

## Results at a Glance

	1985	1984
Turnover and Profit	£m	£m
Turnover	630.9	724.7
Trading profit	69.5	59.8
Share of results before tax of associated companies	71.1	65.4
Profit before tax	137.0	105.3
Profit before extraordinary items	73.4	56.6
Profit attributable to the shareholders	74.0	56.6
<b>Earnings, Dividend and Assets</b>		
Earnings per Ordinary share (before extraordinary items)	36.0p	27.7p
Total dividend per Ordinary share	15.0p	12.0p
Net tangible assets per Ordinary share	233.0p	232.3p
<b>Employees</b>		
Group employees at 31st October	16,442	17,780

### Notes

- (i) Analyses of Group turnover and profits by Division and geographical area are given on page 37.
- (ii) All foreign currencies have been translated at the exchange rates ruling at 31st October of each year.



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# The Rank Organisation

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## *Directors*

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Sir Patrick Meaney

Chairman

Michael B. Gifford\*

Managing Director and Chief Executive

Leslie H. Bond\*

Sir Arthur Bryan

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

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

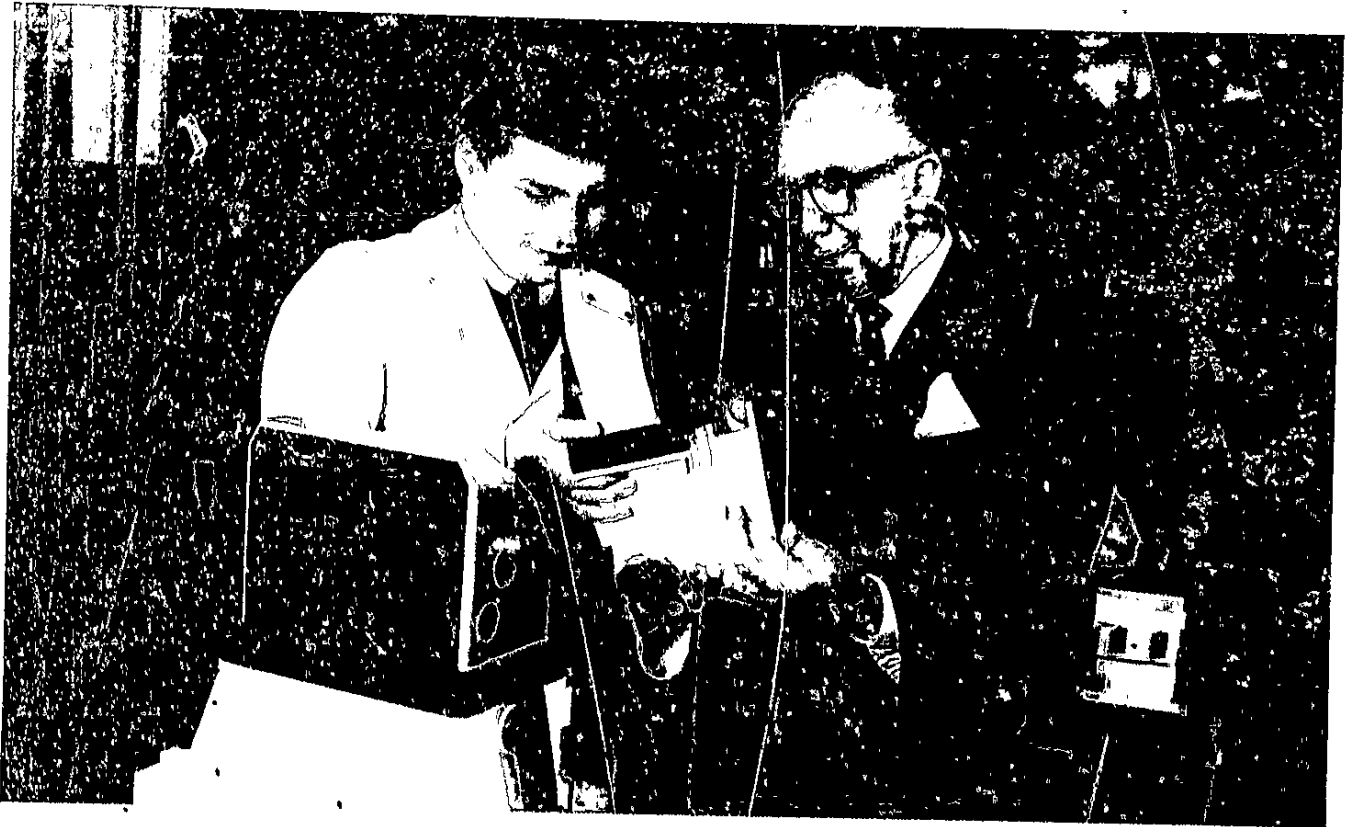
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Registrars and Transfer Office  
Hill Samuel Registrars Limited,  
6 Greencont Place,  
London SW1P 1PL

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# The Rank Organisation

## Chairman's Statement



*Sir Patrick Meaney examining day/night sights for armoured vehicles during a visit to a Precision Industries factory*

The Rank Organisation profit before tax for the year ended 31st October 1985 increased to £137 million compared with £105.3 million in 1984.

The trading profit of the continuing managed businesses increased to £67.9 million compared with £49.2 million in the previous year. Total trading profit of the managed businesses reached £69.5 million and all operating divisions contributed to these improved results with markedly higher profits.

There was a substantial reduction in net borrowing at the year end to £28.3 million from £146.1 million with net interest costs down to £3.6 million from £19.9 million in 1984.

Rank's share of the pre-tax profits of Rank Xerox was ahead of last year at £68.4 million compared with £63.9 million in 1984. The contribution from other associate companies increased to £2.7 million from £1.5 million due to elimination of losses in Telecom Plus International which more than offset

income in 1984 from our shareholding in the Greater Union Organisation, which has been sold.

Earnings per Ordinary share increased to 36p from 27.7p and the Board recommends a final dividend of 9.5p per Ordinary share. With the interim dividend of 5.5p already paid this makes a total of 15p per share for the year compared with 12p for 1984.

A satisfactory feature was that for the first time within the Organisation's present structure the continuing managed businesses produced higher net earnings than associate interests.

In addition to substantial profit improvement from all divisions, Film and Television Services and Precision Industries increased their export sales significantly. Video cassette duplication export sales have climbed to 30% and 75% of Precision Industries sales are exported. Congratulations are due to Rank Film Laboratories for receiving the Queen's Award for Technological

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# The Rank Organisation

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## *Chairman's Statement* continued

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Achievement in addition to increasing export volume to over 60% of turnover.

During the year £50.9 million was invested to improve existing businesses. Acquisitions included three film laboratories, a marina on the west coast of Scotland, a caravan park in Dorset, a seventy five year lease on Rank's largest caravan park in Devon and the Head lease of the Royal Lancaster Hotel.

Since the year end we have acquired the rights to the Blue Sky Holidays travel brand and also the Brimar precision display tube business which complements the RET operations of our Precision Industries division.

Capital investment expenditure and commitments include a new cost effective video duplication plant in Brentford, a new Odeon at Bristol and improved facilities at other cinemas, new facilities and refurbishment of Butlin's Centres, reorganisation and refurbishment of Top Rank Clubs, upgrading and improving hotel facilities including a five hundred seat conference centre at the Gloucester Hotel, a modernisation programme for Motorway Service Areas and technical developments in Precision Industries and Strand Lighting.

Marketing activities commenced on our proposed Kingston Plantation leisure complex at Myrtle Beach, South Carolina, U.S.A., where we plan to construct and sell, in the first phase, 330 apartments and a 255 suite hotel in this attractive ocean front setting.

We have continued to sell or close operations which were unlikely to produce satisfactory profit and these disposals realised a total of £107.8 million. Since the year end further sales have realised an additional £3.4 million. The Organisation's interest in Rank Xerox Business Equipment Inc., which is a mixed range of activities outside the mainstream business of Rank Xerox, was sold to the Xerox Corporation for £7.7 million. The sale was a minor clearing up exercise in the mutual interests of Rank and Xerox.

As a result of management action in the last two years Rank is an efficient

and profitable business and there is considerable scope for ongoing internal growth by improving and expanding assets and products, further innovative marketing and continuing management efficiency.

Our improved profit, return on assets, reduction in net debt and corresponding increases in earnings and dividend per share demonstrate continuing commitment to the fulfilment of policies and strategies outlined to shareholders in recent years. The Organisation has gone through great changes and the 1985 performance underlines the essential recovery actions of the previous two years that have now established it in a new revitalised growth phase.

It is one of the satisfactory facts in this revitalisation that it has been carried through to a great extent by management and employees who have been with the Organisation since before 1983. They have responded to positive direction with enthusiasm, ability and application, and they have contributed their own imaginative thinking to recovery situations. On behalf of the Board I thank them for the part they have played in the 1985 results.

We are pleased to welcome Sir Arthur Bryan to the Board as a non executive director.

The stated policy and business plans of the Organisation are to increase its earnings per share and to use its market strengths and sound financial position to continue to develop profitably by internal growth as well as by selective acquisitions at home and overseas.

Trading performance in the early part of the current year has continued to show improvement in the managed businesses and increased profitability is anticipated from associated companies. We shall strive for profitable expansion and 1986 should record another year of progress.

*Patrick Meaney*

# The Rank Organisation

## Directors' Report

The Directors submit their Report and Statement of Accounts for the year ended 31st October 1985.

### Principal Activities and Business Review

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

An analysis of turnover and profit by business activity is in note 26 on page 37 and the Group's activities and businesses are commented on in the Chairman's Statement and the Review of Operations.

### Profit and Dividends

Profit before tax was £137 million for the year. Profit after tax and minority interests was £73.4 million. (1984 £56.6 million).

The Directors recommend a final dividend of 9.5p per Ordinary share which, together with the interim dividend of 5.5p already paid, makes a total for the year of 15p per share (1984 12p).

Subject to approval at the Annual General Meeting, the final dividend will be paid on 7th April 1986 to those shareholders whose names are on the register on 7th March 1986.

The amount which it is proposed should be transferred to reserves is detailed in note 23 to the Accounts on page 35.

### Fixed Assets

Changes in fixed assets during the year are shown in note 11 on pages 25 and 26.

### Directors

The Directors listed on page 2 were Directors of the Company throughout

the year with the exception of Sir Arthur Bryan who was appointed a Director on 12th December 1985; in accordance with the Articles he retires and, being eligible, offers himself for election.

Sir Patrick Meaney, Mr. H. A. Crichton-Miller and Mr. D. M. Yates retire by rotation and, being eligible, offer themselves for re-election.

Of the Directors proposed for re-election Sir Patrick Meaney, Mr. Crichton-Miller and Mr. Yates each 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 25 on page 36.

### Share Capital

The number of shares which at present remain unissued represents just under 10% of the authorised share capital which was last increased to £70,000,000 in March 1979.

Your Directors believe that it is desirable to increase the Company's Ordinary share capital to allow for the issue of shares on the exercise of options under the Share Option Schemes and to facilitate expansion as opportunities arise.

The Directors are accordingly recommending that the authorised capital be increased from £70,000,000 to £83,800,000 by the creation of 55,200,000 Ordinary shares of 25p each. Currently it is not the Board's intention to issue any part of the increased capital and no issue will be made which would effectively alter control of the Company, without prior approval of the Company in general meeting. If the above proposal receives shareholders' approval the number of shares remaining unissued (including Preference shares) will represent approximately 24.7% of the new authorised share capital.

Resolutions will also be proposed at the Annual General Meeting to renew the authority of the Directors to allot and grant rights over the unissued share capital as increased, and to authorise

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# The Rank Organisation

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## *Directors' Report* continued

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the Directors to allot and grant rights over Ordinary shares for cash up to a maximum of 5% of the authorised Ordinary share capital without first making a strict pro rata offer to all existing Ordinary shareholders.

### Share Option Schemes

Options over 933,706 Ordinary shares were granted to 583 employees and Directors in April and May 1985 under the terms of the Share Option Schemes approved at the Annual General Meeting in March 1985.

The options are exercisable at 306p per share in the case of the Share Savings Scheme and at 345p per share for those granted under the Executive Share Option Scheme.

### Significant Shareholdings

At the date of this Report, the British Rail Pension Trustee Company Limited held 10,509,165 (5.2%) of the Ordinary shares of the Company. The Company has not been notified of any other holding of 5% or more of its Ordinary share capital.

### Personnel

Employee communication, consultation and motivation are prime management policies in the Group. The development of new communication aids and systems has established a wide range of consultative procedures.

The Company continues to provide employment training opportunities particularly for young people.

The Company encourages the employment of the disabled and ensures that disabled employees benefit from employee training and development programmes.

### Charitable and Political Contributions

Charitable donations made during the year ended 31st October 1985 amounted to £94,000. No contributions for political purposes were made during the year but your Directors consider that shareholders should be given the opportunity of expressing their view on such payments where these are, in the opinion of the Board, in the interests of

the Company. Accordingly, shareholders will be asked to authorise the Directors to approve payments for political purposes in the terms of Resolution Number 4 in the Notice of Meeting on page 39.

### 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.

### 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  
30th January 1986

# The Rank Organisation

## Review of Operations

### FILM AND TELEVISION SERVICES

Director - James Daly

	1985	1984
Turnover (£million)	119.1	97.0
Trading Profit (£million)	11.0	7.1

Film and Television Services has again produced excellent trading results with much of the growth coming from the long established film business.

#### Pinewood Studios

The Studio was active for most of the year and achieved high profit. Ten major film productions were serviced, including "Santa Claus - The Movie" and the latest James Bond "A View to a Kill". In addition, technical work was carried out for a number of productions made elsewhere.

#### Rank Advertising Films

The marked rise in cinema admissions in the year attracted a considerable increase in advertising from major national clients but this revenue benefit was offset principally by non-recurring costs relating to a new computer installation.

#### Rank Audio Visual

Both Video Distribution and Aldis Training Films produced increased profit.

The U.K. video cassette business issued successful titles such as "Educating Rita" from Rank Film Distributors, "Alice in Wonderland" and "Dumbo" from Walt Disney and "Woman in Red" from Orion. An important deal was completed giving Rank video rights for Cannon's next programme of feature films.

Rank Aldis produced new training films which contributed towards record earnings from the U.K. and overseas. One production "Counting the Cost" received a New York Film & TV Festival award.

#### Rank Film Distributors

The feature films launched during the year were well received in the market and produced higher revenue from U.K. cinemas. Successful titles included "Woman in Red", "Prizzi's Honour" and "Desperately Seeking Susan". Overseas

distribution receipts were the highest recorded.

Despite this the trading profit of the company was lower than in 1984 mainly because BBC and ITV were unwilling to consider realistic prices for current films and no sales were made to U.K. television in the year.

#### Rank Film Laboratories

Record turnover and profit were achieved in increasingly competitive international markets. Expansion of export activities increased the penetration of overseas markets, particularly in the U.S.A. and over 60% of volume is now exported.

Three film laboratories were acquired from a leading competitor and they have already made a satisfactory contribution to results.

A highlight of the year was the winning of a Queen's Award for Technological Achievement in recognition of the laboratory's enterprise and technical achievement.

#### Rank Theatres

Admissions to Rank cinemas increased by 48%, resulting in a successful year's trading. Films with strong entertainment value together with imaginative marketing contributed to higher profit.

Another factor was a policy of making substantial reductions in seat prices at selected cinemas particularly those in areas of high unemployment. This produced admissions which were two or three times the normal level at many sites.

Continuing progress was made in upgrading the circuit by refurbishment of cinemas and facilities and by improving further the quality of vision and sound. The expansion of video sales outlets in cinemas has continued and to date totals 17 operating units.

During the year the Bristol Odeon site was redeveloped completely and opened in June with three modern auditoria. Planning delays continued to postpone the start of construction at other locations where new cinemas are planned.

The programme of redevelopment of sites at operational locations continued.



