5% Cumulative Preference Ordinary | Great Britain | 57 60 | 35 33 | 92 93 |
| Rank RX Holdings Limited (notes (c) and (d)) | Ordinary | Great Britain | 50 | 46 | 96 |

(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.

16 Investments in associated companies

| | Group | | | | Company |
|-----------------------------------------------------|-----------------------------|---------------------------------------------------------|---------------------------------|--------------------|------------|
| | Shares at cost £ million | Share of post acquisition retained profits £ million | Loans and advances £ million | Total £ million | |
| Rank Xerox companies (unlisted) | | | | | |
| Balances at 31st October 1983 | 22.7 | 239.1 | 1.9 | 263.7 | |
| Currency translation adjustment | — | — | — | — | |
| Disposals | — | — | (0.7) | (0.7) | |
| Share of retained profits and reserves for the year | — | 39.8 | — | 39.8 | |
| Balances at 31st October 1984 | 22.7 | 278.9 | 1.2 | 302.8 | |
| Others (unlisted) | | | | | |
| Balances at 31st October 1983 | 40.4 | 26.8 | 1.3 | 68.5 | 1.1 |
| Currency translation adjustment | 8.0 | — | — | 8.0 | — |
| Disposals | (0.2) | — | — | (0.2) | — |
| Adjustments on becoming subsidiaries | (1.6) | — | (1.3) | (2.9) | — |
| Share of retained profits and reserves for the year | — | (8.0) | — | (8.0) | — |
| Balances at 31st October 1984 | 46.6 | 18.8 | — | 65.4 | 1.1 |
| Others (listed) | | | | | |
| Balances at 31st October 1983 | 0.1 | — | — | 0.1 | — |
| Balances at 31st October 1984 | 0.1 | — | — | 0.1 | — |
| Total | | | | | |
| Balances at 31st October 1984 | 69.3 | 297.7 | 1.2 | 368.2 | 1.1 |
| Unlisted | 0.1 | — | — | 0.1 | — |
| Listed | 69.4 | 297.7 | 1.2 | 368.3 | 1.1 |

The market value of listed shares at 31st October 1984 was £0.3m (1983 £0.3m).

The cost of shares in associated companies at 31st October 1984 includes goodwill of £16.8m (1983 £15.4m).

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

| | Percentage voting interest | Country of incorporation and operation | Class of capital owned | Percentage holding | Date of accounts (see note 2(i)) |
|-------------------------------------------|----------------------------|----------------------------------------|------------------------|--------------------|----------------------------------|
| Rank Xerox companies | | | | | |
| Rank Xerox Limited | 48.8 | Great Britain | 'B' Ordinary | 96.4 | 31.10.84 |
| Rank Xerox Business Equipment Inc. | 49.0 | U.S.A. | 'D' Ordinary | 96.4 | |
| Rank Xerox Holding B.V. | 48.8 | Holland | 'B' Common | 96.4 | 31.10.84 |
| Rank Xerox Investments Limited | | | 'C' Ordinary | 96.4 | 31.10.84 |
| Rank Xerox Investments Limited | 49.0 | Bermuda | 'B' Ordinary | 96.4 | 31.10.84 |
| Other associated companies | | | | | |
| Film exhibition | | | | | |
| Cathay Films Distribution Company Limited | 24.2 | Hong Kong | Ordinary | 24.2 | 31.12.83 |
| Cathay Organisation Private Limited | 24.2 | Singapore | Ordinary | 24.2 | 31.12.83 |
| Kerridge Odeon Corporation Limited | 50.0 | New Zealand | Ordinary | 50.0 | 31.3.84 |
| Communication systems | | | | | |
| Telecom Plus International Inc.* | 30.5 | U.S.A. | Common | 30.5 | 30.9.84 |

* unaudited management accounts

The business of the Rank Xerox companies consists mainly of the manufacture in the United Kingdom, France and Holland of xerographic equipment for high speed document copying and duplicating, the marketing of such equipment through subsidiaries operating in Europe, Asia, Africa, the Middle East and Australasia and the manufacturing and marketing operations of Fuji Xerox Co. Ltd., a company incorporated in Japan, which is 50% owned by Rank Xerox 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.

