

**RESULTS AT A GLANCE**

	1990	1989
	£m	£m
Turnover.....	1,333.1	1,093.0
Trading profit.....	161.1	167.4
Associated companies.....	167.2	163.2
Profit before tax.....	312.1	291.1
Earnings.....	197.9	180.2

	Per Ordinary Share	
	Pence	Pence
Earnings.....	70.1	79.7
Dividend -- net.....	31.0	29.0
Net assets.....	448	429

**COMPANIES HOUSE, CARDIFF**  
LONDON                      CARDIFF

24 MAY 1991    25 MAY 1991

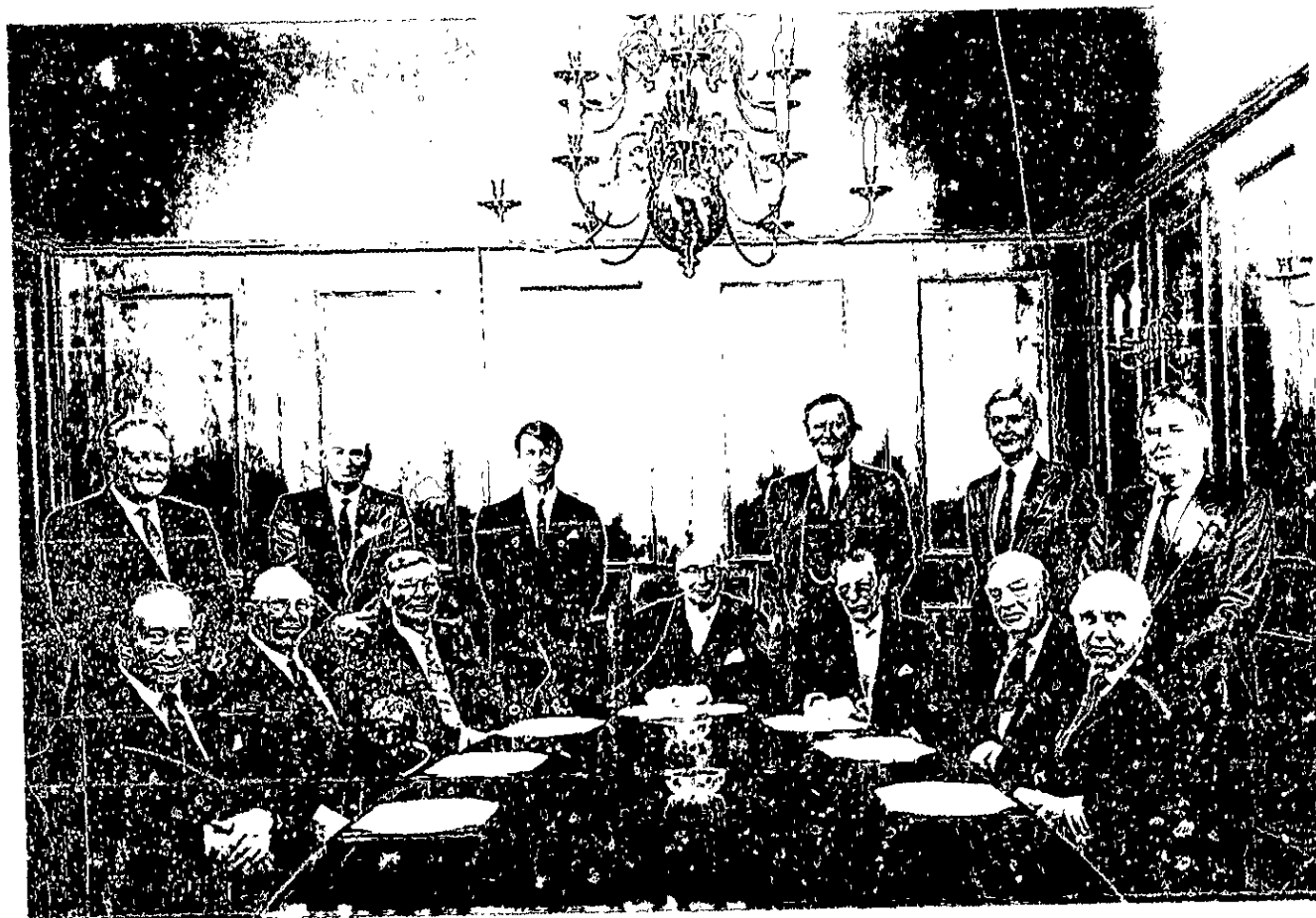
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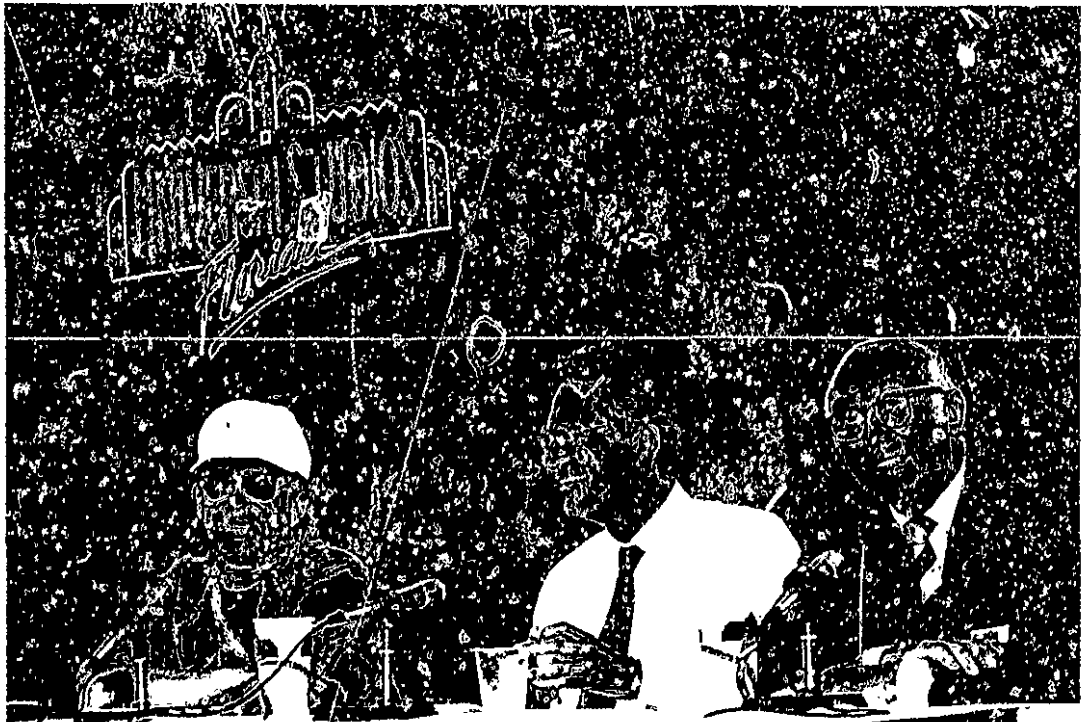
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BOARD OF DIRECTORS