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# The Rank Organisation

## Review of Operations *continued*

Sales of property surplus to requirements were, as expected, at a lower level.

### Rank Video Services

The volume of video cassettes duplicated increased by 21% and exports now account for over 30% of total volume enabling this business to increase its profit.

The plan to become the lowest cost duplicator in Europe was implemented during the year and operations have been transferred to a new purpose built site at Brentford, West London. These premises house both the consumer video duplication and the more specialised commercial and industrial duplication.

TVI and Zoom were marginal businesses which did not fit with main activities and have been sold.

### HOLIDAYS AND RECREATION

Director - Angus Crichton-Miller

	1985	1984
Turnover (£million)	245.2	235.8
Trading Profit (£million)	17.5	7.6

### Rank Travel

In a difficult and extremely competitive market, the company's tour operations improved their performance and its loss was reduced substantially.

Although fewer holidaymakers were carried, principally because of the weakness of the market for holidays in Spain, aircraft load factors were high. Cal Air International, formerly British Caledonian Airways (Charter), a company in which Rank owns 50%, had a successful year and took advantage of the strong dollar by initiating a number of North Atlantic programmes.

At the year-end, discussions were taking place on the possible purchase of the Blue Sky trade mark from British Caledonian (the company's partners in Cal Air), and this was completed before Christmas. This acquisition will bring Rank Travel into skiing holidays for the first time as well as strengthening its market position in the more profitable categories of the summer holiday business.

### Butlin's Holidays

Butlin's produced higher profit. Bookings began at a slow rate but accelerated following the end of the miners' strike, aided by special promotions and imaginative marketing. High bookings for the newly designed accommodation at Minehead and Bognor confirmed its attraction to customers.

Following strategic review of Butlin's activities, long-term development plans have been initiated with a major investment programme. At Minehead a £10 million investment in the newly designated Somerwest World includes an indoor water leisure complex, a cabaret bar, additional deluxe accommodation and other new facilities. Initial customer reaction is encouraging and plans for other sites are in progress.

In addition to the main season holiday business, Butlin's is increasingly successful in securing bookings in out of season periods, with activities such as school adventure weeks and youth training scheme courses.

### Leisure Holidays

The company achieved record trading performance and increased profit. There were excellent results from U.K. caravan parks in both holidays and caravan sales activities. A large caravan park at Weymouth, Dorset was purchased and the company renewed its tenure in the successful caravan park at Exmouth, Devon with the acquisition of a new 75 year lease. Caravan activities in France were also buoyant with a good profit increase.

U.K. leisure hotels achieved increased occupancies and profit, but the poor market for holidays to Spain depressed the results of the company's hotel in Torremolinos.

The four marinas in the U.K. maintained high levels of occupancy and profit. Towards the end of the year Troon Marina on the west coast of Scotland was acquired.

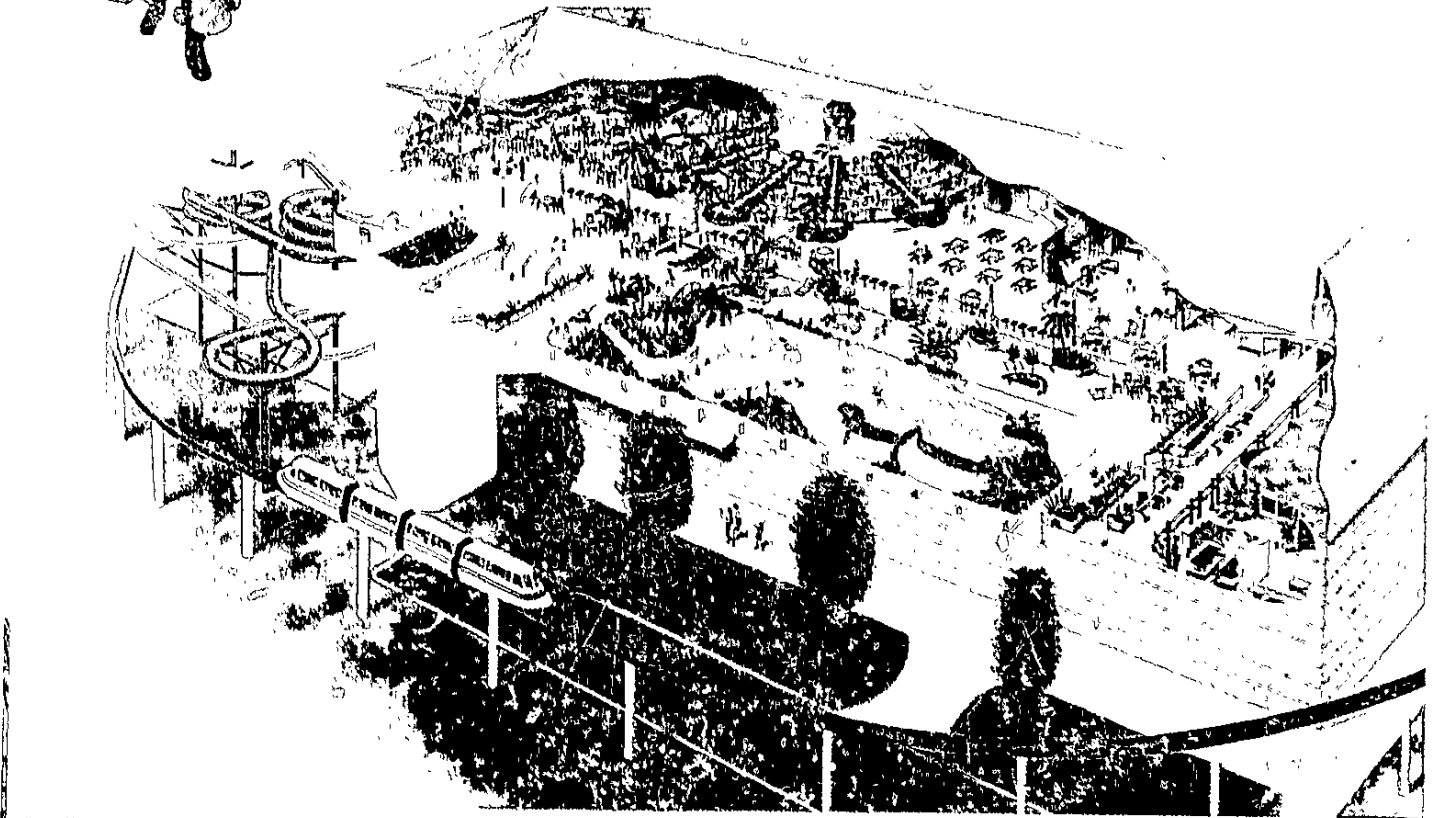
The company disposed of its interests in mobile home parks and touring caravan retail outlets and also its small canal cruiser business in the South of France.

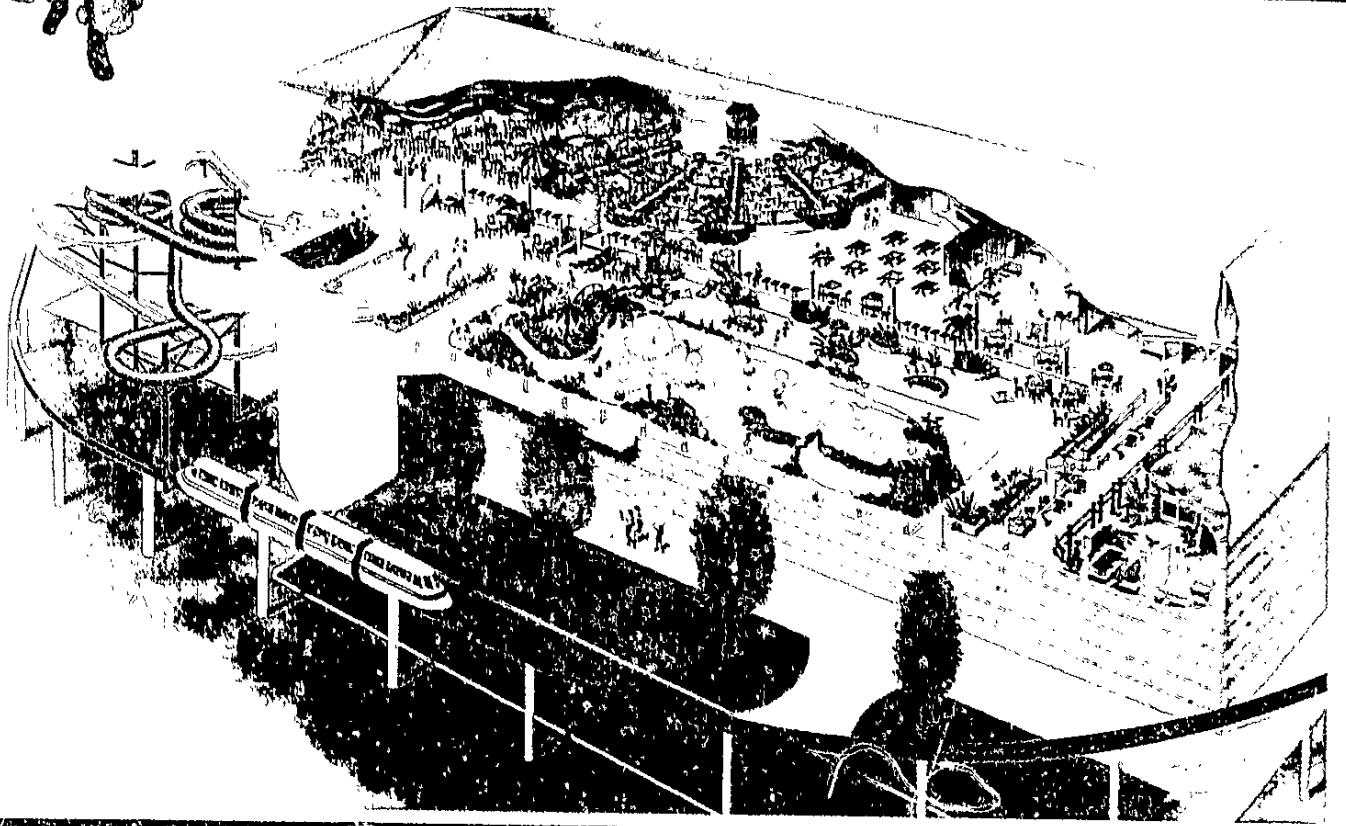
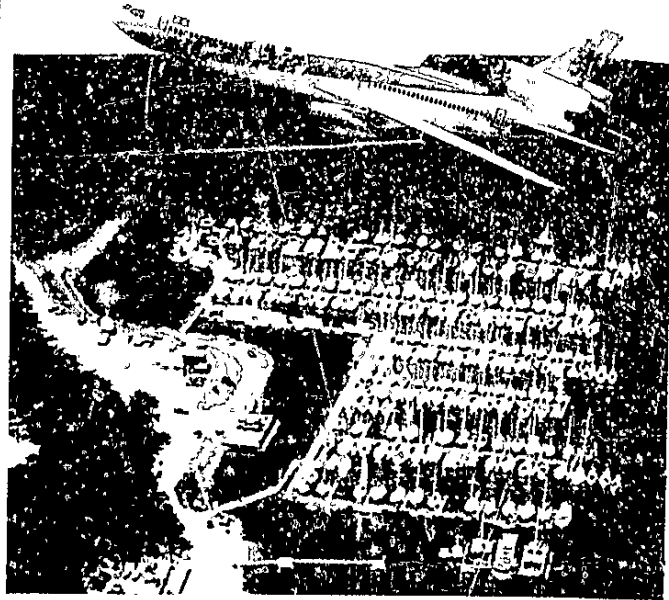
Top left: Scenes from the latest James Bond film "A View To A Kill", made at Pinewood Studios.

Top right: Some of the Video Library's most successful titles in 1985.

Bottom right: The film printing process which won the Queen's Award for Technological Achievement for the film laboratories.

Bottom left: Clients enjoying their holiday with OSL.





# The Rank Organisation

## Review of Operations *continued*

### Top Rank Clubs

Despite a decline in admissions, following the national trend, the company made a further profit improvement. The quality and extension of our facilities together with greater concentration on clubs that are located in major urban areas were important factors in increasing turnover. The new club at Wood Green, which replaced the Finsbury Park Club, was a great success. Just after the year end the Kilburn club transferred from modest premises and is now the largest club in North London.

Legislation has now been passed to introduce a national game into the U.K., to be played in all licensed bingo clubs for a daily prize of £50,000, and Rank plan to participate in this game in 1986.

### HOTELS AND CATERING

Director - Stuart May

	1985	1984
Turnover (£million)	102.9	93.5
Trading Profit (£million)	15.4	11.4

#### Rank Hotels

Trading profit increased by 42% over 1984. All the hotels produced improved results particularly those in London where demand for accommodation was high throughout the year.

Benefits continued to flow from the extensive refurbishment and upgrading schemes carried out in previous years and further projects were progressed during the year. Most important of these was the building of a new 500 seat conference and banqueting suite at the Gloucester Hotel. With the addition of this suite, Rank Hotels has a comprehensive range of large and small, modern, purpose-built conference facilities which are now amongst the best in London. Other programmes included major bedroom refurbishment and improvements to restaurants, bars and public areas.

The company purchased the headlease of the Royal Lancaster Hotel for £7.25 million.

The Unicorn in Bristol and the St. Regis Hotel, Detroit, both produced excellent results. During the year the Hotel Medano in Tenerife was sold.

### Rank Motorway Services

Trading profit for the year showed improvement on last year, despite three sites being handicapped through roadworks causing partial closure of certain service areas at various times of the year.

Modernisation of the company's service areas continues. Principal developments included Aust on the M4, where a new cafeteria restaurant, shop and transport drivers' club were opened.

### PRECISION INDUSTRIES

Director - Peter Blaxtan

	1985	1984
Turnover (£million)	73.3	68.3
Trading Profit (£million)	11.5	8.8

Trading profit increased substantially, with major improvements at Rank Taylor Hobson more than compensating for the difficult conditions experienced by Rank Cintel in its broadcast market. Three-quarters of Precision Industries' sales are obtained in export markets principally through our overseas subsidiaries. Current orders in hand are over 10% higher than a year ago. Expenditure on research and development programmes increased.

The programme for disposal of unprofitable businesses was completed with the sale of Tele-Stage. Since the year end, a precision display tube operation has been purchased from Thorn EMI, to be called Rank Brimar.

### Rank Cintel

In depressed international conditions for broadcasting equipment Rank Cintel incurred a loss but maintained its market share. The company continues to be the world's leading supplier of telecine equipment used by professional television establishments for the conversion of images on motion picture film to electronic signals.

Significant orders were received for the new CCD telecine, both from Europe and the U.S.A., endorsing the company's underlying technical and market strength.