A summary of the combined financial statements of the Rank Xerox companies is set out below:-

| Profit and Loss Account | 1984 | | 1983 | | Balance Sheet | 1984 | | 1983 | |
|-----------------------------------------|-----------|--|-----------|--|------------------------------------------------|-----------|--|-----------|--|
| | £ million | | £ million | | | £ million | | £ million | |
| Turnover | 1,769 | | 1,534 | | Fixed assets | | | | |
| Less costs | 1,599 | | 1,399 | | Intangible assets | 2 | | 3 | |
| Trading profit | 168 | | 135 | | Tangible assets | 591 | | 524 | |
| Interest | (19) | | (10) | | Investments | 178 | | 133 | |
| Share of results of associates | 53 | | 41 | | Net current assets | 771 | | 660 | |
| Profit before Xerox Corporation charges | 202 | | 168 | | | 324 | | 327 | |
| Xerox Corporation charges | (81) | | (78) | | Total assets less current liabilities | 1,095 | | 987 | |
| Profit before tax | 121 | | 88 | | Creditors falling due after more than one year | (179) | | (183) | |
| Tax | (37) | | (40) | | Provisions for liabilities and charges | (23) | | (28) | |
| Profit after tax | 84 | | 48 | | | 894 | | 776 | |
| | | | | | Share capital and reserves | 882 | | 764 | |
| | | | | | Minority interests | 12 | | 12 | |
| | | | | | | 894 | | 776 | |

Notes to the Accounts continued

16 Other investments (unlisted)

| | Shares at cost £ million | Loans and advances £ million | Provisions £ million | Total £ million |
|--------------------------------------|--------------------------------|---------------------------------------|-------------------------|--------------------|
| Balances at 31st October 1983 | 0.1 | 1.1 | — | 1.2 |
| Currency translation adjustment | — | 0.1 | — | 0.1 |
| Disposals/repayments | — | (1.2) | — | (1.2) |
| Additions | 0.5 | 0.4 | (0.6) | 0.3 |
| Balances at 31st October 1984 | 0.6 | 0.4 | (0.6) | 0.4 |

17 Stocks

| | Group | | Company | |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 1984 £ million | 1983 £ million | 1984 £ million | 1983 £ million |
| Raw materials and consumables | 17.9 | 16.7 | 1.0 | 1.1 |
| Work in progress | 14.4 | 17.1 | — | — |
| Finished goods and goods for resale | 42.3 | 45.0 | 3.9 | 4.2 |
| Film productions | 9.1 | 9.3 | 9.1 | 9.0 |
| Properties | 6.5 | — | — | — |
| Total | 90.2 | 88.1 | 14.0 | 14.3 |

18 Debtors

| | Group | | Company | |
|---------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 1984 £ million | 1983 £ million | 1984 £ million | 1983 £ million |
| Amounts falling due within one year | | | | |
| Trade debtors | 76.9 | 83.7 | 7.3 | 7.6 |
| Amounts owed by group companies | — | — | 62.5 | 27.7 |
| Other debtors | 12.8 | 9.3 | 7.3 | 6.7 |
| Fixed assets held for disposal | 7.1 | 14.2 | 1.5 | 1.8 |
| Prepayments and accrued income | 17.4 | 16.7 | 6.9 | 5.1 |
| Dividends receivable from associated company | 11.2 | 10.8 | — | — |
| Total | 125.4 | 134.7 | 85.5 | 48.9 |
| Amounts falling due after more than one year | | | | |
| Trade debtors | 1.3 | 0.7 | 1.2 | 0.6 |
| Other debtors | 2.9 | 1.3 | 0.5 | — |
| Fixed assets held for disposal | 1.7 | 0.8 | 1.7 | 0.9 |
| Prepayments and accrued income | — | 0.7 | — | — |
| Advance corporation tax recoverable on dividends provided in the accounts | 10.7 | 8.5 | 10.7 | 8.5 |
| Total | 16.6 | 12.0 | 14.1 | 10.0 |
| Total | 142.0 | 146.7 | 99.6 | 58.9 |