Sir Patrick Meaney at the formal opening of Universal Studios Florida with Mr Sidney Sheinberg (centre), President of MCA Inc, and Mr Steven Spielberg (left), the creative consultant for the joint venture



I am pleased to be able to report that Rank's profit before tax for the year ended 31st October 1990 increased to £312.1 million, a rise of 7% on the £291.1 million in 1989. 1990 was a year of considerable corporate activity, but the adverse economic pressures mentioned first in my Interim Report to shareholders continued to restrict the planned rate of progress.

Turnover increased to £1,333.1 million compared with £1,093.0 million in 1989 but trading profit at £161.1 million was 4% down on the £167.4 million produced in 1989 and the reasons for this are indicated in the review of operations. These figures include 11 weeks' trading from the Mecca Leisure Group plc businesses acquired on 15th August 1990.

Rank's share of the pre-tax results of Rank Xerox increased to £167.2 million compared with £159.6 million in 1989.

I regret to report that earnings per share decreased to 70.1p compared with the record level of 79.7p achieved in 1989. The decrease was caused principally by the sharp downturn in profit from Rank Ahnert, our holiday and vacation real estate subsidiary in the USA, and by the lack of profit from the now closed Novair

charter airline.

The Board has recommended a final dividend of 20.75p per Ordinary share which, together with the interim dividend of 10.25p per Ordinary share declared in July 1990, makes a total net distribution for the financial year ended 31st October 1990 of 31.0p per share compared with 20.0p per share restated for 1989.

In January 1990 Ordinary shareholders contributed £57 million by way of a Rights Issue.

During the year the opportunity was taken to arrange a US\$300 million Private Placement in the USA and in the UK the equivalent of £230 million in various currencies by way of bilateral borrowing lines was put in place.

On 1st June 1990 Rank announced its offers for the Ordinary and Convertible Preference shares of the Mecca Leisure Group. Mecca became a subsidiary of Rank on 15th August 1990 when the offers were declared unconditional. Rank subsequently acquired all the outstanding share capital of Mecca and used existing facilities to repay Mecca's borrowings.

The consideration for the acquisition of Mecca resulted in the issue of 3.51 million Rank

## CHAIRMAN'S STATEMENT

Ordinary shares, the creation and issue of 228.0 million new Rank Convertible Preference shares and the assumption of borrowings of £446 million.

By the end of the financial year, we were able to announce that there were no unexpected problems in Mecca and that its continuing businesses had been integrated into Rank's divisional management structure with plans implemented to develop the benefits of synergy and growth in the continuing operations.

Net borrowings at the year end were £710.2 million (1989 — £466.1 million) after some £292 million further expenditure on other acquisitions and capital investment during the year.

The three year rolling programme of professional property revaluation continued, resulting in a further surplus of some £175 million as at 31st October 1990. Net assets per Ordinary share increased from 429p to 448p.

As already announced, the remaining 51% of the Film House processing laboratory in Toronto was acquired in March, and in the same month an offer was made for the Deluxe film processing laboratory in Los Angeles, with completion of this purchase confirmed after the year end. With these and other smaller acquisitions plus capital investment of some £255 million, Rank continued its development programme during the year.