A range of newly designed video micrographics equipment, which enables information in microform to be stored

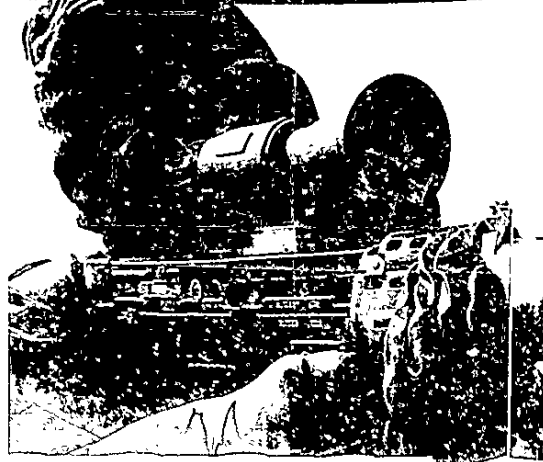
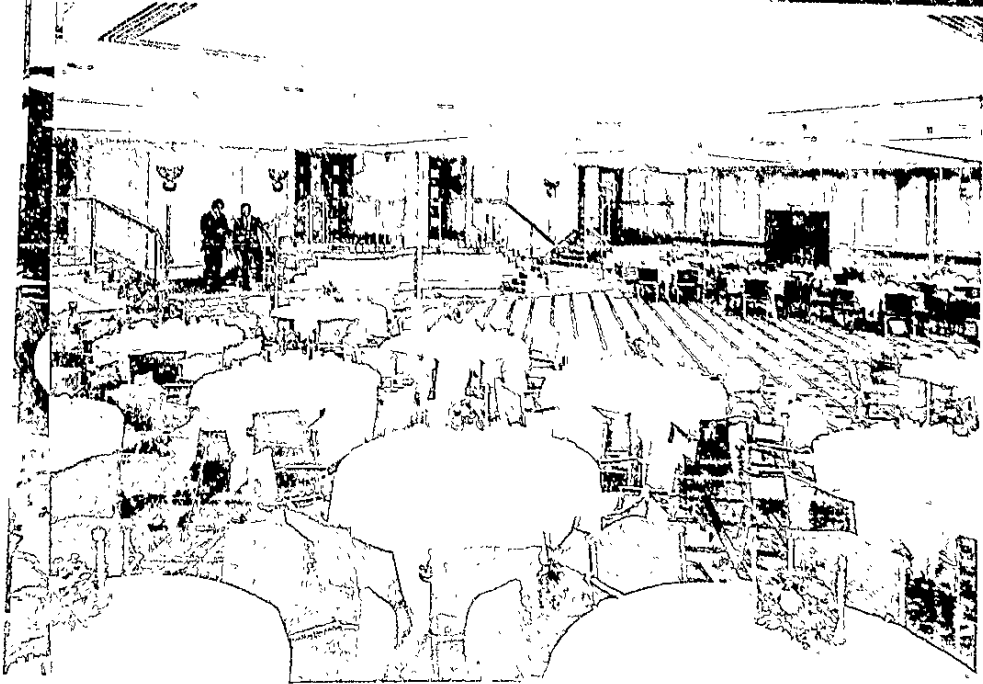
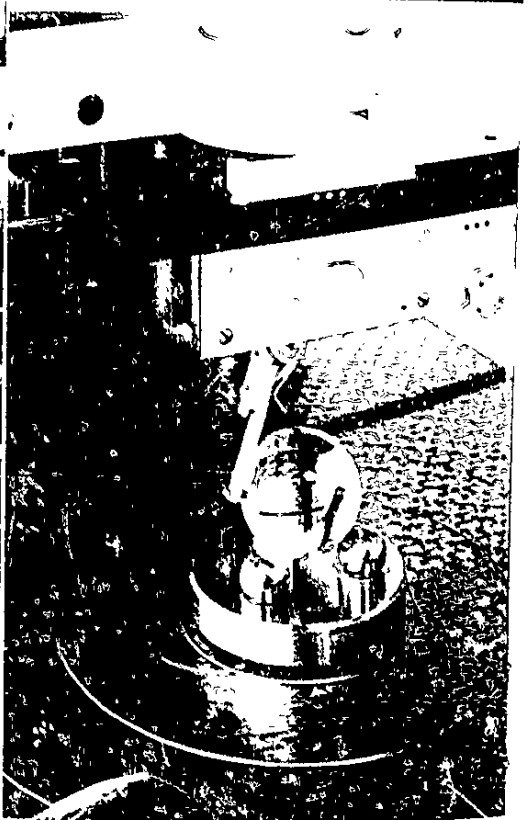
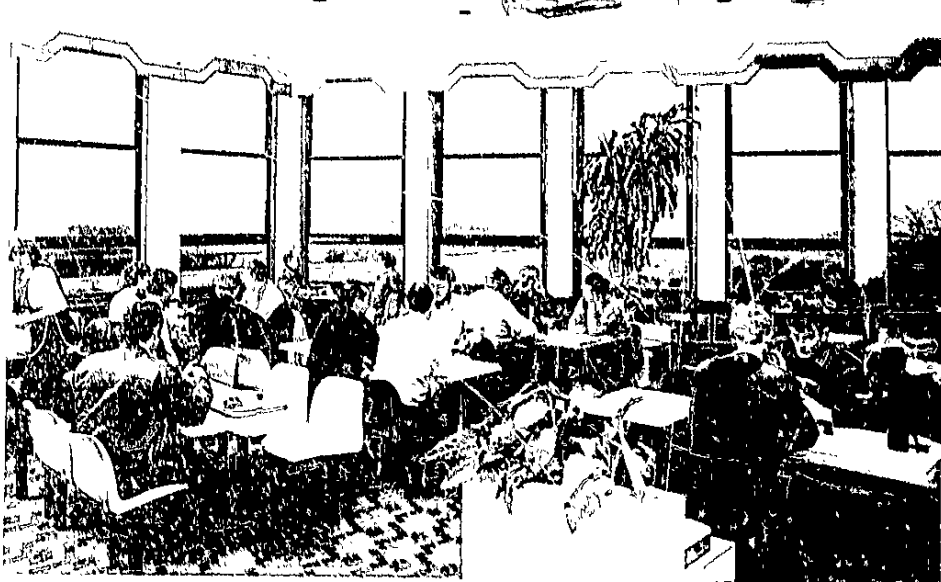
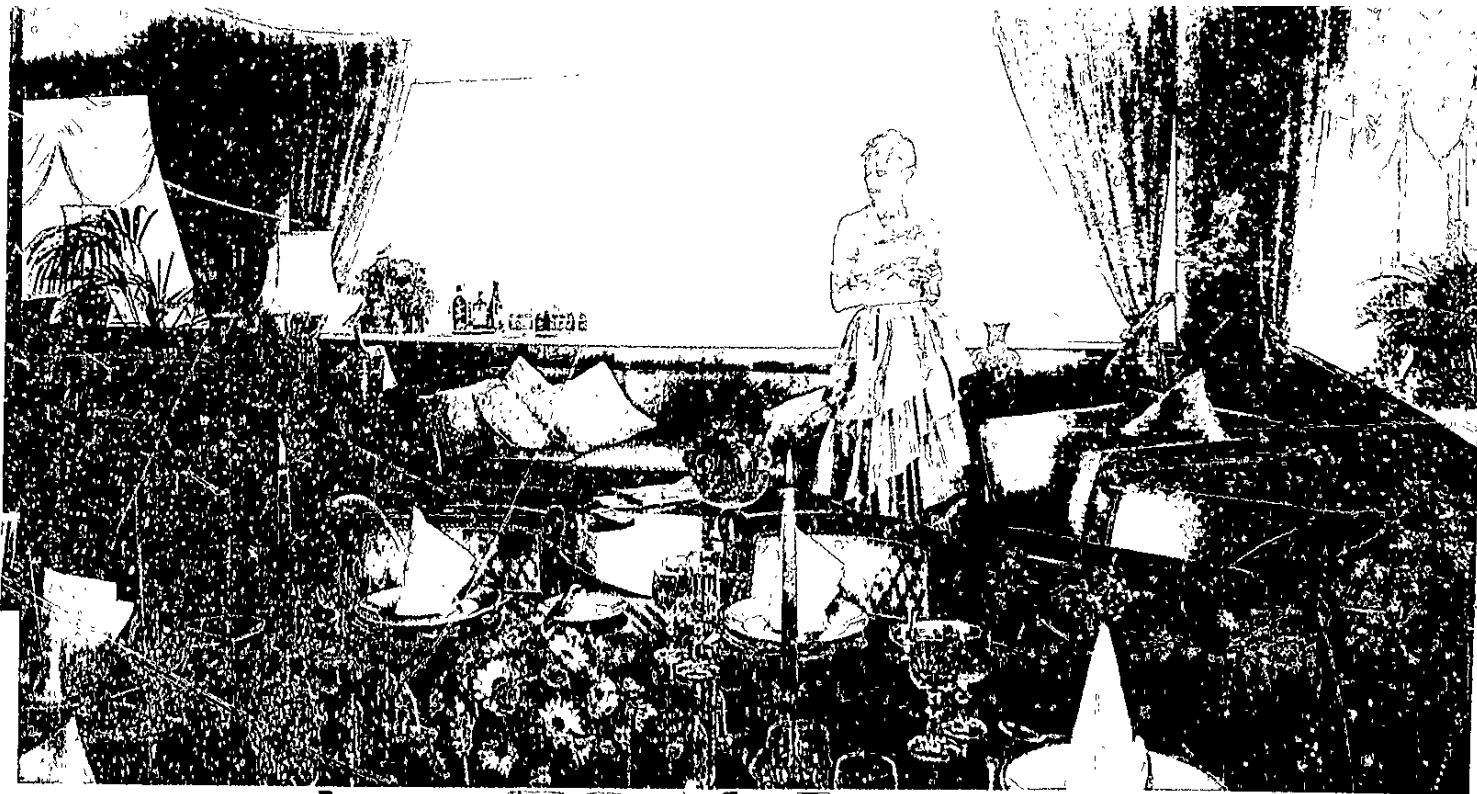
Top left: "Santa Claus - The Movie" was made at Pinewood Studios, distributed by Rank and was a great success for the Odeon cinemas.

Top right: A DC-10 in Cal Air's new livery over one of Rank's marinas.

Centre: The new water wonderland currently being built at Somerwest World, Butlin's biggest centre, at Minehead, Somerset.

Bottom right: Leisure Holidays' chalets and caravans are very popular with families wanting self-catering seaside holidays.

Bottom left: During the year TV star Ted Rogers opened the new Top Rank Bingo Club in Reading.





# The Rank Organisation

## Review of Operations *continued*

and remotely accessed, was launched in April and early indications are that this innovation is being well received.

### Rank Electronic Tubes and Rank Brimar

Rank Electronic Tubes, which manufactures precision display tubes principally for avionic and military applications, produced a record profit as a result of the improvement in the avionic sector of the market. Further penetration of the market for military vehicle tubes was achieved. The company's manufacturing facility in the U.S.A., which also makes avionic tubes, failed to make planned progress and is now being reorganised.

The CRT operation recently purchased from Thorn EMI will be operated in association with RET under the name Rank Brimar. This acquisition will strengthen Rank's position in the market for these devices.

### Rank Pullin Controls

The company supplies a wide range of sighting equipment operating in the visible and infra-red wavebands and in another successful trading year it produced higher profit. Export orders accounted for over 60% of sales volume with image intensifying sights for military vehicles making up the larger part of the turnover.

The company maintained its investment in new product development, particularly in thermal imaging technology.

### Rank Taylor Hobson

The company, which manufactures a wide range of metrological instruments, cine zoom lenses and thermal imaging scanners, produced a year of record trading profit. This reflected both high export sales and an outstanding performance in improving efficiency and productivity aided by site rationalisation and new machine tool investment.

The Form Talysurf instrument, launched in late 1984, was particularly successful. This is a new type of metrology instrument which combines measurement of surface geometry and surface metrology in one process. Other new metrology products will be

launched in 1986.

The company won a third production contract for Thermal Imaging Common Modules from the Ministry of Defence.

### NORTH AMERICA

Director - Michael Gifford

	1985	1984
Turnover (£million)	38.7	39.8
Trading Profit (£million)	3.6	3.2

During the year the loss making companies Nestar Systems Inc. and Zynar Limited were sold.

### Strand Lighting

This company, whose management headquarters are now based in Los Angeles, achieved record turnover and profit and enters the current year with its highest ever level of orders. In addition to being a leading specialist lighting business in the U.S.A., it also operates in the U.K., Continental Europe, Canada and the Far East holding a major share of the world wide market for professional stage and studio lighting.

The company has launched a new lighting innovation which enables motion pictures that are produced on location to be filmed for the first time without any trace of 'flicker'.

In the theatre and concert lighting sector, Strand Lighting has acquired advanced technology which will enable the company to develop and market a completely new concept for remotely controlled, automated and computerised lighting systems.

During the year Strand Lighting won a two million dollar contract to provide the largest lighting control installation at EXPO 86 in Vancouver, Canada.

### Lake Arrowhead — Kingston Plantation

The company has commenced work on a major leisure development project involving the construction of a hotel, two tower blocks of apartments, luxury villas and leisure facilities in a lake and woodland ocean front setting at Myrtle Beach, South Carolina, U.S.A., a fast growing holiday and recreation area. The complex is called Kingston Plantation.

The half-mile square site was acquired by Rank in 1979 as a mobile home park

Top: The luxurious Presidential suite at the Royal Lancaster Hotel in London.

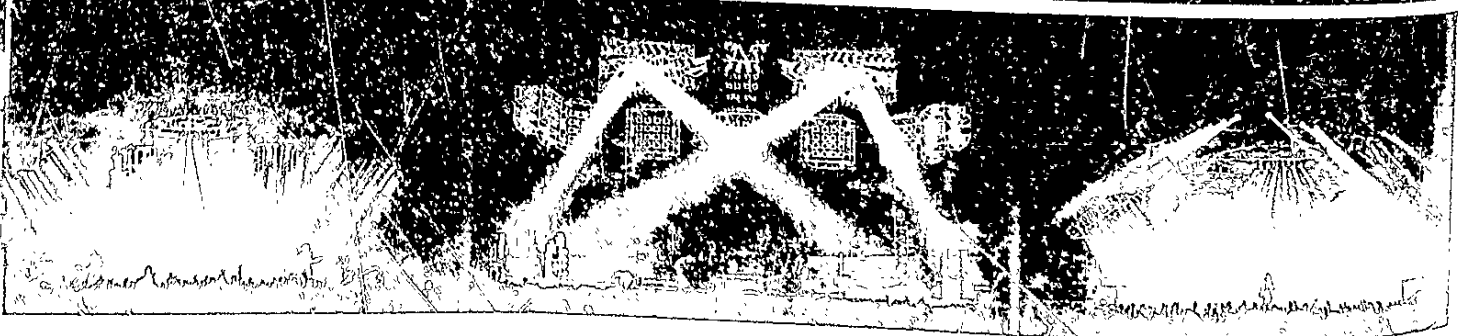
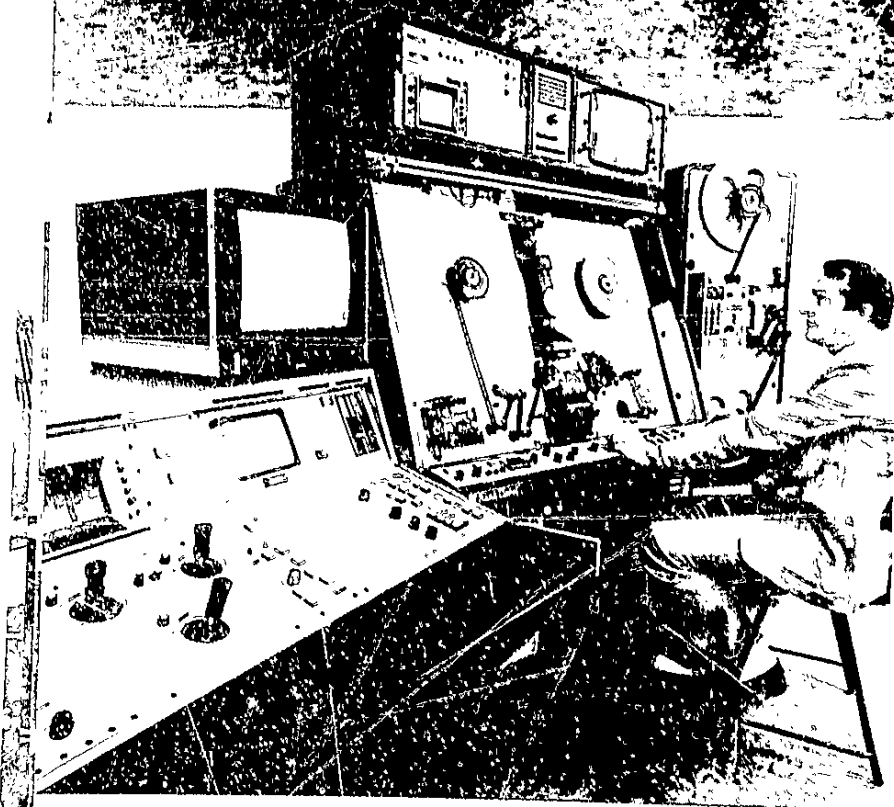
Centre left: The new self-service restaurant at Aust motorway service area on the M4, overlooking the Severn Bridge.