19 Loan capital, short term deposits and cash

| | Group | | Company | |
|--------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 1984 £ million | 1983 £ million | 1984 £ million | 1983 £ million |
| Bank overdrafts | 7.0 | 6.8 | 3.0 | — |
| Bank loans | | | | |
| Amounts repayable | | | | |
| Within one year or on demand | 17.6 | 6.3 | 17.6 | 2.5 |
| Between one and two years | 42.2 | 51.5 | 42.2 | 47.5 |
| Between two and five years | 29.5 | 40.8 | 29.5 | 40.8 |
| In five years or more | 12.3 | 59.2 | 12.3 | 59.2 |
| | <u>101.6</u> | <u>157.8</u> | <u>101.6</u> | <u>150.0</u> |
| Other borrowings | | | | |
| 4½% Convertible Loan 1993 | 34.2 | 33.9 | 34.2 | 33.9 |
| Remainder | | | | |
| Amounts repayable | | | | |
| Within one year | 2.3 | 11.9 | 0.5 | 1.7 |
| Between one and two years | 2.6 | 3.8 | 2.1 | 1.7 |
| Between two and five years | 5.9 | 8.0 | 3.2 | 3.0 |
| Between five and fifteen years | 16.4 | 23.7 | 7.3 | 10.0 |
| In fifteen years or more | 18.8 | 17.5 | 18.7 | 15.0 |
| | <u>80.2</u> | <u>103.8</u> | <u>66.0</u> | <u>65.3</u> |
| Total | <u>188.8</u> | <u>268.4</u> | <u>170.6</u> | <u>215.3</u> |
| Secured | | | | |
| Sterling | 9.4 | 23.3 | — | — |
| Other currencies | 3.7 | 5.6 | — | — |
| | <u>13.1</u> | <u>28.9</u> | <u>—</u> | <u>—</u> |
| Unsecured | | | | |
| Sterling | 27.5 | 104.2 | 27.5 | 104.1 |
| Other currencies | 148.2 | 135.3 | 143.1 | 111.2 |
| | <u>175.7</u> | <u>239.5</u> | <u>170.6</u> | <u>215.3</u> |
| Total as above | <u>188.8</u> | <u>268.4</u> | <u>170.6</u> | <u>215.3</u> |
| Amounts falling due within one year or on demand | 26.5 | 25.0 | 21.1 | 4.2 |
| Amounts falling due after more than one year | 161.9 | 243.4 | 149.5 | 211.1 |
| Loan capital | <u>188.8</u> | <u>268.4</u> | <u>170.6</u> | <u>215.3</u> |
| Short term deposits | 35.7 | 21.9 | 4.2 | 18.1 |
| Cash at bank and in hand | 7.0 | 5.4 | 1.5 | 1.6 |
| Total deposits and cash | <u>42.7</u> | <u>27.3</u> | <u>5.7</u> | <u>19.7</u> |
| Net borrowings | <u>146.1</u> | <u>241.1</u> | <u>164.9</u> | <u>195.6</u> |

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 1984 at which date U.S. \$41.7m nominal of the loan was outstanding. During the year the Company purchased and cancelled U.S. \$9m of the loan. On 24th January 1985, the Company and a wholly owned subsidiary entered into arrangements with the trustee for the holders of the loan under which the subsidiary granted the trustee a mortgage on the cash sum equivalent to the principal amount of the loan outstanding from time to time plus thirteen months' interest.

The remainder of other borrowings shown above includes borrowings not fully repayable within five years totalling £36.7m (1983 £51.2m) for the Group and £26.0m (1983 £26.0m) for the Company. These borrowings are repayable in part by annual sinking funds or by instalments and are all repayable at par. The average rate of interest payable on these borrowings was, for the Group 9.2% (1983 9.3%) and for the Company 9.5% (1983 9.5%).

Borrowings included under the heading of bank loans for both the Group and the Company have been reduced to the extent of £59.3m (1983 £6.8m) in respect of cash deposits held under three offsetting arrangements and a parallel loan agreement.