The acquisition of Mecca represents a major step forward for Rank's leisure activities in Europe and the USA, and the inclusion of its operations in The Rank Organisation will facilitate further profitable growth. The strengthening of film processing operations in North America enables the Company to offer competitive quality services to the international motion picture film industry.

Disposals during the year included Rank Training and the Blue Line boating business in France.

Rank now employs nearly 48,000 people in Europe, North America and elsewhere. The skills, efficiency, courtesy and enterprise required from all our employees in their

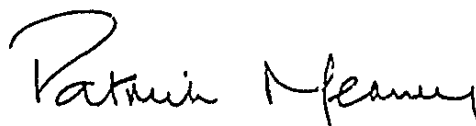
attention to our customers' needs is essential to the Organisation's success. I welcome our large intake of additional employees and I thank them for their service and look forward to their contribution to our progress.

Rank's prime mission remains the achievement of above average earnings growth coupled with the maintenance of a prudent balance sheet. The Rank Organisation is now one of the world's leading leisure businesses and there is every reason to believe that the future development of organised leisure and entertainment will resume a high level of growth when the present exceptional economic and political conditions change for the better.

Most Rank businesses are leaders in their markets and, with the significant additions in assets and operations during 1990, the Organisation, with its wide range of activities, financial strength, management skills and market experience, is especially well placed to resume the profitable growth that is the essential target for Rank's business plans.

Currently, North America, the UK and increasingly other parts of Europe and the world are in economic recession and, whilst Rank intends to get the best out of available business, its operations cannot escape the international uncertainty and generally poor market conditions which look likely to continue to obtain through the greater part of 1991. Trading in the opening period of 1991 reflects this, and it is not possible at this time to be optimistic on the prospects for higher earnings this year.

Shareholders can be assured that the Board and management of Rank are dedicated to achieving all possible progress in current circumstances, whilst ensuring that the Company remains equipped and ready to take advantage of the future opportunities for profitable growth that will undoubtedly come again to the leisure markets of the world.



## DIRECTORS' REPORT

The Directors submit their Report and Statement of Accounts for the year ended 31st October 1990.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Rank Organisation supplies products and services to the film and television industries, owns holiday and hotel businesses and operates organised recreation and leisure facilities in the United Kingdom and overseas. Rank has a major investment in the Rank Xerox companies owned jointly with Xerox Corporation and has a joint investment with MCA in the Universal Studios motion picture theme park at Orlando, Florida.

The acquisition of Mecca Leisure Group plc was completed on 15th August adding significantly to Rank's leisure operations in the UK and USA. The remaining 51% of the Film House processing laboratory in Toronto was acquired in March and the acquisition of the Deluxe film processing laboratory in Los Angeles was completed after the end of the year.

An analysis of turnover and profit by business activity is given on page 7 and the Group's continuing activities and businesses are reported on in the Review of Operations.

### PROFIT AND DIVIDENDS

Profit before tax for the year was £312.1 million (1989 £291.1 million). Profit after tax and minority interests was £197.9 million (1989 £180.2 million).

The Directors recommend a final dividend of 20.75p per Ordinary share which, together with the interim dividend of 10.25p already paid, makes a total for the year of 31.0p per share (1989 29.0p).

Subject to approval at the Annual General Meeting, the final dividend will be paid on 8th April 1991 to those shareholders whose names are on the register on 8th March 1991.

The amount which it is proposed should be transferred to reserves is detailed in note 21 to the Accounts on pages 39 and 40.

### FIXED ASSETS

The Group continued a three year cycle of property revaluations at 31st October 1990 with the revaluation of its Top Rank bingo clubs, Motorway Service Areas, Butlin's and Haven

holiday sites, and industrial properties. The surplus on revaluation of £175.4 million has been taken to reserves.

All properties formerly owned by Mecca Leisure Group were valued as at the date of acquisition.

Changes in tangible fixed assets during the year are shown in note 8 on pages 30 and 31.

### DIRECTORS

With the exception of Mr. T. H. North the Directors shown on page 2 were Directors of the Company throughout the year. Mr. T. H. North was appointed a Director on 4th September 1990 and in accordance with the Articles of Association of the Company he retires and, being eligible, offers himself for election.

Dr. D. V. Atterton, Mr. J. Daly and Sir Leslie Fletcher retire by rotation and, being eligible, offer themselves for re-election.

Mr. Daly and Mr. North have service contracts with the Company which are 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 22 on page 40.

### SHARE CAPITAL

A total of 54,534,316 new Ordinary shares were issued at 670p in February, 1990 as a result of the Rights Issue. At the Annual General Meeting on 14th March 1990 the shareholders approved an increase in the Company's authorised share capital from £83,800,000 to £90,000,000.

At an Extraordinary General Meeting held on 16th July 1990 the Shareholders approved a further increase in the authorised share capital to £168,750,000 by the creation of an additional 75,000,000 Ordinary shares of 25p each and 300,000,000 Convertible Preference shares of 20p each in respect of the Company's Offers to the shareholders of Mecca Leisure Group plc. Following the Offers becoming unconditional in all respects the Company issued 35,114,958 Ordinary shares and 227,973,470 Convertible Preference shares in accordance with the terms of the Offers.