Bottom left: The new conference and banqueting suite at the Gloucester Hotel, West London.

Centre right: Taylor Hobson's ultra-high precision Talysurf 73 checking quartz spheres for use in a NASA research project.

Bottom right: Pullin Controls' lightweight telescopic day/night sights are designed for use in all forms of warfare.





# The Rank Organisation

## Review of Operations *continued*

operation. A recent review indicated that higher profit and investment returns could be obtained through selective development. The hotel suites, villas and tower apartments are being sold to private purchasers prior to construction. Since marketing began in May on the first phase of the development, demand has been strong. When this phase is complete in 1987 sales of some \$85 million should have been generated. The total enterprise is planned as a seven year project and is expected to produce total sales of up to \$500 million.

The mobile home park activity continues to operate profitably.

**Telecom Plus International Inc.**  
Rank's share of the pre-tax profit of Telecom Plus for the year to 30th September 1985 was £0.4 million compared with a loss of £4.9 million in 1984. The first half year figures showed a return to profitability following the strike that affected 1984 results. The third quarter produced a loss as a result of the acquisition of Compath National, a West Coast Interconnect company. Despite intense competition in their national market the fourth quarter saw a return to profitability and the year ended with a satisfactory order book.

### AUSTRALASIA/ASIA

Director - Leslie Bond

	1985	1984
Turnover (£million)	27.1	28.9
Trading Profit (£million)	2.2	2.1

#### Australia

Both furniture subsidiaries traded profitably, with the Architectural Fittings business achieving a record year. As planned, the Air Conditioning and Housewares businesses and several properties, including the 28 acre site in Melbourne, were sold during the year. Since the end of the year the plan has continued with the Major Domestic Appliances business being closed and the service division in the process of being divested.

#### Asia

At Rank O'Connor's, the continuing economic recession throughout the

ASEAN area depressed consumer business. However, sales of technical products showed a substantial increase due to completion of a major project in Kuala Lumpur and the successful marketing of Mobira mobile telephones and this resulted in higher profit. Following restructuring, Rank Electronics Asia Limited based in Hong Kong is now managed by Strand Lighting. Rank's 24% share in the equity of the Cathay Organisation Pte Ltd has been sold.

#### New Zealand

The Rank 50% share of the profit before tax of Kerridge Odeon companies was £2.1 million for the year ended 31st March 1985 compared with £2.2 million in the previous year. There was a strong improvement in the profitability of the Business Equipment divisions which almost offset lower profit from the Cinema division.

Kerridge disposed of its minority shareholding in Rank Xerox (N.Z.) Limited to Rank Xerox.

### RANK XEROX

Rank's share of the profit before tax of the Rank Xerox companies was £68.4 million compared with £63.9 million the previous year.

Rank Xerox turnover for the year to 31st October 1985 increased by 5% to £1,806 million producing a profit before tax and before Xerox recharges of £201 million compared with £189 million in 1984. The year's results were adversely affected by the higher costs of components and machines sourced in the U.S.A. and Japan arising from the strength of the dollar and yen currencies. During the year Rank's investment in Rank Xerox Business Equipment Inc. was sold to Xerox Corporation for £7.7 million.

Top: A five apartment villa at Kingston Plantation, South Carolina, U.S.A.

Centre right: Testing a small precision display tube at Rank Electronic Tubes.

Centre left: Cintel Mark IIIc telecine flying spot scanners are used by television companies throughout the world.

Bottom: Examples of the type of concert lighting for which Strand Lighting has acquired the technology.

# The Rank Organisation

## Share Ownership Analysis

at 31st October 1985

	Holdings		Nominal amount held	
	Number	%	£m	%
<b>Ordinary share holdings</b>				
Individuals				
Up to 500 shares	21,024	68.05	0.6	1.19
501 – 2,500 shares	6,386	20.67	1.5	2.97
2,501 – 25,000 shares	651	2.11	0.8	1.58
Over 25,000 shares	7	0.02	0.2	0.40
	<u>28,068</u>	<u>90.85</u>	<u>3.1</u>	<u>6.14</u>
Institutions and other corporate holdings				
Banks and nominee companies	1,927	6.24	26.0	51.49
Insurance companies and pension funds	303	0.98	15.1	29.90
Other corporate holdings	597	1.93	6.3	12.47
	<u>2,827</u>	<u>9.15</u>	<u>47.4</u>	<u>93.86</u>
<b>Total Ordinary share holdings</b>	<b>30,895</b>	<b>100.00</b>	<b>50.5</b>	<b>100.00</b>
Preference share holdings	4,961		12.5	
<b>Total</b>	<u><b>35,856</b></u>		<u><b>63.0</b></u>	

## The Financial Calendar

Results	Dates of Payment of Dividends and Interest	
Half Year:	Ordinary shares	
Announced July	Interim:	November
	Final:	April
Full Year:	Preference shares	
Announced January	1st January and 1st July	
	4½% Convertible Loan 1993	
	15th February	
Annual Report:	6% Unsecured Loan	
Posted to shareholders in February	Stock 1983/88	30th June and 31st December
	5½% Unsecured Loan	
	Stock 1990/95	30th June and 31st December
Annual General Meeting:	8% Unsecured Loan	
Held in March	Stock 1988/93	30th June and 31st December
	8½% Bonds 1986	
	1st November	
	10½% Unsecured	
	Loan Stock 1997/2002	30th April and 31st October

# The Rank Organisation

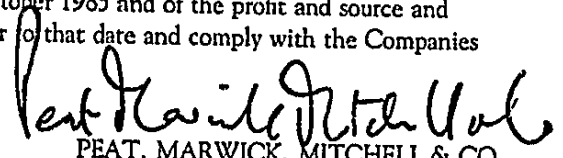
## Report of the Auditors

to the Members of The Rank Organisation Plc

We have audited the accounts on pages 18 to 37 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 1 on pages 21 and 22, give a true and fair view of the state of affairs of the company and of the group at 31st October 1985 and of the profit and source and application of funds of the group for the year to that date and comply with the Companies Act 1985.

London  
30th January 1986

  
PEAT, MARWICK, MITCHELL & CO.  
Chartered Accountants

# The Rank Organisation

## Group Profit & Loss Account

for the year ended 31st October 1985

	Note	1985 £m	1984 £m
Turnover	26	630.9	724.7
Less costs net of exceptional items	2	561.4	664.9
Trading profit	2 & 26	69.5	59.8
Share of results of associated companies	3		
Rank Xerox companies		68.4	63.9
Others		2.7	1.5
		<u>140.6</u>	<u>125.2</u>
Interest	4	(3.6)	(19.9)
Profit on ordinary activities before tax		<u>137.0</u>	<u>105.3</u>
Tax on profit on ordinary activities	5	(57.2)	(42.1)
Profit on ordinary activities after tax		<u>79.8</u>	<u>63.2</u>
Minority interests		(6.4)	(6.6)
Earnings		<u>73.4</u>	<u>56.6</u>
Extraordinary items	6	0.6	—
Profit for the financial year	7	<u>74.0</u>	<u>56.6</u>
Dividends	8	(30.9)	(24.8)
Transfer to reserves	23	<u>43.1</u>	<u>31.8</u>
Earnings per Ordinary share (before extraordinary items)	9	<u>36.0p</u>	<u>27.7p</u>

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# The Rank Organisation

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## Group Profit & Loss Account

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for the year ended 31st October 1985

	Note	1985 £m	1984 £m
Turnover	26	630.9	724.7
Less costs net of exceptional items	2	<u>561.4</u>	<u>664.9</u>
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Share of results of associated companies	3		
Rank Xerox companies		68.4	63.9
Others		2.7	1.5
		<u>140.6</u>	<u>125.2</u>
Interest	4	(3.6)	(19.9)
Profit on ordinary activities before tax		<u>137.0</u>	<u>105.3</u>
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Minority interests		(6.4)	(6.6)
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Earnings per Ordinary share (before extraordinary items)	9	<u>36.0p</u>	<u>27.7p</u>

# The Rank Organisation

## Balance Sheets

at 31st October 1985

	Note	Group		Company	
		1985 £m	1984 £m	1985 £m	1984 £m
<b>Fixed assets</b>					
Intangible assets	10	57.2	56.2	0.4	0.4
Tangible assets	11				
Investment properties		—	78.8	—	—
Others		214.4	201.8	56.7	56.6
Investments					
Subsidiary companies	13	—	—	579.1	572.6
Associated companies	14	345.3	368.3	1.1	1.1
Others	15	—	0.4	—	—
		<u>616.9</u>	<u>705.5</u>	<u>637.3</u>	<u>630.7</u>
<b>Current assets</b>					
Stocks	16	80.5	90.2	16.4	14.0
Debtors	17	129.5	142.0	80.4	99.6
Security deposits	18	29.6	—	—	—
Other cash deposits	18	161.3	45.8	59.1	14.3
Cash at bank and in hand	18	5.1	7.0	0.8	1.5
<b>Creditors (amounts falling due within one year)</b>					
Loan capital	18	(46.7)	(26.9)	(38.7)	(21.1)
Other	19	(168.0)	(169.1)	(154.4)	(165.9)
<b>Net current assets (liabilities)</b>		<u>191.3</u>	<u>89.0</u>	<u>(36.4)</u>	<u>(57.6)</u>
<b>Total assets less current liabilities</b>		<u>808.2</u>	<u>794.5</u>	<u>600.9</u>	<u>573.1</u>
<b>Creditors (amounts falling due after more than one year)</b>					
Loan capital	18	(177.6)	(172.0)	(165.1)	(159.6)
Other	19	(9.6)	(3.5)	—	(0.1)
<b>Provisions for liabilities and charges</b>					
Deferred taxation	20 & 22	(17.7)	(17.4)	(1.2)	(8.7)
Other provisions	20	(22.0)	(27.9)	(2.1)	(3.7)
		<u>581.3</u>	<u>573.7</u>	<u>432.5</u>	<u>401.0</u>
<b>Capital and reserves</b>					
Called up share capital	23	63.1	63.1	63.1	63.1
Share premium account	23	141.6	141.6	141.6	141.6
Revaluation reserve	23	—	16.9	89.8	117.6
Other reserves	23	335.8	316.5	138.0	78.7
		<u>540.5</u>	<u>538.1</u>	<u>432.5</u>	<u>401.0</u>
<b>Minority interests</b>					
Preference shareholders		29.1	21.0	—	—
Ordinary shareholders		11.7	14.6	—	—
		<u>40.8</u>	<u>35.6</u>	<u>—</u>	<u>—</u>
		<u>811.3</u>	<u>794.5</u>	<u>600.9</u>	<u>573.1</u>

*Patrick Meaney*

Patrick Meaney  
Chairman

M. B. Gifford  
Managing Director and  
Chief Executive

Accounts approved by  
the Board on  
30th January 1986.



# The Rank Organisation

## Group Source and Application of Funds

for the year ended 31st October 1985

	1985	1984
	£m	£m
Generation of funds from operations		
Trading profit	69.5	59.8
Interest	(3.6)	(19.9)
Dividends received from associated companies	16.6	36.5
Extraordinary items before tax	3.7	(2.1)
Items not requiring (providing) funds		
Depreciation	16.6	17.3
Other items	(32.8)	(24.6)
	<u>70.0</u>	<u>67.0</u>
Decrease in working capital		
Stocks	1.2	0.7
Debtors	(2.0)	0.4
Creditors and provisions	3.5	13.2
	<u>72.7</u>	<u>81.3</u>
Net proceeds from the sale of:		
Investment properties	—	1.9
Other tangible fixed assets	21.7	27.9
Net assets and goodwill of subsidiaries	62.6	86.0
Investments	23.5	—
Total funds generated	<u>180.5</u>	<u>197.1</u>
Application of funds		
Acquisition of net assets of subsidiaries	1.8	7.1
Investments in associated companies	0.3	—
Additions to tangible fixed assets		
Investment properties	—	7.6
Other tangible fixed assets	48.8	25.1
Dividends paid	35.1	26.8
Tax paid	16.5	5.1
Total funds applied	<u>102.5</u>	<u>71.7</u>
Decrease in net borrowings	<u>78.0</u>	<u>125.4</u>
Represented by changes in:		
Preference capital of a subsidiary	(14.5)	—
Loan capital	(13.5)	112.0
Cash and short term deposits	106.0	13.4
	<u>78.0</u>	<u>125.4</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.

# The Rank Organisation

## Notes to the Accounts

### 1 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. 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 228(7) of the Companies Act 1985, 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 monetary assets and liabilities are translated at closing, or if appropriate, forward contract rates. Non-monetary assets are maintained at their historic cost unless they are matched by foreign currency borrowings in which case they are translated at closing exchange 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.

For the purposes of consolidation of financial statements denominated in foreign currencies, assets, liabilities, revenues and costs are translated into sterling at the exchange 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. Stocks also include property development in progress which is stated at cost plus attributable profit less foreseeable losses and is shown net of deposits received.

#### (vi) Property development in progress

The group uses the percentage of completion method to recognise profit from the construction of its resort condominium and patio home development. The percentage of completion is determined by measuring the percentage of actual costs incurred to date. This percentage is then applied to the estimated profit on units pre-sold in the project.

#### (vii) 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.

# The Rank Organisation

## Notes to the Accounts *continued*

### 1 Accounting policies continued

#### (viii) Depreciation of fixed assets

##### *Properties*

(a) No depreciation is provided on freehold land.

(b) Depreciation is provided on a straight line basis to write off the cost of all freehold buildings over their estimated useful lives which do not exceed 100 years.

(c) Leasehold properties are depreciated over the shorter of their estimated useful lives, which do not exceed 100 years, and the terms of the leases.

##### *Plant, vehicles and equipment*

Depreciation is provided on a straight line basis to write off the cost of the assets over their estimated useful lives mainly at rates between 5% and 25% per annum.

#### (ix) Leased assets

Rental payments in respect of operating and

finance leases are charged to profit and loss account as incurred.

#### (x) Deferred taxation

##### *The Company and its subsidiaries*

Deferred taxation is only provided where required by local regulations, or where it cannot be demonstrated with reasonable probability that 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 22 on page 34.

##### *Rank Xerox companies*

Full provision is made for deferred taxation.

### 2 Trading profit

	1985 £m	1984 £m
Turnover	630.9	724.7
Cost of sales	(485.9)	(569.9)
Gross profit	145.0	154.8
Distribution costs	(41.1)	(54.7)
Administrative expenses	(45.5)	(55.5)
Other operating income	1.6	0.8
Exceptional items	60.0	45.4
Surplus on purchase of debenture and loan stock	1.3	2.9
Profits less losses on disposal of operating properties	7.1	9.5
Cancellation of aircraft lease	—	1.8
Recovery of oil exploration expenditure written off in prior years	1.1	0.2
Trading profit	69.5	59.8
Trading profit is stated after (charging) or crediting the following items:		
Depreciation of tangible fixed assets	(16.6)	(17.3)
Operating lease payments — property	(4.3)	(5.0)
— plant and machinery	(1.3)	(1.3)
Finance lease payments — plant and machinery	(0.8)	(0.8)
Auditors' remuneration (Company £0.2m 1984 £0.2m)	(0.7)	(0.9)
Rents receivable	3.2	14.2

# The Rank Organisation

## Notes to the Accounts *continued*

### 3 Share of results of associated companies

	1985 £m	1984 £m
Share of profits less losses before taxation	71.1	65.4
Share of taxation (note 5)	(36.2)	(27.7)
Share of extraordinary items (note 6)	(1.2)	9.9
Dividends receivable by the Group	33.7 (20.2)	47.6 (36.9)
Profits less losses for the year retained by associated companies	13.5	10.7
Minority interests	(0.5)	(0.8)
Amounts retained attributable to shareholders of the Company	13.0	9.9
Reserves of associated companies written out on disposal of investments	(7.1)	—
Transfers on companies becoming subsidiaries	—	1.4
Net increase in profits retained in associated companies	5.9	11.3

### 4 Interest

	1985 £m	1984 £m
Interest on bank loans and overdrafts	(21.1)	(21.5)
Interest on other loans fully repayable within 5 years	(0.5)	(0.7)
Interest on other loans not fully repayable within 5 years	(4.8)	(6.5)
Interest receivable	22.8	8.8
	(3.6)	(19.9)

Interest payable is shown net of £0.4m (1984 £0.3m) capitalised interest relating to a property development project which is included in stocks at 31st October 1985 (see note 16).