Notes to the Accounts continued

| 20 Other creditors | Group | | Company | |
|-----------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 1984 £ million | 1983 £ million | 1984 £ million | 1983 £ million |
| Amounts falling due within one year | | | | |
| Payments received on account | 7.4 | 4.9 | — | 0.1 |
| Trade creditors | 60.2 | 54.3 | 18.9 | 16.8 |
| Interest payable to group companies | — | — | 2.1 | 1.9 |
| Amounts owed to group companies | — | — | 86.3 | 73.8 |
| United Kingdom corporation tax | 3.3 | 1.6 | 0.2 | 0.2 |
| Overseas taxation | 2.0 | 1.6 | — | — |
| Advance corporation tax | 10.7 | 8.5 | 10.7 | 8.5 |
| Development land tax | 4.5 | 1.4 | 4.3 | 1.3 |
| Social security | 4.3 | 4.1 | 2.0 | 1.7 |
| Other creditors | 15.0 | 14.1 | 4.7 | 6.5 |
| Accruals and deferred income | 36.6 | 40.4 | 12.3 | 11.5 |
| Dividends | | | | |
| Accrued on preference shares | 0.2 | 0.2 | 0.2 | 0.2 |
| Payable and proposed on ordinary shares | 24.2 | 20.2 | 24.2 | 20.2 |
| Minority shareholders of subsidiaries | 0.7 | 0.9 | — | — |
| | <u>169.1</u> | <u>152.2</u> | <u>165.9</u> | <u>142.7</u> |
| Amounts falling due after more than one year | | | | |
| Payments received on account | 0.1 | — | 0.1 | — |
| United Kingdom corporation tax | 3.4 | 2.6 | — | — |
| Overseas taxation | — | 0.1 | — | — |
| Accruals and deferred income | — | 0.4 | — | 0.2 |
| Other creditors | — | 0.1 | — | — |
| | <u>3.5</u> | <u>3.2</u> | <u>0.1</u> | <u>0.2</u> |

21 Provisions for liabilities and charges

| Group | Deferred | Other |
|------------------------------------------------------|-------------|-------------|
| | taxation | provisions |
| | £ million | £ million |
| Balances at 31st October 1983 | 8.4 | 22.8 |
| Currency translation adjustment | 0.2 | 2.0 |
| Utilised during the year | — | (18.3) |
| Transfer to revaluation reserve | (3.0) | — |
| Arising in respect of a property development project | 1.8 | — |
| Subsidiaries acquired | 0.3 | — |
| Charge for the year in the profit and loss account | 9.7 | 21.4 |
| Balances at 31st October 1984 | <u>17.4</u> | <u>27.9</u> |
| Company | | |
| Balances at 31st October 1983 | 3.0 | 3.2 |
| Utilised during the year | — | (0.8) |
| Charge for the year in the profit and loss account | 5.7 | 1.3 |
| Balances at 31st October 1984 | <u>8.7</u> | <u>3.7</u> |

22 Provision for pensions and similar obligations
United Kingdom

The group pension schemes are contracted out of the State earnings related pension arrangements and are externally funded under separate trusts. Benefits are fixed by reference to final pay. There were 8,349 current members, 6,236 pensioners and 4,654 former employees with deferred pension rights at the 5th April 1984, the last pension plan year end. Valuations of the funds are carried out by the Eagle Star Group triennially, the last actuarial report being to 5th April 1982. That report disclosed that the funds were adequate to meet all the obligations of the schemes. During the year £1.3m (1983 £1.2m) was paid as ex-gratia pensions either granted on retirement or by way of pension increases since retirement.

Other countries

Group contributions to schemes for employees in other countries totalled £1.3m (1983 £1.7m).

23 Deferred taxation

| | As provided | | | | Full potential liability | | | |
|---------------------------------|-------------|------------|------------|------------|--------------------------|-------------|------------|------------|
| | Group | | Company | | Group | | Company | |
| | 1984 | 1983 | 1984 | 1983 | 1984 | 1983 | 1984 | 1983 |
| | £ million | £ million | £ million | £ million | £ million | £ million | £ million | £ million |
| Capital allowances | 12.9 | 4.5 | 5.7 | — | 34.3 | 39.7 | 10.7 | 10.0 |
| Investment property revaluation | — | 3.0 | — | — | — | 18.6 | — | — |
| Other timing differences | 6.5 | 0.9 | 3.0 | 3.0 | (2.9) | (8.7) | (2.0) | (3.2) |
| Losses | (2.0) | — | — | — | (2.1) | (0.1) | — | — |
| | <u>17.4</u> | <u>8.4</u> | <u>8.7</u> | <u>3.0</u> | <u>29.3</u> | <u>49.5</u> | <u>8.7</u> | <u>6.8</u> |

The above figures exclude taxation payable:

- (a) in the event of profits of certain overseas subsidiary and associated companies being distributed
- (b) estimated at £6m (1983 £7m) 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 and
- (c) on capital gains which might arise from the sale of investments by the Company at the values at which they are stated in the Company's Balance Sheet.