During the year 156,342 Ordinary shares were issued on exercise of options under the Executive Share Option Scheme and 221,252

## DIRECTORS' REPORT

Ordinary shares were issued on the exercise of options under the Share Savings Scheme.

A resolution will be proposed at the Annual General Meeting to renew for a further year the authority of the Directors to allot and grant rights over the unissued share capital and to authorise the Directors to allot and grant rights over Ordinary shares for cash up to a maximum nominal amount of £3,852,059 representing 5% of the issued Ordinary share capital without first making a strict *pro rata* offer to all existing Ordinary shareholders.

### SHARE OPTION SCHEMES

During the year further options over Ordinary shares were granted to employees under the terms of the share option schemes including the Overseas Executive Share Option Plan.

Particulars of options outstanding at 31st October 1990 are given in note 21 on pages 38 and 39.

### SIGNIFICANT SHAREHOLDINGS

At the date of this Report the Company is aware or has been notified of holdings of more than 3% of the Company's issued share capital by Nutraco Nominees Ltd. (21,582,117 shares — 7.0%), Guardian Royal Exchange plc (18,353,123 shares — 5.96%), Phildrew Nominees Ltd. (10,726,889 shares — 3.48%) and Robert Fleming Holdings Ltd. (9,546,901 shares — 3.10%).

The Company is not aware of any other person who is interested whether directly or indirectly in 3% or more of the issued Ordinary share capital of the Company.

### PERSONNEL

The Rank Organisation gives prime importance to the motivation, training and development of employees and, in particular, to the encouragement of their commitment and personal service to customers' requirements.

Corporate initiatives include close liaison with appropriate national and local education and training bodies. Opportunities and facilities are provided for employees to increase their

skills and career potential in the interests of themselves, customers, shareholders and the community.

The involvement of employees in the success of the business is encouraged through communications and consultative arrangements throughout the Group.

The development of employee share ownership continues and many staff now participate in savings related and executive share option schemes.

The Company encourages the full employment of the disabled with the provision of appropriate opportunities and facilities.

### CHARITABLE AND POLITICAL DONATIONS

Charitable donations made during the year ended 31st October 1990 amounted to £207,240. The Company has contributed £50,000 to the Conservative and Unionist Party.

### CLOSE COMPANIES — INCOME AND CORPORATION TAXES ACT 1988

The Company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

### AUDITORS

KPMG Peat Marwick McLintock 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 1991

# DIVISIONAL RESULTS

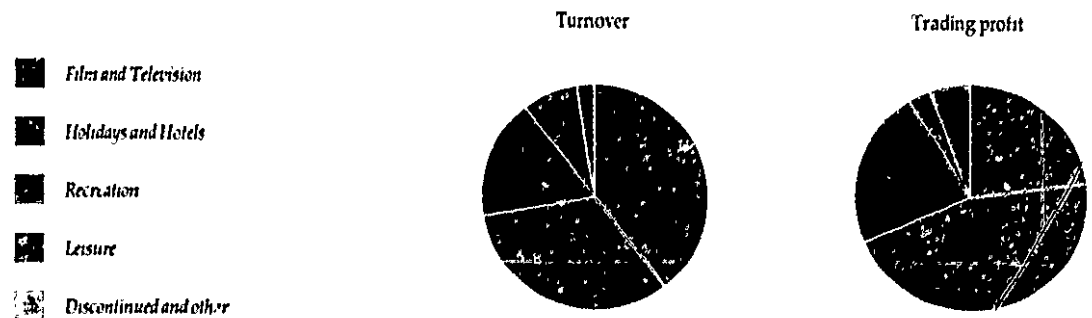
## ANALYSIS BY DIVISION

	Turnover		Trading profit	
	1990 £m	1989 £m	1990 £m	1989 £m
Film and Television	527.6	477.3	36.7	48.2
Holidays and Hotels	437.9	323.1	73.8	58.9
Recreation	227.2	99.8	36.4	23.1
Leisure	109.7	109.9	5.1	18.2
	<b>1,302.4</b>	<b>1,010.1</b>	<b>152.0</b>	<b>148.4</b>
Discontinued and other	30.7	82.9	9.1	19.0
	<b>1,333.1</b>	<b>1,093.0</b>	<b>161.1</b>	<b>167.4</b>