### 5 Taxation

	1985				1984			
	Company and its subsidiaries	Associated companies Rank Xerox	Others	Total	Company and its subsidiaries	Associated companies Rank Xerox	Others	Total
	£m	£m	£m	£m	£m	£m	£m	£m
United Kingdom corporation tax								
Current	18.4	0.6	0.1	19.1	6.8	1.2	0.1	8.1
Deferred	(0.5)	0.2	—	(0.3)	1.2	1.4	—	2.6
Advance corporation tax	—	1.9	—	1.9	—	—	—	—
Development land tax	—	—	—	—	3.1	—	—	3.1
	17.9	2.7	0.1	20.7	11.1	2.6	0.1	13.8
Overseas								
Current	2.3	30.1	1.0	33.4	3.2	28.0	0.2	31.4
Deferred	0.8	2.3	—	3.1	0.1	(3.3)	0.1	(3.1)
	3.1	32.4	1.0	36.5	3.3	24.7	0.3	28.3
	21.0	35.1	1.1	57.2	14.4	27.3	0.4	42.1

#### Company and its subsidiaries

United Kingdom corporation tax on profits for the year has been provided at 42.08% (1984 47.08%) 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 £0.4m (1984 £1.5m) in respect of income from subsidiaries and £ NIL (1984 £0.7m) in respect of dividends from associated companies. The charge for taxation has been reduced by £3.4m (1984 £1.4m) in respect of accelerated capital allowances and other timing differences.

#### Rank Xerox companies

The charge for United Kingdom corporation tax has been provided at 42.08% (1984 47.08%).

# The Rank Organisation

## Notes to the Accounts *continued*

### 6 Extraordinary items

	1985 £m	1984 £m
Profits less (losses) on disposal of investment properties		
Against opening valuation	(12.0)	(27.6)
Transfer from investment property revaluation reserve relating thereto	16.9	46.5
Realised on investment properties against historical cost	4.9	18.9
Net cost and provision for cost of terminating activities	(1.2)	(21.0)
Taxation (including relief relating to previous years)	3.7	(2.1)
	(1.7)	(7.7)
	2.0	(9.8)
Share of extraordinary items of associated companies	(1.2)	9.9
	0.8	0.1
Attributable to minorities	(0.2)	(0.1)
	0.6	—

In 1984 the reduction in rates of capital allowances foreseen in the Finance Act 1984 fundamentally changed the basis on which deferred taxation is provided in the accounts. The taxation effect of the change was dealt with in extraordinary items in 1984 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	(4.4)

### 7 Profit attributable to The Rank Organisation Plc

The profit for the financial year dealt with in the accounts of The Rank Organisation Plc was £90.2m (1984 £70.7m) and included special dividends of £65.6m paid or payable by subsidiaries out of prior year profits. In 1984 the profit included dividends from subsidiaries amounting to £49.6m paid out of profits generated by the sale of undertakings and assets to sub-subsidiaries.

### 8 Dividends

	1985 £m	1984 £m
<i>Preference shares</i>		
6½% Cumulative Preference	0.4	0.4
8% Second Cumulative Preference	0.2	0.2
	0.6	0.6
<i>Ordinary shares</i>		
Interim of 5.5p per share, since paid (1984 interim of 4.8p per share)	11.1	9.7
Final of 9.5p per share, proposed (1984 final of 7.2p per share)	19.2	14.5
	30.3	24.2
	30.9	24.8

By virtue of the Finance Acts 1972 and 1976, the dividends payable on the 6½% Cumulative Preference Shares and 8% Second Cumulative Preference Shares are calculated at the rates of 4.375% and 5.6% per annum respectively.

# The Rank Organisation

## Notes to the Accounts *continued*

### 9 Earnings per Ordinary share

The calculation of earnings per Ordinary share is based upon profit before extraordinary items of £73.4m from which are deducted Preference dividends totalling £0.6m giving earnings of £72.8m (1984 £56.0m) and on Ordinary shares in issue during the year of 201,995,000 (1984 201,995,000 shares).

### 10 Intangible fixed assets

	Group			Company		
	Deferred revenue expenses £m	Goodwill £m	Total £m	Deferred revenue expenses £m	Goodwill £m	Total £m
Cost at 31st October 1984	0.8	55.9	56.7	0.3	3.4	3.7
Currency translation adjustment	—	(0.3)	(0.3)	—	—	—
Additions	—	2.1	2.1	—	—	—
Disposals	—	(0.8)	(0.8)	—	—	—
Cost at 31st October 1985	0.8	56.9	57.7	0.3	3.4	3.7
Amortisation at 31st October 1984	0.5	—	0.5	0.1	3.2	3.3
Amortisation for year	—	—	—	—	—	—
Amortisation at 31st October 1985	0.5	—	0.5	0.1	3.2	3.3
Net book amount at 31st October 1984	0.3	55.9	56.2	0.2	0.2	0.4
Net book amount at 31st October 1985	0.3	56.9	57.2	0.2	0.2	0.4

### 11 Tangible fixed assets

Group	Freehold		Leasehold	Total
	£m	£m		
Completed investment properties				
Valuation at 31st October 1984	35.2	43.6	78.8	
Disposals	(35.2)	(43.6)	(78.8)	
Valuation at 31st October 1985	—	—	—	

# The Rank Organisation

## Notes to the Accounts *continued*

### 11 Tangible fixed assets continued

Other tangible fixed assets	Freehold land and buildings £m	Leasehold land and buildings £m	Plant and machinery £m	Fixtures fittings tools and equipment £m	Assets in course of construction £m	Total £m
Group						
Cost at 31st October 1984*	101.3	56.9	109.5	33.0	0.5	301.2
Currency translation adjustment	(3.2)	(0.3)	(0.2)	(3.7)	—	(7.4)
Subsidiaries acquired	1.7	—	0.1	—	—	1.8
Subsidiaries disposed	(1.1)	(0.1)	(0.6)	(1.1)	—	(2.9)
Additions	7.9	20.1	16.2	3.3	1.3	48.8
Disposals	(7.1)	(2.6)	(7.6)	(2.5)	—	(19.8)
Transfers on completion	—	0.5	—	—	(0.5)	—
Transfers (to)/from current assets	(1.5)	0.3	(0.8)	—	—	(2.0)
Cost at 31st October 1985	98.0	74.8	116.6	29.0	1.3	319.7
Depreciation at 31st October 1984*	16.8	11.0	53.7	17.9	—	99.4
Currency translation adjustment	(0.3)	(0.1)	(0.2)	(1.7)	—	(2.3)
Subsidiaries disposed	(0.1)	(0.1)	(0.3)	(0.8)	—	(1.3)
Disposals	(0.5)	(1.5)	(5.9)	(1.7)	—	(9.6)
Depreciation for year	1.8	1.4	10.1	3.3	—	16.6
Provisions for loss on disposal	—	0.1	2.3	—	—	2.4
Transfers (to)/from current assets	(0.3)	0.4	—	—	—	0.1
Depreciation at 31st October 1985	17.4	11.2	59.7	17.0	—	105.3
Net book amount at 31st October 1984*	84.5	45.9	55.8	15.1	0.5	201.8
Net book amount at 31st October 1985	80.6	63.6	56.9	12.0	1.3	214.4
Company						
Cost at 31st October 1984*			22.9	25.2	39.4	87.5
Additions			2.5	2.5	8.8	13.8
Disposals			(2.2)	(2.9)	(6.1)	(11.2)
Transfers (to)/from current assets			(1.2)	0.3	0.2	(0.7)
Cost at 31st October 1985			22.0	25.1	42.3	89.4
Depreciation at 31st October 1984*			6.0	4.7	20.2	30.9
Disposals			—	(0.5)	(2.5)	(3.0)
Depreciation for year			0.3	0.6	3.2	4.1
Provisions for loss on disposal			—	0.1	0.2	0.3
Transfers (to)/from current assets			(0.3)	0.4	0.3	0.4
Depreciation at 31st October 1985			6.0	5.3	21.4	32.7
Net book amount at 31st October 1984*			16.9	20.5	19.2	56.6
Net book amount at 31st October 1985			16.0	19.8	20.9	56.7

The net book amount of leasehold land and buildings at 31st October 1985 includes for the Group £23.8m (1984 £23.6m) and for the Company £15.2m (1984 £15.4m) in respect of leases with less than 50 years to run.

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

# The Rank Organisation

## Notes to the Accounts *continued*

### 12 Commitments

Future capital expenditure	Group		Company	
	1985 £m	1984 £m	1985 £m	1984 £m
Commitments	15.3	3.7	—	0.4
Authorised by the Directors but not contracted	14.0	16.6	2.2	2.1
	<u>29.3</u>	<u>20.3</u>	<u>2.2</u>	<u>2.5</u>

#### Property development in progress

Future expenditure on the property development in progress (note 16) authorised by the Directors amounted to £45.1m of which £38.0m was contracted at 31st October 1985.

#### Rental commitments over periods of leases

There are the following rental commitments in respect of operating leases of properties and plant and machinery payable in the year ending 31st October 1986:

	Group		Company	
	Properties £m	Plant and machinery £m	Properties £m	Plant and machinery £m
Commitments expiring in one year	1.2	0.9	0.7	0.1
Commitments expiring in two to five years	5.2	0.9	3.1	0.2
Commitments expiring in more than five years	36.6	0.5	30.5	—
	<u>43.0</u>	<u>2.3</u>	<u>34.3</u>	<u>0.3</u>

Total rental commitments in respect of finance leases of plant and machinery amounted to £2.4m at 31st October 1985 of which £1.0m 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 1985 these amounted to £34.6m (1984 £24.4m) sterling equivalent.

### 13 Investments in subsidiaries

	Shares at cost or valuation £m	Loans and advances £m	Provisions £m	Net book amount £m
Balances at 31st October 1984	275.0	330.5	(32.9)	572.6
Additions	15.5	96.2	—	111.7
Disposals/repayments	(6.9)	(55.5)	6.2	(56.2)
Increase in provisions	—	—	(23.1)	(23.1)
Reduction of provisions	—	—	1.9	1.9
Deficit on revaluation	(27.8)	—	—	(27.8)
Balances at 31st October 1985	<u>255.8</u>	<u>371.2</u>	<u>(47.9)</u>	<u>579.1</u>

The Company's 60% directly owned holding in the ordinary share capital of Rank Precision Industries (Holdings) Plc was revalued by the directors on 31st October 1985 at £93.1m 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 £65.6m (1984 £69.5m) has been subordinated to other creditors as an alternative to increasing the share capital of certain subsidiaries.



# The Rank Organisation

## Notes to the Accounts *continued*

13 Investments in subsidiaries  
continued

The principal subsidiaries, whose activities are shown in greater detail in the Review of Operations on pages 7 to 15 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 Audio Visual 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 Theatres Limited	Ordinary	Great Britain	—	100	100
	Rank Video Services Limited	Ordinary Deferred	Great Britain	— —	100 100	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 Deferred	Great Britain	100 100	— —	100 100
	Top Rank Limited	Ordinary	Great Britain	—	100	100
	Rank Hotels Limited	Ordinary	Great Britain	100	—	100
Hotels and Catering	Rank Motorway Services Limited	Ordinary	Great Britain	—	100	100
	Rank Precision Industries Limited	Ordinary	Great Britain	100	—	100
Precision Industries	Rank Precision Industries Inc	Common	U.S.A.	—	100	100
North America	Lake Arrowhead Inc	Common	U.S.A.	—	100	100
	Strand Century Inc	Common	U.S.A.	—	100	100
	Rank Development Inc	Common	U.S.A.	—	100	100
	Rank Electronics Asia Limited	Ordinary	Hong Kong	—	100	100
Australia/Asia	Rank Strand Limited	Ordinary	Great Britain	100	—	100
	Rank Industries Australia Limited	Ordinary	Australia	—	100	100
	Rank Industries Asia Pte. Limited	Ordinary	Singapore	—	100	100
Holding and other companies	A. Kershaw & Sons, Plc (note (a))	8% 'A' Cumulative Preference 12½% 'B' Non-Cumulative Preference Ordinary	Great Britain	78	—	78
	Rank Overseas Holdings Plc (note (b))	Ordinary	Great Britain	82	—	82
	Rank Precision Industries (Holdings) Plc (note (a))	5% Cumulative Preference Ordinary	Great Britain	100	—	100
	Rank RX Holdings Limited (note (c))	Ordinary	Great Britain	57	35	92
		Ordinary	Great Britain	60	33	93
		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 which owns 50% of the share capital of Rank RX Holdings Limited.

(b) Rank Overseas Holdings Plc owns the Group's investment in Rank Industries Australia Limited and other overseas subsidiary and associated companies.

(c) Rank RX Holdings Limited owns directly and indirectly the whole of the Group's interests in the Rank Xerox companies.

# The Rank Organisation

## Notes to the Accounts *continued*

### 14 Investments in associated companies

	Group			Company	
	Shares at cost £m	Share of post acquisition retained profits £m	Loans and advances £m	Total £m	Shares at cost £m
<b>Rank Xerox companies (unlisted)</b>					
Balances at 31st October 1984	22.7	278.9	1.2	302.8	—
Additions	—	—	—	—	7.7
Disposals	(5.3)	3.2	—	(2.1)	(7.7)
Share of retained profits and reserves for the year	—	(5.7)	—	(5.7)	—
Balances at 31st October 1985	17.4	276.4	1.2	295.0	—
<b>Others (unlisted)</b>					
Balances at 31st October 1984	46.6	18.8	—	65.4	1.1
Currency translation adjustment	(6.8)	0.2	—	(6.6)	—
Disposals	(0.8)	(10.3)	—	(11.1)	—
Share of retained profits and reserves for the year	—	2.6	—	2.6	—
Balances at 31st October 1985	39.0	11.3	—	50.3	1.1
<b>Others (listed)</b>					
Balances at 31st October 1984	0.1	—	—	0.1	—
Balances at 31st October 1985	—	—	—	—	—
<b>Total</b>					
Balances at 31st October 1985					
Unlisted	56.4	287.7	1.2	345.3	1.1
Listed	—	—	—	—	—
	56.4	287.7	1.2	345.3	1.1

The cost of shares in associated companies at 31st October 1985 includes goodwill of £9.4m (1984 £16.8m).

# The Rank Organisation

## Notes to the Accounts *continued*

14 Investments in associated companies continued

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 accounts	Date of accounts (see note 1(i))
Rank Xerox companies					
Rank Xerox Limited	48.8	Great Britain	'B' Ordinary	96.4	31.10.85
Rank Xerox Holding B.V.	48.8	Holland	'D' Ordinary 'B' Ordinary 'C' Ordinary	96.4 96.4 96.4	31.10.85
Rank Xerox Investments Limited	49.0	Bermuda	'B' Ordinary	96.4	31.10.85
Other associated companies					
Film exhibition					
Carhay Films Distribution Company Limited	24.2	Hong Kong	Ordinary	24.2	31.12.84
Kerridge Odeon Corporation Limited	50.0	New Zealand	Ordinary	50.0	31. 3.85
Holidays and recreation					
Cal Air International Limited	50.0	Great Britain	Ordinary	50.0	31.10.85
Communication systems					
Telecom Plus International Inc.*	23.5	U.S.A.	Common	23.5	30. 9.85

\* unaudited management accounts

The business of the Rank Xerox companies consists of the manufacturing and marketing of business equipment. This includes xerographic copiers and duplicators, electronic, impact and electrostatic printers, information processing products and systems, electronic typewriters, facsimile transceivers, and related supplies. Rank Xerox has its principal manufacturing operations in the United Kingdom, France and Holland and markets such equipment through subsidiary companies in Europe, Asia, Africa and Australia. Its principal associated company, Fuji Xerox Co. Ltd., a company incorporated in Japan, which is 50% owned by Rank Xerox Limited, also manufactures and markets business equipment.