24 Capital and reserves

Share capital

| | 1984 | | 1983 | |
|---------------------------------------------------|---------------|-----------------------|---------------|-----------------------|
| | 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 1984 2,869,038 of the unissued Ordinary shares were reserved against conversions of the outstanding 4½% Convertible Loan 1993.

Reserves

| | Group | | Company | |
|-----------------------|--------------|--------------|--------------|--------------|
| | 1984 | 1983 | 1984 | 1983 |
| | £ million | £ million | £ million | £ million |
| Share premium account | 141.6 | 141.6 | 141.6 | 141.6 |
| Revaluation reserve | 16.9 | 67.5 | 117.6 | 104.0 |
| Other reserves | 316.5 | 270.1 | 78.7 | 32.8 |
| | <u>475.0</u> | <u>479.2</u> | <u>337.9</u> | <u>278.4</u> |

Notes to the Accounts continued

| Capital and reserves continued | Group | | | Company | | | |
|--------------------------------------------------|-------------|------------------------------|----------------------|--------------|--------------|-------------|-----------------|
| | Revaluation | Other | | Total | Revaluation | Other | Total |
| Movements in reserves | | Company and its subsidiaries | Associated companies | | | | |
| | £ million | £ million | £ million | £ million | £ million | £ million | £ million |
| Balances at 31st October 1983 | 67.5 | 13.4 | 256.7 | 337.6 | 104.0 | 32.8 | 136.8 |
| Currency translation adjustment | 3.1 | (4.5) | 19.1 | 17.7 | — | — | — |
| (Deficit) surplus on revaluation of fixed assets | (10.2) | — | — | (10.2) | 13.6 | — | 13.6 |
| Surplus on Profit and Loss Account for the year | — | 20.5 | 11.3 | 31.8 | — | 45.9 | 45.9 |
| Transfer from deferred taxation | 3.0 | — | — | 3.0 | — | — | — |
| Transfer to Profit and Loss Account on disposals | (46.5) | — | — | (46.5) | — | — | — |
| Balances at 31st October 1984 | 16.9 | 29.4 | 287.1(a) | 333.4 | 117.6 | 78.7 | 196.3(b) |

(a) Includes £268.4m in respect of Rank Xerox companies

(b) Includes £76.5m regarded as available for distribution

In presenting the figures for the Company's investments in subsidiary and associated companies the directors have adopted the alternative accounting rules under the terms of Schedule I Part II Section C of the Companies Act 1948 and have revalued an investment in a subsidiary company at 31st October 1984. The valuation surplus of £13.6m arising thereon in the year has been taken to revaluation reserve.

The directors also consider that a permanent diminution in value has occurred in a number of subsidiary companies and consequently have made a charge of £4.2m to the profit and loss account of the Company during the year.

The directors have considered the value at 31st October 1984 of the remaining fixed assets of the Company without actually revaluing them, and are satisfied that these remaining assets are worth in total not less than the aggregate amount at which they are stated in these accounts.

Accordingly, and as provided in Section 39(4) and (4A) of the Companies Act 1980, the provisions for diminution in value of investments in subsidiaries of £4.2m charged in arriving at the surplus for the year of £45.9m in the Company's profit and loss account do not fall to be treated as realised losses and therefore are not regarded as reducing distributable reserves.