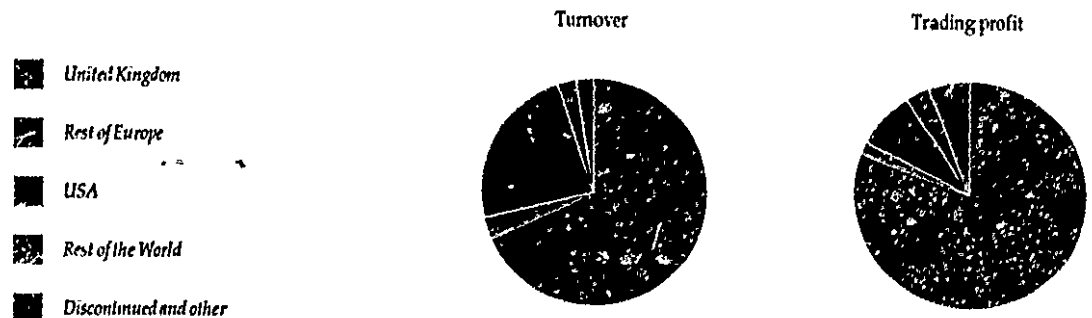
## ANALYSIS BY GEOGRAPHICAL AREA

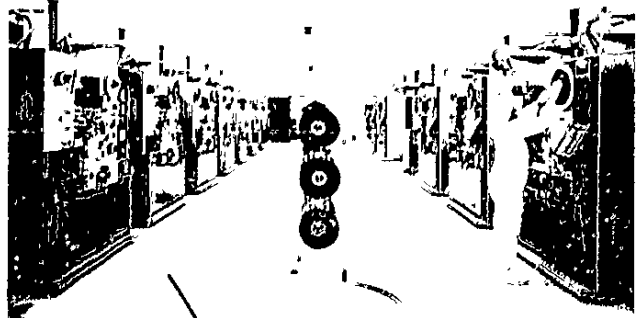
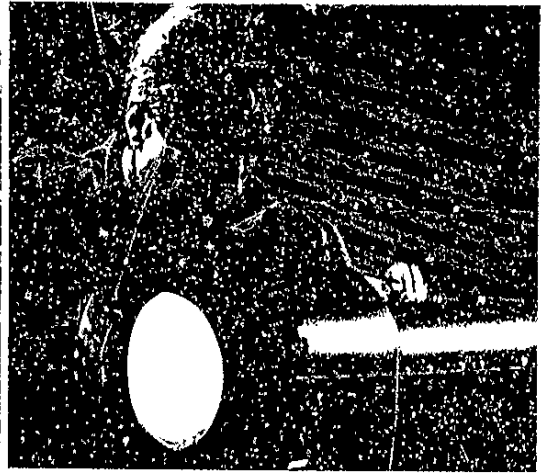
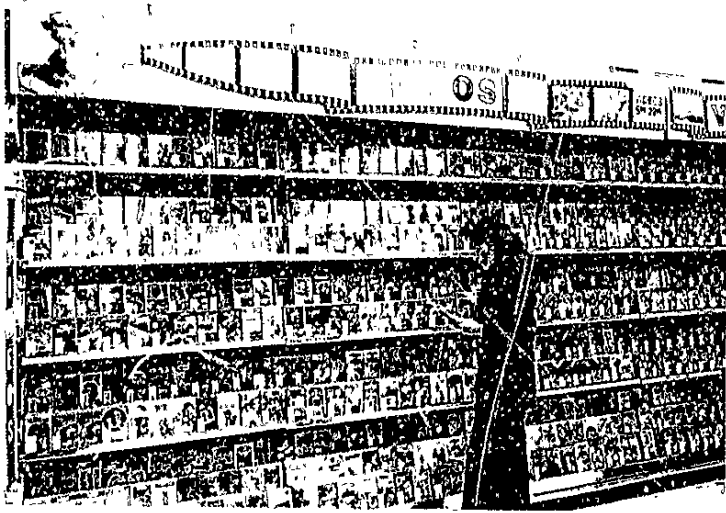
United Kingdom	910.5	636.3	130.4	110.9
Rest of Europe	40.2	36.2	2.8	5.3
USA	315.0	314.4	13.3	28.5
Rest of the World	36.7	23.2	5.5	3.7
	<b>1,302.4</b>	<b>1,010.1</b>	<b>152.0</b>	<b>148.4</b>
Discontinued and other	30.7	82.9	9.1	19.0
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### BY DIVISION



### BY GEOGRAPHICAL AREA







## REVIEW OF OPERATIONS

### FILM AND TELEVISION

Director — James Daly		
	1990	1989
	£m	£m
Turnover .....	527.6	477.3
Trading Profit .....	36.7	48.2

### VIDEO

Rank Video increased the volume of video cassettes produced by 40% due to strong product and additional demand in the USA partly as a result of a new duplication contract with CBS/Fox. The Retail Services video distribution business in the USA also increased significantly during 1990.

During the year substantial investment was made to increase plant capacity and efficiency and to reduce unit costs in both the UK and USA. A new duplication plant was opened towards the end of the year at Willstatt in Germany, facilitating service to customers in mainland Europe.

### FILM LABORATORIES

Rank Film Laboratories had a difficult year with the depressed state of UK feature production and television making for a disappointing performance. A programme of cost reduction and rationalisation of facilities has been implemented. General Screen Enterprises, a UK optical titles and trailers facility, was purchased.

In March the remaining 51% interest in the Film House laboratory in Canada was acquired and this laboratory is now wholly owned.

Since the year end, the Deluxe film laboratory in Los Angeles, the second largest film processing laboratory in North America has been acquired.

### PRECISION INDUSTRIES

Rank Cintel increased its turnover and maintained profits. The new URSA telecine established an international standard and won the 1990 technology award from the Royal Television Society. During the year new products were launched and the Company sold the world's first commercially operating high-definition telecine. Integrated Arts was acquired towards the end of the year for developing new computer graphic animated products.