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	1985	1984	Balance Sheet	1985	1984
	£m	£m		£m	£m
Turnover	1,806	1,724	Fixed assets		
Less costs	1,645	1,571	Intangible assets	1	1
Trading profit	161	153	Tangible assets	449	588
Interest	(14)	(19)	Investments	195	177
Share of results of associates	54	55	Net current assets	645	766
Profit before Xerox Corporation charges	201	189	Total assets less current liabilities	1,137	1,086
Xerox Corporation charges	(75)	(72)	Creditors falling due after more than one year	(222)	(177)
Profit before tax	126	117	Provisions for liabilities and charges	(47)	(23)
Tax	(65)	(35)		868	886
Profit after tax	61	82	Share capital and reserves	859	874
			Minority interests	9	12
				868	886

# The Rank Organisation

## Notes to the Accounts *continued*

### 15 Other investments (unlisted)

	Shares at cost £m	Loans and advances £m	Provisions £m	Total £m
Balances at 31st October 1984	0.6	0.4	(0.6)	0.4
Additions	—	0.3	(0.3)	—
Disposals	(0.4)	—	—	(0.4)
Balances at 31st October 1985	0.2	0.7	(0.9)	—

### 16 Stocks

	Group		Company	
	1985 £m	1984 £m	1985 £m	1984 £m
Raw materials and consumables	14.6	17.9	1.0	1.0
Work in progress	16.7	14.4	—	—
Finished goods and goods for resale	24.5	42.3	3.8	3.9
Film productions	11.7	9.1	11.6	9.1
Property developments in progress	13.0	6.5	—	—
	80.5	90.2	16.4	14.0

### 17 Debtors

	Group		Company	
	1985 £m	1984 £m	1985 £m	1984 £m
Amounts falling due within one year				
Trade debtors	61.1	76.9	7.2	7.3
Amounts owed by group companies	—	—	39.8	62.5
Other debtors	11.0	12.8	4.9	7.3
Fixed assets held for disposal	3.9	7.1	2.5	1.5
Prepayments and accrued income	19.5	17.4	7.9	6.9
Dividends receivable from associated company	14.8	11.2	—	—
	110.3	125.4	62.3	85.5
Amounts falling due after more than one year				
Trade debtors	0.4	1.3	0.4	1.2
Other debtors	4.3	2.9	0.7	0.5
Fixed assets held for disposal	1.1	1.7	1.1	1.7
Advance corporation tax recoverable on dividends provided in the accounts	13.4	10.7	15.9	10.7
	19.2	16.6	18.1	14.1
Total	129.5	142.0	80.4	99.6

# The Rank Organisation

## Notes to the Accounts *continued*

18 Loan capital, short term deposits and cash

	Group		Company	
	1985 £m	1984 £m	1985 £m	1984 £m
Bank overdrafts	10.1	7.0	8.1	3.0
Bank loans				
Amounts repayable				
Within one year or on demand	34.8	17.6	29.1	17.6
Between one and two years	53.7	42.2	49.5	42.2
Between two and five years	12.1	29.5	12.1	29.5
In five years or more	48.7	22.4	48.7	22.4
	<u>149.3</u>	<u>111.7</u>	<u>139.4</u>	<u>111.7</u>
Other borrowings				
4½% Convertible Loan 1993	26.0	34.2	26.0	34.2
Remaining amount repayable				
Within one year	1.8	2.3	1.5	0.5
Between one and two years	4.2	2.7	2.7	2.1
Between two and five years	0.8	5.9	0.1	3.2
Between five and fifteen years	13.4	16.4	7.3	7.3
In fifteen years or more	18.7	18.7	18.7	18.7
	<u>64.9</u>	<u>80.2</u>	<u>56.3</u>	<u>66.0</u>
Total	<u>224.3</u>	<u>198.9</u>	<u>203.8</u>	<u>180.7</u>
Secured				
Sterling	8.4	9.4	—	—
Other currencies	26.0	3.7	26.0	—
	<u>34.4</u>	<u>13.1</u>	<u>26.0</u>	<u>—</u>
Unsecured				
Sterling	42.1	37.6	41.9	37.6
Other currencies	147.8	148.2	135.9	143.1
	<u>189.9</u>	<u>185.8</u>	<u>177.8</u>	<u>180.7</u>
Total as above	<u>224.3</u>	<u>198.9</u>	<u>203.8</u>	<u>180.7</u>
Amounts falling due within one year or on demand	46.7	26.9	38.7	21.1
Amounts falling due after more than one year	177.6	172.0	165.1	159.6
Loan capital	<u>224.3</u>	<u>198.9</u>	<u>203.8</u>	<u>180.7</u>
Security deposits	29.6	—	—	—
Other cash deposits	161.3	45.8	59.1	14.3
Cash at bank and in hand	5.1	7.0	0.8	1.5
Total deposits and cash	<u>196.0</u>	<u>52.8</u>	<u>59.9</u>	<u>15.8</u>
Net borrowings	<u>28.3</u>	<u>146.1</u>	<u>143.9</u>	<u>164.9</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 1985 at which date U.S. \$37.6m nominal of the loan was outstanding. During the year the Company purchased and cancelled U.S. \$4.1m of the loan.

Security deposits represent cash placed with the trustees of the 4½% Convertible Loan 1993 and a debenture of a subsidiary to secure the repayment of these borrowings. Sterling borrowings of £8.4m (1984 £9.4m) are secured by either fixed or floating charges on various assets and undertakings of certain subsidiaries.

The remainder of other borrowings shown above includes borrowings not fully repayable within five years totalling £33.3m (1984 £36.7m) for the Group and £26.0m (1984 £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 9.0% (1984 9.2%) and for the Company 9.5% (1984 9.5%). Bank loans for the Group and Company have been reduced to the extent of £NIL (1984 £49.4m) in respect of cash deposits held under three offsetting arrangements.

# The Rank Organisation

## Notes to the Accounts *continued*

### 19 Other creditors

	Group		Company	
	1985 £m	1984 £m	1985 £m	1984 £m
Amounts falling due within one year				
Payments received on account	6.4	7.4	0.2	—
Trade creditors	55.6	60.2	17.0	18.9
Interest payable to group companies	—	—	2.5	2.1
Amounts owed to group companies	—	—	70.6	86.3
United Kingdom corporation tax	9.1	3.3	0.5	0.2
Overseas taxation	1.8	2.0	—	—
Advance corporation tax	13.4	10.7	13.4	10.7
Other tax and social security	6.1	8.8	4.2	6.3
Other creditors	17.0	15.0	4.7	4.7
Accruals and deferred income	27.0	36.6	10.8	12.3
Dividends				
Accrued on preference shares	0.2	0.2	0.2	0.2
Payable and proposed on ordinary shares	30.3	24.2	30.3	24.2
Minority shareholders of subsidiaries	1.1	0.7	—	—
	<u>168.0</u>	<u>169.1</u>	<u>154.4</u>	<u>165.9</u>
Amounts falling due after more than one year				
Payments received on account	—	0.1	—	0.1
United Kingdom corporation tax	5.0	3.4	—	—
Other creditors	4.6	—	—	—
	<u>9.6</u>	<u>3.5</u>	<u>—</u>	<u>0.1</u>

### 20 Provisions for liabilities and charges

	Group	Company	
		Deferred taxation £m	Other provisions £m
Balances at 31st October 1984		17.4	27.9
Currency translation adjustment		(0.7)	(4.0)
Utilised during the year		—	(10.2)
Arising in respect of a property development project		3.2	—
Subsidiaries disposed		(2.6)	—
Charge for the year in the profit and loss account		0.4	8.3
Balances at 31st October 1985		<u>17.7</u>	<u>22.0</u>
Balances at 31st October 1984		8.7	3.7
Utilised during the year		(0.1)	(0.9)
Charge for the year in the profit and loss account		—	(0.7)
Advance corporation tax		(7.4)	—
Balances at 31st October 1985		<u>1.2</u>	<u>2.1</u>

Other provisions are principally represented by closure costs in respect of the termination of activities.

# The Rank Organisation

## Notes to the Accounts *continued*

### 21 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 7,719 current members, 6,528 pensioners and 5,078 former employees with deferred pension rights at the 5th April 1985, 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 1985. That report disclosed that the funds were adequate to meet all the obligations of the schemes.

#### Other countries

Group contributions to schemes for employees in other countries totalled £0.9m (1984 £1.3m).

### 22 Deferred taxation

	Provided				Not provided			
	Group		Company		Group		Company	
	1985	1984	1985	1984	1985	1984	1985	1984
	£m	£m	£m	£m	£m	£m	£m	£m
Capital allowances	12.9	17.6	8.6	8.7	14.3	16.7	—	—
Other timing differences	5.3	1.8	—	—	(1.3)	(4.7)	—	—
Losses	(0.5)	(2.0)	—	—	—	(0.1)	—	—
Advance corporation tax	—	—	(7.4)	—	—	—	—	—
	<u>17.7</u>	<u>17.4</u>	<u>1.2</u>	<u>8.7</u>	<u>13.0</u>	<u>11.9</u>	<u>—</u>	<u>—</u>

The above figures exclude taxation payable:

(a) in the event of profits of certain overseas subsidiary and associated companies being distributed and

(b) on capital gains 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.

### 23 Capital and reserves

#### Share capital

	1985		1984	
	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 1985 of the unissued Ordinary shares 2,590,994 were reserved against conversions of the outstanding 4½% Convertible Loan 1993 and 933,706 against options granted under the Company's Share Savings and Executive Share Option Schemes.

The Options granted in April 1985 under the Share Savings Scheme are exercisable within a period of six months after the fifth anniversary of the SAYE contracts at a price of 306p per share. The Options granted in May 1985 under the Executive Share Option Scheme are exercisable within the period commencing on the third anniversary and before the tenth anniversary of the date of the grant at 345p per share.

#### Reserves

	Group		Company	
	1985	1984	1985	1984
	£m	£m	£m	£m
Share premium account	141.6	141.6	141.6	141.6
Revaluation reserve	—	16.9	89.8	117.6
Other reserves	335.8	316.5	138.0	78.7
	<u>477.4</u>	<u>475.0</u>	<u>369.4</u>	<u>337.9</u>

# The Rank Organisation

## Notes to the Accounts *continued*

### 23 Capital and reserves continued

	Group			Company		
	Revaluation (a)	Other	Total	Revaluation	Other	Total
		Company and its subsidiaries	Associated companies			
	£m	£m	£m	£m	£m	£m
Movements in reserves						
Balances at 31st October 1984	16.9	29.4	287.1	117.6	78.7	196.3
Currency translation adjustment	—	(8.0)	(17.1)	—	—	—
Surplus on Profit and Loss						
Account for the year	—	37.2	5.9	—	59.3	59.3
Transfer to Profit and Loss						
Account on disposals	(16.9)	—	—	—	—	—
Revaluation surplus (deficit)	—	—	1.3	(27.8)	—	(27.8)
Balances at 31st October 1985	—	58.6	277.2(b)	89.8	138.0	227.8(c)

(a) Investment property revaluation reserve

(b) Includes £266.0m in respect of Rank Xerox companies

(c) Includes £150.7m 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 4 Part II Section C of the Companies Act 1985 and have revalued an investment in a subsidiary company at 31st October 1985. The deficit on revaluation of £27.8m arising by virtue of the subsidiary company paying substantial dividends out of retained reserves has been charged to revaluation reserve.

The directors also consider that a diminution in value has occurred in a number of subsidiary companies and consequently have made a charge of £23.1m to the profit and loss account of the Company during the year.

The directors have considered the value at 31st October 1985 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 275 of the Companies Act 1985, the provisions for diminution in value of investments in subsidiaries of £23.1m charged in arriving at the surplus for the year of £59.3m 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.

### 24 Contingent liabilities

Group	1985 £m	1984 £m
Guarantees by the company and by subsidiary companies, bills discounted by group companies and uncalled liability in respect of partly paid shares	17.6	19.5
Guarantees of advances to associated company	0.2	0.2
Guarantees of lease commitments of an associated company	13.8	—
Company		
Guarantees of advances to subsidiary companies, bills discounted and uncalled liabilities in respect of partly paid shares	5.0	2.6
Provided as liabilities in the group balance sheet	13.8	16.7
Others	30.2	21.6
Guaranteed buyback of redeemable preference shares of a subsidiary	0.2	0.2
Guarantees of advances to an associated company	13.8	—
Guarantees of lease commitments of an associated company	—	—
No security has been given in respect of any contingent liability.		



# The Rank Organisation

## Notes to the Accounts *continued*

### 25 Directors and employees

(a) The directors' interests in shares or stocks of the Company which are all beneficial unless otherwise stated were as follows:-

	31st October 1985		1st November 1984
	Ordinary Shares	Share Options	Ordinary Shares
L. H. Bond	—	31,398	—
R. F. H. Cowen	40,000	—	40,000
as trustee	10,008,085	—	10,008,085
H. A. Crichton-Miller	—	60,000	—
J. Daly	—	60,000	—
J. C. Duckworth	1,404	—	—
Sir Leslie Fletcher	1000	2,418	500
M. B. Gifford	500	152,418	500
Sir Patrick Meaney	1,016	62,418	1,016
Sir Denis Mountain	315	—	315
as trustee	254,600	—	331,600
The Hon. Angus Ogilvy	2,679	2,418	2,679
D. M. Yates	50	62,418	—

The above interests include options to purchase Ordinary shares granted in April and May 1985 under the terms of the Company's Share Savings and Executive Share Option Schemes. Throughout the year Mr. R. F. H. Cowen also had a non-beneficial interest in 1,025 6½% Preference shares and £15,200 10½% Unsecured Loan Stock, Sir Patrick Meaney a beneficial interest in £76 10½% Unsecured Loan Stock and Sir Denis Mountain a beneficial interest in 1,000 6½% Preference shares.

Except as stated above none of the directors had any interest in the shares or stocks of the Company or its subsidiaries.

There have been no changes in the above interests since 31st October 1985.

	1985 £000	1984 £000
(b) Total emoluments of the directors of The Rank Organisation Plc		
Fees	44	40
Other emoluments	481	496
Contributions to pension schemes	127	191
Compensation for loss of office	—	75
(c) Emoluments of Chairman	65	51
(d) Emoluments of the highest paid director	152	131
(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.		

Emoluments £	Directors		Employees	
	1985	1984	1985	1984
Up to 5,000	—	3	—	—
5,001—10,000	5	6	—	—
30,001—35,000	—	—	22	14
35,001—40,000	—	—	11	10
40,001—45,000	—	—	2	4
45,001—50,000	—	1	3	2
50,001—55,000	—	3	1	1
55,001—60,000	1	—	1	—
60,001—65,000	1	—	—	—
70,001—75,000	1	—	—	—

(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.