25 Contingent liabilities

| | 1984 £ million | 1983 £ million |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Group | | |
| Guarantees by the company and by subsidiary companies, bills discounted by group companies and uncalled liability in respect of partly paid shares | 19.5 | 14.2 |
| Guarantees of advances to associated companies | 0.2 | 0.2 |
| Company | | |
| Guarantees of advances to subsidiary companies, bills discounted and uncalled liabilities in respect of partly paid shares | | |
| Provided as liabilities in the group balance sheet | 2.6 | 29.0 |
| Others | 16.7 | 8.4 |
| Guaranteed buyback of redeemable preference shares of a subsidiary | 21.6 | 18.9 |
| Guarantees of advances to associated companies | 0.2 | 0.2 |

No security has been given in respect of any contingent liability.

26 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 1983 (or later date of appointment) or at 31st October 1984. 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 1984.

| | 31st October 1984 | | 1st November 1983 | |
|-----------------------|-------------------|-----------------------|-------------------|-----------------------|
| | Ordinary Shares | 6½% Preference Shares | Ordinary Shares | 6½% Preference Shares |
| R. F. H. Cowen | 40,000 | | 81,900 | |
| As trustee | | | | |
| Sir Leslie Fletcher | 10,008,085 | 1,025 | 20,500,366 | 1,025 |
| M. B. Gifford | 500 | | | |
| Sir Patrick Meaney | 500 | | 500 | |
| Sir Denis Mountain | 1,016 | | 1,016 | |
| As trustee | 315 | 1,000 | 315 | 1,000 |
| The Hon. Angus Ogilvy | 331,600 | | 46,600 | |
| | 2,679 | | 2,679 | |

Throughout the year Mr. R. F. H. Cowen also had a non-beneficial interest in £15,200 10½% Unsecured Loan Stock and Sir Patrick Meaney had a beneficial interest in £76 10½% Unsecured Loan Stock.

| | 1984 £000 | 1983 £000 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| (b) Total emoluments of the directors of The Rank Organisation Plc | | |
| Fees | | |
| Other emoluments | 40 | 65 |
| Contributions to pension schemes | 496 | 472 |
| Pension paid to former director | 191 | 223 |
| Compensation for loss of office | | 12 |
| (c) Emoluments of Chairman | 75 | 438 |
| (d) Emoluments of the highest paid director (the highest paid director in 1983 was the Chairman.) | 51 | 80 |
| (e) The table which follows shows the number of directors of The Rank Organisation Plc, other than the Chairman and the highest paid director, and of higher paid employees of the group, whose emoluments during the year were within the bands stated. | 131 | — |

| Emoluments £ | Directors | | Employees | |
|-----------------|-----------|------|-----------|------|
| | 1984 | 1983 | 1984 | 1983 |
| Up to 5,000 | 3 | 6 | | |
| 5,001—10,000 | 6 | 2 | | |
| 10,001—15,000 | — | 1 | | |
| 15,001—20,000 | — | 1 | | |
| 20,001—25,000 | — | — | 14 | 14 |
| 25,001—30,000 | — | — | 10 | 1 |
| 30,001—35,000 | — | 1 | 4 | 1 |
| 35,001—40,000 | 1 | 3 | 2 | — |
| 40,001—45,000 | 3 | 1 | 1 | — |
| 45,001—50,000 | — | 1 | — | — |
| 50,001—55,000 | — | 1 | — | — |
| 55,001—60,000 | — | — | — | — |

(f) The particulars shown in notes (c), (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 1984 an officer had a loan outstanding from the Company of £82,500 (1983 £82,500) which has subsequently been repaid.