Rank Taylor Hobson's trading profit was affected adversely by exchange rates and depressed markets in the UK and USA. However, sales of the pneumo precision surface generating machines achieved a record level.

Rank Brimar completed the first year's production at its new Middleton plant where products are being rationalised and production methods improved.

Strand Lighting encountered difficult trading conditions particularly in North America and action is being taken to reduce costs. New products launched during the year included the Premiere architectural lighting control system and the EC90 Intelligent Dimmer system. Order intake improved to finish the year 24% above 1989.

### EXHIBITION

Cinema admissions increased for the sixth successive year benefiting from successful films such as "Pretty Woman", "Total Recall" and "Look Who's Talking" and from investment in two additional eight screen multiplexes at Stoke-on-Trent and Hull and the development of a further 17 screens in existing cinema. All Odeon Cinemas are now equipped with computerised box offices and advance booking facilities to improve service to customers.

Cinema screen advertising benefited from strong cinema product and higher admissions, but margins narrowed in a depressed promotional market.

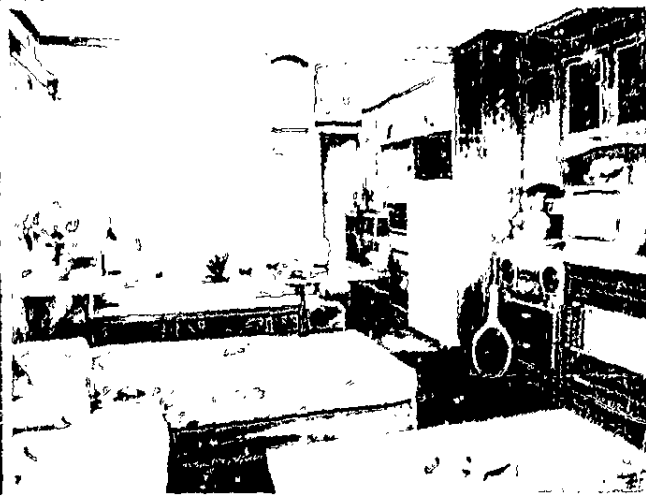
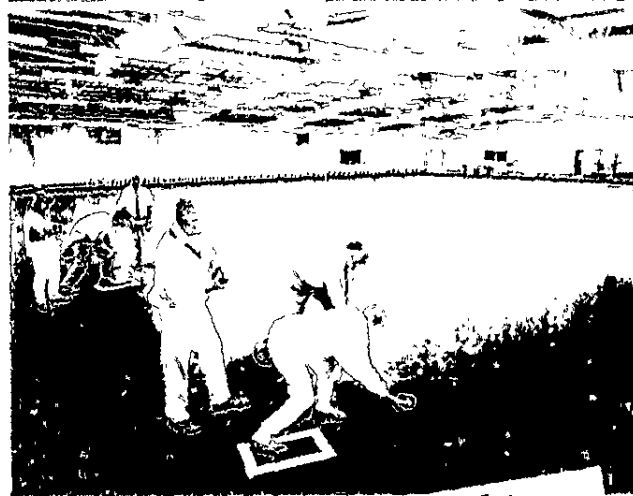
### FILM DISTRIBUTION

Record turnover was achieved by Rank Film Distributors which continued its low risk policy of investing in non American distribution rights and preselling these for cinema exhibition, television and video distribution. Its most successful releases included "Weekend at Bernie's" and "The Fabulous Baker Boys".

### PINEWOOD

Pinewood Studios achieved record profit, servicing over 190 commercials and eight feature films, including "Memphis Belle" and "The Russia House".

1. Rank's fast growing video distribution business, Rank Retail Services America, currently services over 4,000 outlets.
2. The Rank Brimar scanning cathode ray tube used in Rank Cintel's URSA Telecine featured in picture 7 below.
3. "Weekend at Bernie's" was Rank Film Distributors' most successful film in overseas markets in 1990.
4. The main 'mixing' theatre at Film House in Canada, with the trade marks of Rank's three international film processing laboratories shown on screen.
5. A section of the foyer of the new Odeon 8-screen cinema in Romford, Essex, showing the computerised ticket sales counter and retail shop.
6. The Thermal Magnetic Duplication machines at Rank Video Duplication in Chicago are capable of duplicating at speeds 135 times faster than real time.
7. The world's first High Definition telecine in commercial use at Club Theatre Network in Boca Raton, Florida, was designed and manufactured by Rank Cintel.
8. "Memphis Belle" was one of the principal feature films made at Pinewood Studios in 1990.



## REVIEW OF OPERATIONS

### HOLIDAYS AND HOTELS

Director — Angus Crichton-Miller		
	1990	1989
	£m	£m
Turnover.....	437.9	323.1
Trading Profit.....	73.8	58.9

The acquisition of Mecca brought major businesses into the Holidays and Hotels Division. On holiday activities the Warners and Shearings operations came in with the latter involving Rank in the growing coach holiday market for the first time. In hotel operations 16 hotels in the provinces were acquired.

#### HOLIDAYS

Rank's holiday interests are primarily in the United Kingdom, with only Haven and Shearings operating overseas.