# The Rank Organisation

## Notes to the Accounts *continued*

### 26 Segmental information

Analysis by Division	Average number of employees		Turnover		Trading profit	
	1985	1984	1985 £m	1984 £m	1985 £m	1984 £m
Film and Television Services	4,501	4,184	119.1	97.0	11.0	7.1
Holidays and Recreation	7,302	7,659	245.2	235.8	17.5	7.6
Hotels and Catering	2,701	2,826	102.9	93.5	15.4	11.4
Precision Industries	1,891	1,981	73.3	68.3	11.5	8.8
North America	568	710	38.7	39.8	3.6	3.2
Australia/Asia	498	516	27.1	28.9	2.2	2.1
Cinema disposal profits	—	—	—	—	6.5	7.1
Unallocated	114	117	0.9	0.8	0.2	1.9
<b>Total continuing businesses</b>	<b>17,575</b>	<b>17,993</b>	<b>607.2</b>	<b>564.1</b>	<b>67.9</b>	<b>49.2</b>
<b>Discontinuing businesses</b>	<b>1,471</b>	<b>2,623</b>	<b>23.7</b>	<b>160.6</b>	<b>1.6</b>	<b>10.6</b>
	<b>19,046</b>	<b>20,616</b>	<b>630.9</b>	<b>724.7</b>	<b>69.5</b>	<b>59.8</b>
<b>Total number of employees at 31st October</b>	<b>16,442</b>	<b>17,780</b>				
<b>Analysis by geographical area</b>						
United Kingdom			526.8	503.5	58.0	46.0
Rest of Europe			17.4	21.5	1.7	1.6
North America			49.7	72.8	5.5	8.8
Australia/Asia			37.0	126.9	4.3	3.4
			<b>630.9</b>	<b>724.7</b>	<b>69.5</b>	<b>59.8</b>
<b>Employee costs</b>						
	£m	£m				
Wages and salaries	133.1	138.8				
Social security costs	9.5	10.1				
Other pension costs	8.0	8.3				
	<b>150.6</b>	<b>157.2</b>				

### 27 Post balance sheet event

The Company has entered into business sale agreements effective from 1st November, 1985 under which it sold the undertakings and assets of its Theatre, Top Rank Club, Motorway Service Area, Film Studio, Film Distribution, Advertising Film and Video Distribution businesses to wholly owned subsidiaries for considerations yet to be agreed.

# The Rank Organisation

## Five Year Review

Turnover, Profits, Earnings and Dividends	1985 £m	1984 £m	1983 £m	1982 £m	1981 £m
Turnover	630.9	724.7	742.9	682.2	621.1
Trading profit	69.5	59.8	38.2	33.2	39.2
Associates Interest	71.1 (3.6)	65.4 (19.9)	56.7 (25.6)	63.7 (34.9)	91.8 (28.2)
Profit before tax	137.0	105.3	69.3	62.0	102.8
Tax Minority interests	(57.2) (6.4)	(42.1) (6.6)	(37.8) (2.0)	(32.7) (2.1)	(44.2) (5.6)
Profit before extraordinary items	73.4	56.6	29.5	27.2	53.0
Extraordinary items	0.6	—	(25.4)	(23.2)	(2.0)
Profit available for distribution	74.0	56.6	4.1	4.0	51.0
Earnings per Ordinary share (before extraordinary items)	36.0p	27.7p	14.3p	13.2p	25.9p
Dividend per Ordinary share	15.0p	12.0p	10.0p	8.0p	10.8p
Group funds employed					
Goodwill	57.2	56.2	54.0	57.4	46.5
Fixed assets	214.4	280.6	378.3	404.0	443.2
Investments	345.3	368.7	333.5	277.3	270.3
Net trading assets (liabilities)	(7.3)	14.3	48.2	71.7	73.7
Total funds employed at year end	609.6	719.8	814.0	810.4	833.7
Financed by					
Ordinary share capital and reserves	527.9	525.5	529.7	533.9	566.8
Preference share capital and minority interests	53.4	48.2	43.2	43.0	60.7
	581.3	573.7	572.9	576.9	627.5
Net borrowings	28.3	146.1	241.1	233.5	206.2
	609.6	719.8	814.0	810.4	833.7

# The Rank Organisation

## Notice of Meeting

Notice is hereby given that the forty-ninth Annual General Meeting of The Rank Organisation Plc will be held in the Cotswold Suite, Gloucester Hotel, Harrington Gardens, London, SW7 4LH, at 12 noon on Wednesday 12th March 1986 for the following purposes:

- 1 To receive the Report of the Directors and the audited Accounts for the year ended 31st October 1985 and to declare a final Dividend on the Ordinary shares.
- 2 To elect Directors:
  - (a) Sir Patrick Meaney
  - (b) Sir Arthur Bryan
  - (c) Mr. H. A. Crichton-Miller
  - (d) Mr. D. M. Yates
- 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 and 5 will be proposed as Ordinary Resolutions and Resolution No 6 will be proposed as a Special Resolution:

- 4 "That the Directors be authorised to approve contributions by the Company for political purposes (as defined in the Companies Act 1985) where they are judged to be in the interests of the Company and its shareholders."
- 5 "That the authorised share capital of the Company be increased from £70,000,000 to £83,800,000 by the creation of 55,200,000 additional Ordinary shares of 25p each."
- 6 "That, subject to the passing of Resolution No 5, the Directors be generally and unconditionally authorised at any time before the date for which the Annual General Meeting of the Company next following this meeting is convened and at any time thereafter, notwithstanding that this authority has expired, pursuant to any offer or agreement made by the Company before the expiry of this authority:

- (i) to allot relevant securities (as defined in section 80(2) of the Companies Act 1985) up to a maximum nominal amount of £20,700,000
- (ii) to allot any equity security of the Company under the authority conferred on them by subparagraph (i) of this Resolution as if Section 89(1) of that Act did not apply provided that the power hereby given shall be limited to:-
  - (a) 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; and
  - (b) any other allotment for cash of equity securities up to a maximum nominal amount of £3,540,000

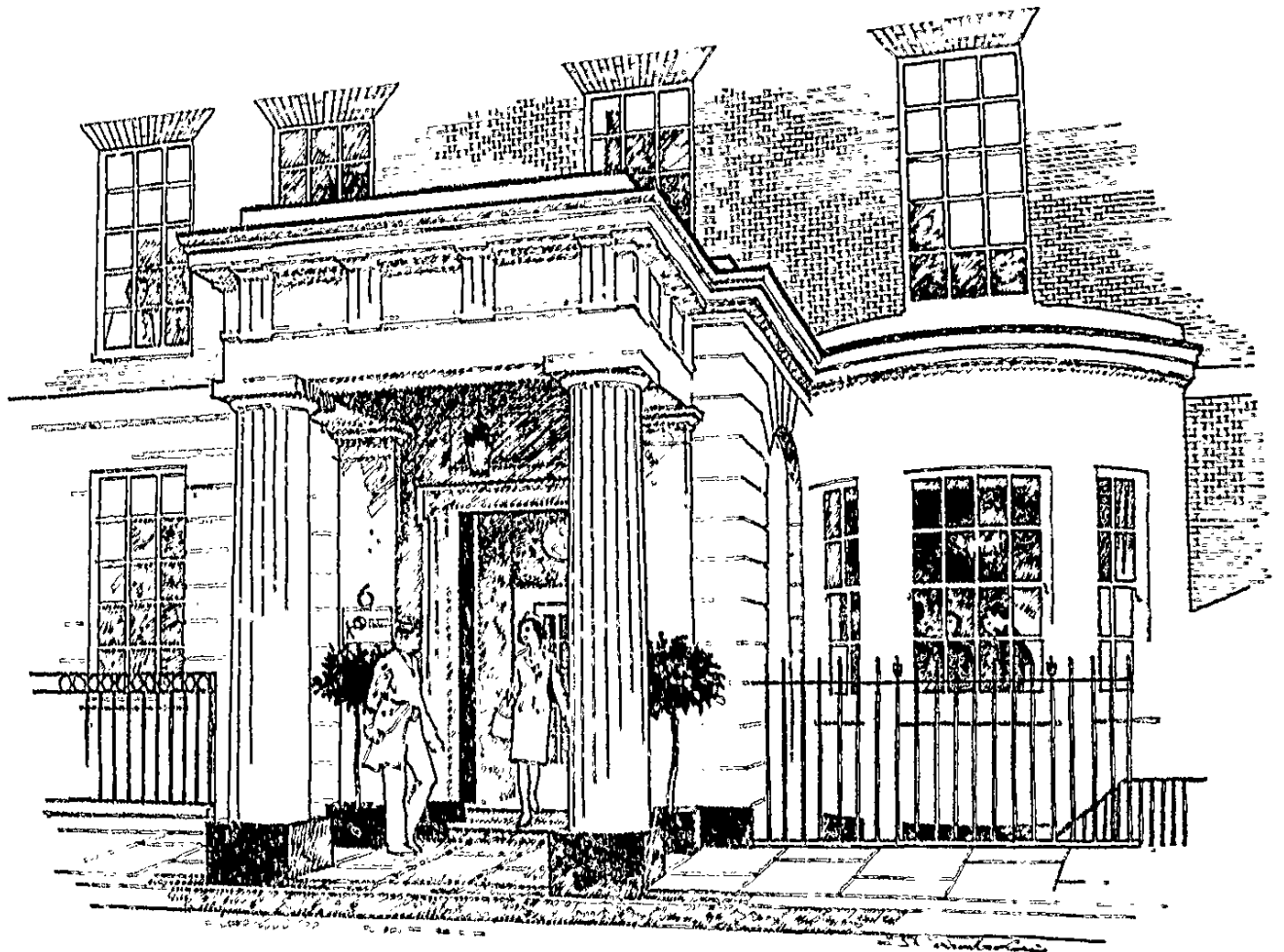
the expression "equity security" having for the purpose of this Resolution the meaning ascribed to it in Section 94 of that Act."

By Order of the Board  
Brian C. Owers  
Secretary  
17th February 1986

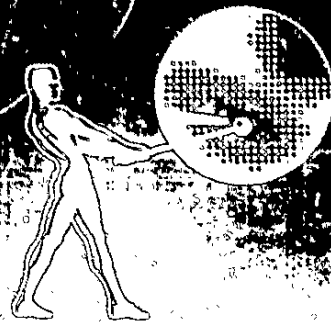
6 Connaught Place  
London W2 2EZ

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.

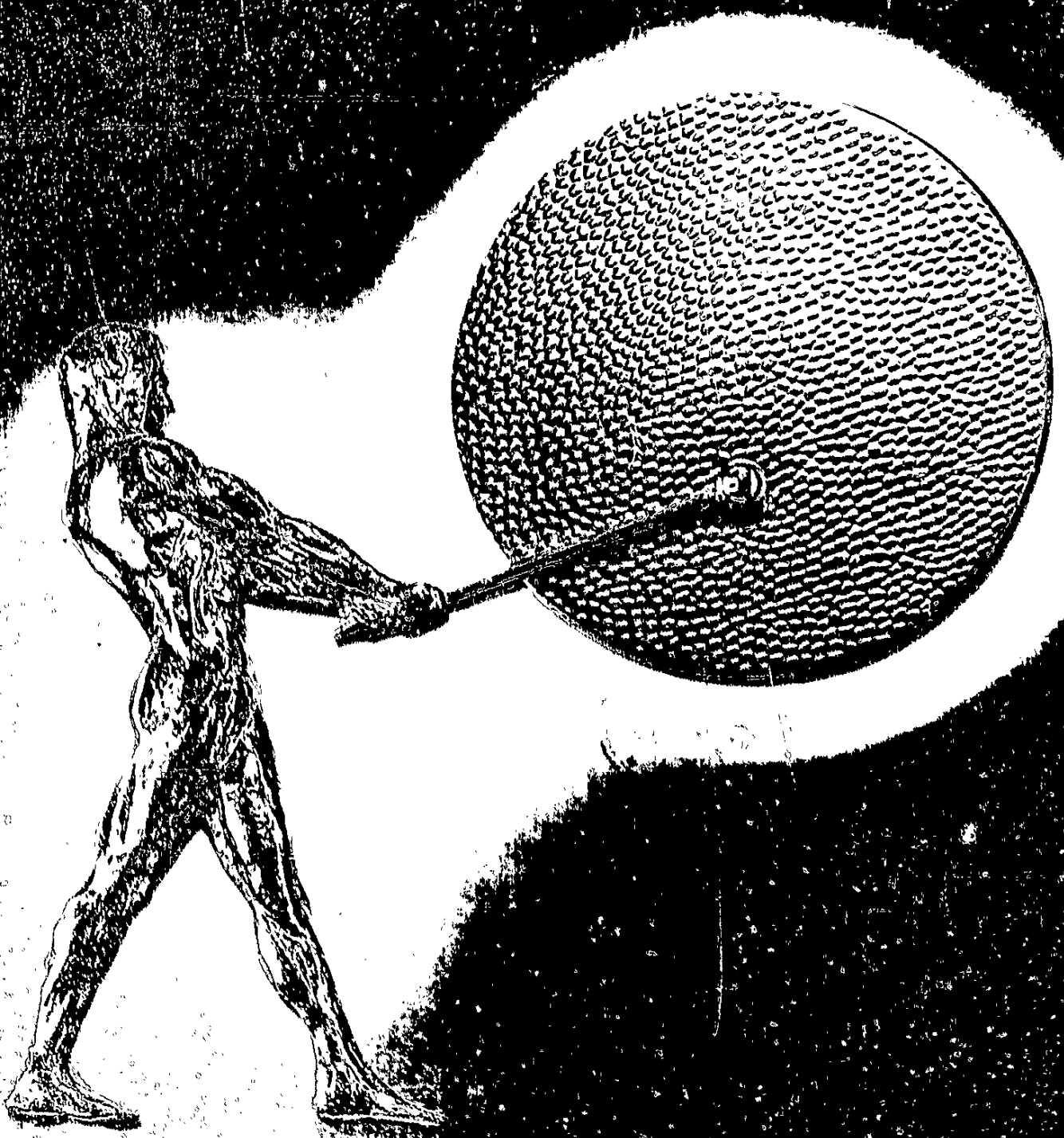


*The Rank Organisation's  
new London Headquarters at  
6 Connaught Place, near  
Marble Arch.*



The Rank Organisation Plc  
6 Courthouse Place London W2 2EZ

# The Rank Organisation Report & Accounts 1985



# The Rank Organisation

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## *Report and Accounts for the year ended 31 October 1985*

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1985 was the 50th  
Anniversary of the famous  
'Man-with-the-Gong' trade  
mark associated with all  
Rank products and services.

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RANK OVERSEAS HOLDINGS Plc

DIRECTORS' REPORT

AND

ACCOUNTS

31ST OCTOBER, 1985



# RANK OVERSEAS HOLDINGS Plc

## Directors

M. B. Gifford (Chairman)  
D. M. Yates  
B. C. Owers

## DIRECTORS' REPORT

The Directors present their Annual Report and Statement of Accounts for the year ended 31st October, 1985.

### BUSINESS REVIEW

The Company is an investment company. Details of principal subsidiary and associated companies are given in notes 5 and 6 on pages 9 to 11 in the notes to the Accounts.

During the year the shares of a number of subsidiary companies were transferred from a fellow subsidiary and further investment was made in Rank America Inc., in connection with the development of a leisure property project and in Rank Industries Australia Limited. Disposals included the property investment subsidiary, Rank City Wall (Belgium) S.A.

The investment in associated companies was reduced following the previously reported sale of the interest in the Greater Union Organisation in Australia and the disposal of the interest in Cathay Organisation Private Limited.

The profit for the year on ordinary activities after charging taxation of £1,488,708 was £4,074,053. The Directors do not recommend the payment of a dividend.

### EXTRAORDINARY ITEMS

The disposal of investments has given rise to a net profit which, together with the release of provisions for the diminution in value of investment in subsidiary companies, has been treated as extraordinary profit.

### HOLDING COMPANY

The whole of the issued share capital of the Company is beneficially owned by The Rank Organisation Plc.

### DIRECTORS

Mr. M.B. Gifford, Mr. D.M. Yates and Mr. B.C. Owers were Directors of the Company throughout the year.

## DIRECTORS' INTERESTS

The beneficial interests of the Directors in the Ordinary shares of The Rank Organisation Plc are set out below :

		<u>At 1st November 1984</u>	<u>At 31st October 1985</u>
M.B. Gifford	Shares	500	500
	Share Options	-	152,418
D.M. Yates	Shares	-	50
	Share Options	-	62,418
B.C. Owers	Shares	2,000	-
	Share Options	-	40,604

The options to purchase Ordinary shares were granted in April and May 1985 under the terms of The Rank Organisation Share Savings and Executive Share Option schemes.