Notes to the Accounts continued

27 Segmental information

| Analysis by Division | Average number of employees | | Turnover | | Trading profit | |
|-------------------------------------------|-----------------------------|---------------|--------------|--------------|----------------|-------------|
| | 1984 | 1983 | 1984 | 1983 | 1984 | 1983 |
| | | | £ million | £ million | £ million | £ million |
| Film & Television Services | 4,340 | 4,444 | 98.9 | 97.3 | 7.2 | 6.4 |
| Holidays & Recreation | 7,698 | 7,968 | 240.0 | 221.0 | 8.0 | 15.6 |
| Hotels & Catering | 2,870 | 2,865 | 93.9 | 83.3 | 11.3 | 6.4 |
| Industrial | 2,085 | 2,190 | 72.9 | 63.0 | 7.7 | 6.0 |
| America | 736 | 916 | 44.3 | 33.3 | 3.1 | (2.5) |
| Australia | 1,563 | 1,733 | 98.6 | 76.6 | 1.1 | (1.8) |
| Asia | 376 | 384 | 23.2 | 20.4 | 1.4 | 1.4 |
| City Wall | 172 | 228 | 34.7 | 31.4 | 11.9 | 10.1 |
| Cinema disposal profits | | | — | — | 7.1 | 3.5 |
| Discontinued businesses and unallocated | 777 | 3,376 | 706.6 | 626.3 | 58.8 | 45.1 |
| | | | 18.2 | 116.6 | 1.0 | (6.9) |
| | <u>20,616</u> | <u>24,104</u> | <u>724.7</u> | <u>742.9</u> | <u>59.8</u> | <u>38.2</u> |
| Total number of employees at 31st October | <u>17,780</u> | <u>20,376</u> | | | | |
| Analysis by geographical area | | | | | | |
| United Kingdom | | | 503.5 | 506.8 | 46.0 | 37.2 |
| Rest of Europe | | | 21.5 | 29.2 | 1.6 | 2.1 |
| North America | | | 72.8 | 54.2 | 8.8 | 3.4 |
| Asia | | | 28.0 | 23.6 | 2.4 | 1.9 |
| Australasia | | | 98.9 | 129.1 | 1.0 | (6.4) |
| | | | <u>724.7</u> | <u>742.9</u> | <u>59.8</u> | <u>38.2</u> |
| Employee costs | £ million | £ million | | | | |
| Wages and salaries | 138.8 | 144.9 | | | | |
| Social security costs | 10.1 | 11.0 | | | | |
| Other pension costs | 8.3 | 8.5 | | | | |
| | <u>157.2</u> | <u>164.4</u> | | | | |

28 Post balance sheet event

Under the terms of an agreement dated 24th January 1985 the whole of the issued share capital of a subsidiary company was sold to a third party for a total consideration which reflected the net asset value of Rank City Wall Canada Limited at 31st October 1984 as adjusted for certain items, principally the inclusion of an agreed property valuation. If the adjusted net asset value for Rank City Wall Canada Limited in accordance with this agreement had been used in the preparation of the group accounts, a deficit of £11.6m against the carrying value of the net assets of Rank City Wall Canada Limited at 31st October 1984 would have arisen and been taken to revaluation reserve.

Five Year Review

| | 1984 £ million | 1983 £ million | 1982 £ million | 1981 £ million | 1980 £ million |
|-------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Turnover, Profits, Earnings and Dividends | | | | | |
| Turnover | <u>724.7</u> | <u>742.9</u> | <u>682.2</u> | <u>621.1</u> | <u>600.1</u> |
| Trading profit | 59.8 | 38.2 | 33.2 | 39.2 | 37.2 |
| Associates | 65.4 | 56.7 | 63.7 | 91.8 | 94.2 |
| Interest | (19.9) | (25.6) | (34.9) | (28.2) | (22.0) |
| Profit before taxation | <u>105.3</u> | <u>69.3</u> | <u>62.0</u> | <u>102.8</u> | <u>109.4</u> |
| Taxation | (42.1) | (37.8) | (32.7) | (44.2) | (51.0) |
| Minority interests | (6.6) | (2.0) | (2.1) | (5.6) | (4.1) |
| Profit before extraordinary items | <u>56.6</u> | <u>29.5</u> | <u>27.2</u> | <u>53.0</u> | <u>54.3</u> |
| Extraordinary items | — | (25.4) | (23.2) | (2.0) | (20.0) |
| Profit available for distribution | <u>56.6</u> | <u>4.1</u> | <u>4.0</u> | <u>51.0</u> | <u>34.3</u> |
| | | | | | |
| Earnings per ordinary share (before extraordinary items) | <u>27.7p</u> | <u>14.3p</u> | <u>13.2p</u> | <u>25.9p</u> | <u>26.6p</u> |
| Dividend per ordinary share | <u>12.0p</u> | <u>10.0p</u> | <u>8.0p</u> | <u>10.8p</u> | <u>10.8p</u> |
| | | | | | |
| Group funds employed | | | | | |
| Goodwill | 56.2 | 54.0 | 57.4 | 46.5 | 47.2 |
| Fixed assets | 280.6 | 378.3 | 404.0 | 443.2 | 398.6 |
| Investments | 368.7 | 333.8 | 277.3 | 270.3 | 212.1 |
| Net trading assets | 14.3 | 48.2 | 71.7 | 73.7 | 70.4 |
| Total funds employed at year end | <u>719.8</u> | <u>814.0</u> | <u>810.4</u> | <u>833.7</u> | <u>728.3</u> |
| | | | | | |
| Financed by | | | | | |
| Ordinary share capital and reserves | 528.5 | 529.7 | 533.9 | 566.8 | 482.6 |
| Preference share capital and minority interests | 48.2 | 43.2 | 43.0 | 60.7 | 50.0 |
| | <u>573.7</u> | <u>572.9</u> | <u>576.9</u> | <u>627.5</u> | <u>532.6</u> |
| Net borrowings | <u>146.1</u> | <u>241.1</u> | <u>233.5</u> | <u>206.2</u> | <u>195.7</u> |
| | <u>719.8</u> | <u>814.0</u> | <u>810.4</u> | <u>833.7</u> | <u>728.3</u> |