The overall UK holiday market, although not suffering the major decline experienced by overseas air package holidays, was not able to increase upon 1989 numbers and was virtually static. However, companies which had invested in improved facilities in recent years, notably Butlin's and Haven, were able to win market share and prosper.

#### Butlin's

Bookings went ahead by 10%, largely through further increases in winter season short break holidays. The winter long weekend business, often promoted around major cabaret star entertainment features, is an increasingly important side of the total business and attracted over 270,000 guests in 1989/90. Five years ago the comparative figure was under 50,000.

During the year £21 million was invested in redeveloping the Butlin's Holiday World at Pwllheli, under its new title of Starcoast World. All five Holiday Worlds have now been modernised with elaborate Waterworlds, cabaret bars, international food courts and a wide range of accommodation to suit most tastes.

The 5 Butlin's hotels at Blackpool, Brighton, Llandudno, Margate and Scarborough enjoyed a record year's trading and are undergoing a similar modernisation programme to the

extensive investments at the Holiday Worlds.

#### Haven

Haven Holidays with 35 locations in the UK enjoyed a 6% increase in bookings and, for most of the summer, its capacity was fully booked. The high level of demand produced excellent increases in turnover and profit.

Caravan sales continued at satisfactory levels, and the proportion of sales of new to used caravans increased with units selling up to, and occasionally over, £20,000. Haven is the leading seller of static caravans in the UK.

Two new parks in East Anglia were purchased before the season and have performed well. A further park in Yorkshire, adjoining a large existing Haven park, has been purchased since the year end providing an excellent opportunity for expansion.

Haven France and Spain enlarged its customer capacity significantly and for the first time offered well designed tents as an alternative to caravans. This increased bookings from the UK and Eire although demand from other European holidaymakers was disappointing.

#### Warners

The Warners' business consists of 12 chalet parks offering full board, and 17 self catering caravan/chalet parks.

The full board product had another good year, with bookings benefiting from winter season weekend business. Five of the parks are for adults only, which attracts those customers not requiring family facilities.

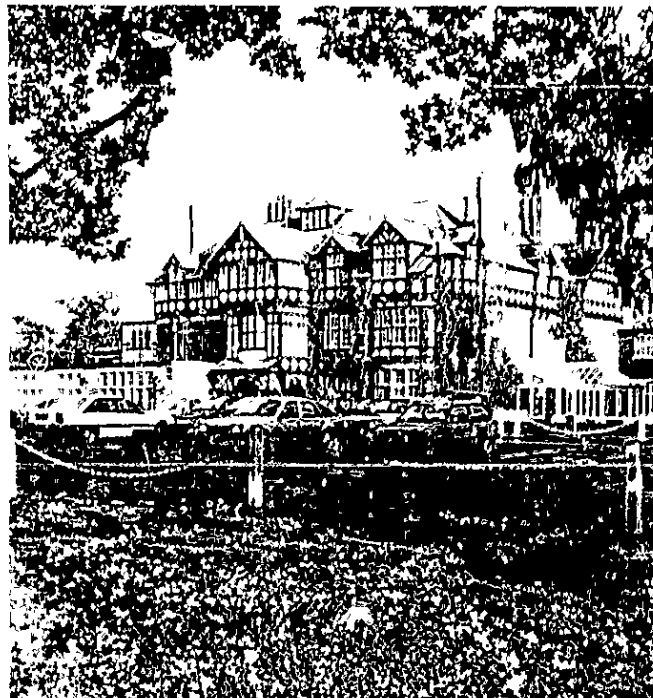
The self-catering parks suffered a modest decline, reflecting lack of suitable investment in recent years, particularly on updating and improving accommodation. This problem is being addressed in the current winter season and the product in 1991 will be improved substantially.

Since the end of the season the Warner operations and management has been merged with Haven with the well known Warner brand name retained for marketing purposes.

#### Shearings

Shearings is the leading coach holiday operator in Europe. It owns over 500 coaches and also

1. "Teenstyle" Clubs were introduced at Butlin's Holiday Worlds in 1990 offering a range of activities and facilities with particular appeal to younger customers.
2. Deluxe Premier Rooms are a new feature at Butlin's Holiday Hotels.
3. "Parakeet Pete's Playland" at Warner's Seaview Holiday Village near Weymouth.
4. Haven France & Spain customers using the dolphin shaped pool at Delfin Verde holiday park in Northern Spain.
5. Special features at Warner's "Adult Exclusive" holiday centres include indoor bowling, links.
6. The spacious lounge of a Haven Super Luxury Caravan sleeping up to eight guests.
7. The indoor heated fun pools at Haven and Warner holiday parks are popular with all the family.
8. Haven Royale luxury tents, complete with patio furniture and a barbecue, used by Haven France & Spain customers



owns and operates 32 holiday hotels, all in the UK. More than 25% of its coach travel customers stay at these holiday hotels.

The company's coach fleet is modern with a regular replacement programme. Maintenance of all vehicles is an important part of the business, and in the autumn HRH The Princess Royal formally opened Shearings' new service depot near Wigan, described accurately as one of the most modern facilities of its kind in Europe.

The hotels cover most of the UK's best known holiday resorts with particular emphasis on the South Coast and the Scottish Highlands. Some hotels take only Shearings' customers, but others are able to cater for casual commercial and other holiday guests.