Except as stated above, none of the Directors held interests in shares or debentures of the Company, its ultimate holding company or any subsidiary of that company at 1st November 1984 or at 31st October 1985.


## CLOSE COMPANY

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

## AUDITORS

A Resolution for the re-appointment of Messrs. Peat, Marwick, Mitchell & Co. as Auditors of the Company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

  
R. J. Bryan  
Secretary

5th June 1986  
6 Connaught Place  
London W2 2EZ

REPORT OF THE AUDITORS TO THE MEMBERS OF RANK OVERSEAS HOLDINGS Plc

We have audited the accounts on pages 5 to 13 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 8, give a true and fair view of the state of the company's affairs at 31st October, 1985 and of its profit and source and application of funds for the year to that date and comply with the Companies Act 1985.



London

Chartered Accountants

5th June, 1986

RANK OVERSEAS HOLDINGS Plc

Profit and Loss Account

for the year ended 31st October, 1985

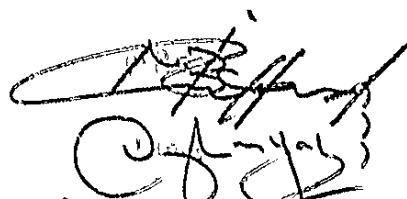
		<u>1985</u>	<u>1984</u>
	<u>Note</u>	<u>£</u>	<u>£</u>
Income from group companies			
Dividends from subsidiaries		371,333	1,771,071
Interest receivable:			
Fellow subsidiaries		-	2,622,465
Subsidiary companies		1,078,885	1,264,888
Dividends from associated companies		-	1,530,426
Other interest receivable		2,084,526	474,978
Profit on exchange		2,036,136	-
		<hr/>	<hr/>
		5,570,880	7,663,828
Interest payable			
On borrowings fully repayable within 5 years		-	162,165
Audit fee		4,100	3,750
Other administrative expenses		4,019	61,064
Loss on exchange		-	9,066,500
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation		5,562,761	(1,629,651)
Tax on profit from ordinary activities	3	1,488,708	3,572,720
		<hr/>	<hr/>
Profit/(loss) on ordinary activities after taxation		4,074,053	(5,202,371)
Extraordinary items	4	21,246,574	(11,815,360)
		<hr/>	<hr/>
Surplus/(deficit) on profit and loss account	12	25,320,627	(17,017,731)
		<hr/> <hr/>	<hr/> <hr/>
Profit/(loss) per share (before extraordinary items) based on shares in issue of 1,500,000		271.6p	(346.8p)
		<hr/> <hr/>	<hr/> <hr/>

The notes to the accounts are on pages 8 to 13.

RANK OVERSEAS HOLDINGS Plc

Balance Sheet at 31st October, 1985

	<u>Note</u>	<u>1985</u> £	<u>1984</u> £
<b>Fixed assets</b>			
Investments			
Subsidiary companies	5	160,390,366	143,318,459
Associated companies	6	1,632,488	17,707,823
		<hr/>	<hr/>
		162,022,854	161,026,282
		<hr/>	<hr/>
<b>Current assets</b>			
Debtors	7	350,515	28,107,448
Security deposit	8	28,008,299	-
Cash at bank		955	328
<b>Creditors (amounts falling due within one year)</b>	9	(11,027,799)	(5,382,674)
		<hr/>	<hr/>
<b>Net current assets</b>		17,331,970	22,725,102
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		179,354,824	183,751,384
<b>Creditors (amounts falling due after one year)</b>	9	(179,184,481)	(178,086,042)
		<hr/>	<hr/>
<b>Provision for deferred taxation</b>	10	170,343	5,665,342
		-	(2,046,000)
		<hr/>	<hr/>
		170,343	3,619,342
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	11	1,500,000	1,500,000
Revaluation reserve	12	27,924,839	57,108,261
Other reserves	12	(29,254,496)	(54,988,919)
		<hr/>	<hr/>
		170,343	3,619,342
		<hr/>	<hr/>

 Directors

Accounts approved by Board of Directors on 5th June 1986

The notes to the accounts are on pages 8 to 13.

RANK OVERSEAS HOLDINGS Plc

Source and application of funds  
for the year ended 31st October, 1985

	<u>1985</u>	<u>1984</u>
	<u>£000</u>	<u>£000</u>
<b>Generation of funds from operations</b>		
Profit/(loss) before tax	5,563	(1,630)
Exclude items not producing funds		
Taxation grossing of dividends receivable	(103)	(1,315)
Exchange (profits)/losses	(2,036)	9,069
	<hr/>	<hr/>
	3,424	6,124
Decrease/(increase) in working capital		
Debtors	192	(321)
Creditors	(36)	83
Net proceeds from		
Repayment of subsidiary indebtedness	660	27,541
Realisation of other investment	-	1,148
Sale of interests in subsidiaries and associates	48,636	6,910
	<hr/>	<hr/>
Total funds generated	52,876	41,485
<b>Application of funds</b>		
Additional investments including advances		
Associated companies	-	50
Subsidiaries	61,093	43,160
Fellow subsidiaries	-	1,442
Taxation paid	1,596	2,010
	<hr/>	<hr/>
Total funds applied	62,689	46,662
(Increase) in net borrowings	(9,813)	(5,177)
	<hr/>	<hr/>
Represented by changes in:		
Borrowings		
External to group	-	7,875
Holding company	(42,311)	(6,316)
Fellow subsidiaries	(3,846)	-
Parallel loan	-	(6,735)
Cash	1	(1)
Security deposit	36,343	-
	<hr/>	<hr/>
	(9,813)	(5,177)
	<hr/>	<hr/>

# RANK OVERSEAS HOLDINGS Plc

Notes to the accounts at 31st October, 1985

## 1. Basis of presentation

The accounts at 31st October, 1985 which have been prepared under the historical cost convention adjusted for the revaluation of certain fixed asset investments as disclosed in note 2(i), comprise a balance sheet, a profit and loss account and a statement of source and application of funds for the Company together with the notes thereon. Group accounts have not been prepared as the company is a wholly owned subsidiary of another body corporate incorporated in Great Britain.

## 2. Accounting policies

### (i) Fixed asset investments

Apart from the subsidiaries Rank Industries Australia Limited and Rank America Inc., investments in subsidiary and associated companies have been stated in the balance sheet at original sterling cost to the Company plus or minus a sum equal to the share of cumulative post-acquisition undistributed profits or losses.

The investments in Rank Industries Australia Limited and Rank America Inc. have been included at original sterling cost or, where the investment has been made in overseas currency, at the sterling equivalent at year end exchange rates; in the case of Rank Industries Australia Limited a provision has been made to write the investment down to an amount equal to the net tangible assets shown by the accounts of that subsidiary at 31st October, 1985.

In the opinion of the Directors, the value of the Company's investments in its subsidiary and associated companies is not less than the amount at which they are stated in the balance sheet.

### (ii) Exchange rates

Assets, liabilities, revenues and costs arising from transactions denominated in foreign currencies are translated into sterling 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 currency contract. At the balance sheet date, non-monetary assets are stated generally at the historical sterling equivalent except in the case of the investment in two subsidiaries referred to in note 2(i) above. Monetary assets and liabilities are stated at closing or, if appropriate, forward contract exchange rates. Exchange gains or losses on settled transactions and unsettled monetary items are dealt with in the profit and loss account as part of the results from ordinary activities.

## 3. Taxation

	<u>1985</u>	<u>1984</u>
	<u>£</u>	<u>£</u>
United Kingdom corporation tax	1,339,000	1,565,000
Overseas tax	149,708	2,007,720
	<u>1,488,708</u>	<u>3,572,720</u>

United Kingdom corporation tax is provided at 42.08% (1984 - 47.08%) and is stated after crediting double tax relief of £137,667 (1984 - £1,930,125) in respect of overseas income.



Notes to the accounts continued

4. <u>Extraordinary items</u>	<u>1985</u>	<u>1984</u>
	<u>£</u>	<u>£</u>
Disposal of investments		
(Loss)/profit against revalued amount	(2,166,084)	59,699
Add: Transfer from Investment Revaluation Reserve after deducting deferred taxation of £2,046,000	13,739,321	-
	<hr/>	<hr/>
Profit against historical cost	11,573,237	59,699
Net release of provisions for diminution in value of investment in subsidiary companies:		
Shares	9,705,883	(11,248,658)
Indebtedness	(32,546)	(626,401)
	<hr/>	<hr/>
	21,246,574	(11,815,360)
	<hr/> <hr/>	<hr/> <hr/>

5. Investment in subsidiary companies

	<u>Shares at cost or valuation</u>	<u>Loans and advances</u>	<u>Provisions for diminution in value</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Balances at 31st October, 1984	167,302,832	27,007,173	(50,991,546)	143,318,459
Currency translation adjustment	(18,351,301)	(8,071,642)	-	(26,422,943)
Additions	36,216,871	-	-	36,216,871
Disposals	(928,151)	(4,276,434)	614,429	(4,590,156)
Additional funding	-	18,123,073	-	18,123,073
Repayments	-	(659,979)	-	(659,979)
Net reduction in revaluation surplus	(15,268,296)	-	-	(15,268,296)
Net release of provisions	-	-	9,673,337	9,673,337
	<hr/>	<hr/>	<hr/>	<hr/>
Balances at 31st October, 1985	168,971,955	32,122,191	(40,703,780)	160,390,366
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Shares at cost	139,653,398			
Shares at directors' valuation	29,318,557			
	<hr/>			
	168,971,955			
	<hr/> <hr/>			

The historical cost of shares included at directors' valuation at 31st October, 1985 was £2,470,841.

Notes to the accounts continued

The principal subsidiaries are as follows:

	<u>Country of incorporation and operation</u>	<u>Class of capital owned</u>	<u>% of share capital owned</u>
<u>Leisure</u>			
Odeon (Jersey) Limited Film exhibition	Channel Islands	Ordinary	100
Butlin's Espana S.A. Operation of hotel	Spain	Ordinary	100
<u>Industrial</u>			
Rank America Inc. Manufacture and marketing of lighting and control equipment and precision instruments and the development of a leisure property project	USA	Ordinary	100
Rank Industries Australia Limited Manufacture and marketing of furniture	Australia	Ordinary	100
Rank Industries Asia Pte Limited Distribution of photographic, audio visual and project engineering.	Singapore	Ordinary	100
Rank Electronics Asia Limited Distribution of lighting equipment, precision electronics and electrical display equipment.	Hong Kong	Ordinary	100
Rank Strand GmbH Marketing and installation of theatre lighting equipment.	Germany	Ordinary	100
Rank Canada Limited Marketing and installation of theatre lighting equipment.	Canada	Ordinary	100
<u>Holding and other companies</u>			
Odeon Holdings (N.Z.) Limited (Note)	New Zealand	Ordinary	100
Rank Insurance Limited	Guernsey	Ordinary	100
T.C. Holdings Limited	Great Britain	Ordinary	100

Note Odeon Holdings (N.Z.) Limited owns investments in associated companies with film exhibition interests in New Zealand.

Notes to the accounts continued

6. Investment in associated companies (unlisted)

	<u>£</u>
Balance at 31st October, 1984 at directors' valuation	17,707,823
Disposals	(16,313,326)
Surplus on revaluation in the year	237,991
	<hr/>
Balance at 31st October, 1985 at directors' valuation	1,632,488
	<hr/> <hr/>
Historical cost thereof	555,367
	<hr/> <hr/>

**Details of investments in associated companies**

	<u>Country of incorporation and operation</u>	<u>Class of capital owned</u>	<u>Percentage of share capital owned</u>
Property			
Cathay Films Distribution Company Limited	Hong Kong	Ordinary	24.2
Industrial			
Photographic Wholesalers Limited	New Zealand	Ordinary	50.0
Kerridge Odeon Industries Limited	New Zealand	Ordinary	50.0

A summary of the company's share of the profits less losses of associated companies as shown by their latest audited accounts, is as follows:

	<u>1985</u>	<u>1984</u>
	<u>£</u>	<u>£</u>
Profit before tax	554,088	4,242,653
Taxation	316,700	1,020,109
	<hr/>	<hr/>
Profit after tax	237,388	3,222,544
Extraordinary items	(11,078)	3,736,584
	<hr/>	<hr/>
Profit for the year	226,310	6,959,128
	<hr/> <hr/>	<hr/> <hr/>
Share of cumulative post-acquisition retained profits less losses	1,077,121	11,460,748
	<hr/> <hr/>	<hr/> <hr/>

Notes to the accounts continued

7. <u>Debtors</u>	<u>1985</u>	<u>1984</u>
	<u>£</u>	<u>£</u>
<b>Amounts falling due within one year</b>		
Amounts owed by:		
Fellow subsidiaries	-	3,594,788
Subsidiary companies	98,602	30,479
Other debtors	122,670	122,670
Prepayments and accrued income	6,577	76,178
	<hr/>	<hr/>
	227,849	3,824,115
<b>Amounts falling due after more than one year</b>		
Amounts owed by fellow subsidiaries	-	24,038,000
Other debtors	122,666	245,333
	<hr/>	<hr/>
	350,515	28,107,448
	<hr/> <hr/>	<hr/> <hr/>

8. Security Deposit

At 31st October, 1985 the Company had deposited U.S. \$40,500,000 with the trustees of the 4½% Convertible Loan 1993 of its holding company to secure the repayment of that borrowing.

9. <u>Creditors</u>	<u>1985</u>	<u>1984</u>
	<u>£</u>	<u>£</u>
<b>Amounts falling due within one year</b>		
Amount owed to fellow subsidiaries	7,512,034	3,666,163
U.K. corporation tax	3,385,000	1,565,000
Overseas taxation	15,300	1,659
Accrued expenses	115,465	149,852
	<hr/>	<hr/>
	11,027,799	5,382,674
	<hr/> <hr/>	<hr/> <hr/>
<b>Amounts falling due after more than one year</b>		
Amount owed to holding company	179,184,481	178,086,042
	<hr/> <hr/>	<hr/> <hr/>

The holding company has agreed not to call for repayment of the £179,184,481 owing at 31st October, 1985 before 1st November, 1986.

Of the amount advanced by the holding company, £28,008,299 (1984 - £ nil) has been subordinated to other creditors.

Notes to the accounts continued

10. <u>Deferred Taxation</u>	<u>As Provided</u>		<u>Full Potential Liability</u>	
	<u>1985</u>	<u>1984</u>	<u>1985</u>	<u>1984</u>
Revaluation of Investment in associated companies (sold in 1985)	-	2,046,000	-	2,046,000

It is estimated that no taxation (1984 £5 million) on capital gains would be payable on the sale of investments in subsidiary and associated companies at the values at which they are stated in the Company's Balance Sheet.

11. Share capital

The authorised, issued and fully paid share capital is 1,500,000 shares of £1 each.

12. <u>Movement in reserves</u>	<u>Revaluation</u>	<u>Other</u>
	<u>£</u>	<u>£</u>
Balances at 31st October, 1984	57,108,261	(54,988,919)
Net (deficit)/surplus on revaluation of investments	(15,444,101)	413,796
Surplus on Profit & Loss Account for the year	-	25,320,627
Transfer to extraordinary items on disposal	(13,739,321)	-
Balances at 31st October, 1985	27,924,839	(29,254,496)

13. Property sales

During the year the Company purchased two holiday centres from a fellow subsidiary which it sold for neither profit nor loss.

14. Contingent liabilities

There are contingent liabilities in respect of uncalled share capital in subsidiaries amounting to £250,000 (1984 £276,418).

The Company is included in a normal group value added tax registration. Companies within the group registration are jointly and severally liable for the total value added tax due by such group.

15. Ultimate holding company

The Company is a wholly owned subsidiary of The Rank Organisation Plc, a company incorporated in Great Britain.