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.

Notice of Meeting

Notice is hereby given that the forty-eighth Annual General Meeting of The Rank Organisation Plc will be held in the Methven Room, Confederation of British Industry Headquarters, Centre Point, New Oxford Street, London WC1A 1DU, at 12 noon on Thursday 14th March 1985 for the following purposes:

- 1 To receive the Report of the Directors and the audited Accounts for the year ended 31st October 1984 and to declare a final Dividend on the Ordinary shares.
- 2 To elect Directors:
 - (a) Mr. L. H. Bond
 - (b) Mr. R. F. H. Cowen
 - (c) Mr. J. C. Duckworth
- 3 To re-appoint Auditors and to authorise the Directors to fix the Auditors' Fee.

As special business to consider and, if thought fit, pass the following Resolutions, of which Resolutions No 4, 5 and 6 will be proposed as Ordinary Resolutions and Resolutions No 7 and 8 will be proposed as Special Resolutions:

- 4 "That the Rank Organisation Share Savings Scheme in the form contained in the draft rules laid before the Meeting and initialled for the purpose of identification by the Chairman thereof, the provisions of which are set out in the Appendix to the Chairmans Letter to Shareholders of 18th February 1983, be and is hereby approved and that the Directors be and they are hereby authorised:-
 - (a) to cause such rules to be adopted in the form of such draft, subject to any amendments which the Directors consider desirable or expedient in order to conform with the provisions contained in the Finance Act 1980, under which such schemes may be approved by the Inland Revenue; and
 - (b) to do all acts and things which they may consider necessary or expedient for implementing and giving effect to the same" and
- 5 "That the Rank Organisation Executive Share Option Scheme in the form contained in the draft rules laid before the Meeting and initialled for the purpose of identification by the Chairman thereof, the provisions of which are set out in the Appendix to the Chairmans Letter to Shareholders of 18th February 1983, be and is hereby approved and that the Directors be and they are hereby authorised:-
 - (a) to cause such rules to be adopted in the form of such draft, subject to any amendment which the Directors consider desirable or expedient in order to conform with the provisions in the Finance Act 1984, under which such schemes may be approved by the Inland Revenue; and
 - (b) to do all acts and things which they may consider necessary or expedient for implementing and giving effect to the same."

- 6 "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."
- 7 "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 provided that the power hereby given shall be limited to such allotments of equity securities as are specified in paragraphs 6(C)(1) and 6(C)(2) of the Articles of Association of the Company."
- 8 "That the Articles of Association be altered by deleting the existing Article 66 and substituting therefor the following new Article:-

Each of the Directors shall be paid a fee at such rate as may from time to time be determined by the Board provided that the aggregate of all such fees so paid to Directors (excluding amounts payable to any Director for holding a salaried employment or office in the Company) shall not exceed £150,000 per annum or such other amount as may from time to time be determined by Ordinary resolution of the Company."

6 Connaught Place,
London W2 2EZ

By Order of the Board
Brian C. Owers
Secretary
18th February 1985

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 during the usual business hours and at the place of the Meeting for fifteen minutes prior to and throughout the Meeting.