The company achieved higher bookings in 1990 both in the UK and Europe. Its customer market is primarily older age groups which are growing in numbers and disposable income so that this business has excellent opportunities for further development.

### HOTELS

With the amalgamation of Rank and Mecca's hotel interests, the hotel activities now consist of 22 wholly owned hotels in the United Kingdom and a further 7 hotels in the USA which are managed under contract.

The London hotels had a satisfactory year, despite some weakness in the final quarter due to the approach of the Gulf crisis which deterred visitors from the Middle East, the USA and other overseas locations. Trading during the year at the Royal Lancaster and Gloucester Hotels was buoyant, with the Royal Lancaster obtaining a high level of banqueting business following the major refurbishment of its Nine Kings Suite.

The 17 provincial hotels performed satisfactorily with their well balanced combination of accommodation, catering, banqueting facilities and health clubs. A new hotel at Botley, near Southampton, with many facilities including an 18 hole golf course was opened in spring 1990 and is starting to achieve satisfactory levels of business.

Rank Hotels North America gained an additional management contract in Denver, and has made a useful profit contribution.

Rank Hotels is in process of integrating the five theatre entertainment dining units previously owned by Mecca. These are located in Central London and customers are principally tourists from overseas and as such represent a good linkage opportunity for Rank's London hotel operations. In addition, this subsidiary is responsible for managing the prestigious banqueting contract for the Mansion House.

### MOTORWAY SERVICES

Rank Motorway Services had an eventful year with the opening of a new Motorway Service area at Cardiff and a new lodge at Scotch Corner. Construction started on a new Motorway Service area at Swansea planned to open by Easter 1991 which will also include a 50 bed lodge. Two trunk road service areas are under construction at Bangor (North Wales) and Newark with a lodge with 40 beds at the Bangor development.

Trading was satisfactory during most of the year, but the last quarter was affected by the rise in fuel prices which reduced traffic volume. Despite this, the lodges performed well achieving high occupancy levels.

1. HRH The Princess Royal met staff at Shearings' new engineering centre at Bryn, near Wigan, after performing the opening ceremony.
2. During the year Rank Motorway Services opened this new service area at Cardiff.
3. The Nine Kings Banqueting Suite at the Royal Lancaster Hotel, London, experienced a successful year following its complete refurbishment in 1989.
4. The Alveston Hall Hotel in Cheshire, one of Mecca's Character Hotels, is now part of Rank Hotels.
5. The Quayside Café at the Unicorn Hotel, Bristol, was refurbished as part of the hotel redevelopment completed in 1990.
6. The Whitehall Hotel in Chicago managed under contract by Rank Hotels North America.
7. Part of the indoor pool and spa at the Dunkenhalgh Hotel in Lancashire operated by Rank Hotels.
8. Miss Penny Lane, cabaret artiste at the "Talk of London", one of Mecca's "London Entertains" dinner shows.



## RECREATION

Director — Douglas Yates		
	1990	1989
	£m	£m
Turnover .....	227.2	99.8
Trading Profit .....	36.4	23.1

### CASINOS

The level of activity in the four London casinos acquired in August as part of the Mecca acquisition has been flat compared with the similar period in 1989. This was due largely to fewer customers in London as a result of the Gulf crisis. A contract to sell the Clermont casino to Bally Manufacturing Corporation was terminated by mutual agreement, with a compensation payment made to Rank. During the year an extensive refurbishment of the Victoria Sporting Club was completed successfully, placing London's largest casino in a good trading position.

In the 24 provincial casinos the economic recession since acquisition in August, prevented any growth over the comparable period in 1989. The clubs, which trade predominantly in the names of 'Tiberius', 'Sergeant Yorke' and 'Soames', form the leading provincial casino chain in the UK. In September, the 'Sergeant Yorke' casino in Luton was relocated to improved premises and early results are encouraging.

### ASSOCIATED LEISURE

Associated Leisure, also part of the Mecca acquisition, installs, maintains and makes weekly cash collections from company owned amusement machines which it locates in public houses, clubs and other places of public entertainment.

When acquired the business had been affected by unprofitable additions, a large stock of redundant machines and by reduced margins as a result of uneconomic servicing costs. All these areas are being remedied by a management team which has been strengthened since acquisition.

### AMUSEMENT CENTRES

Rank Amusements' results produced strong growth over the previous year, assisted by the introduction of the 20 pence play for amusement

machines, careful selection of new machines and the continuing upgrading and refurbishment of units.

Rank Amusements operates inland units under the trading names of 'Quicksilver' and 'Showboat'. It also has 28 units at Butlins' Holiday Worlds and the larger Haven Holiday Parks, resulting in it being the leading operator in the UK. During the year it won the franchise to install amusement machines at Terminals 3 and 4 at London's Heathrow Airport and agreement has been reached for Rank Amusements to operate amusement centres at 17 Warner holiday sites from the Spring of 1991.

### BINGO

Top Rank Clubs' trading profit increased further, resulting principally from an increase in customer spending, a significant part of which came from the newly introduced 20 pence play machines. The performance of the new clubs in Romford and Leeds was in line with expectations

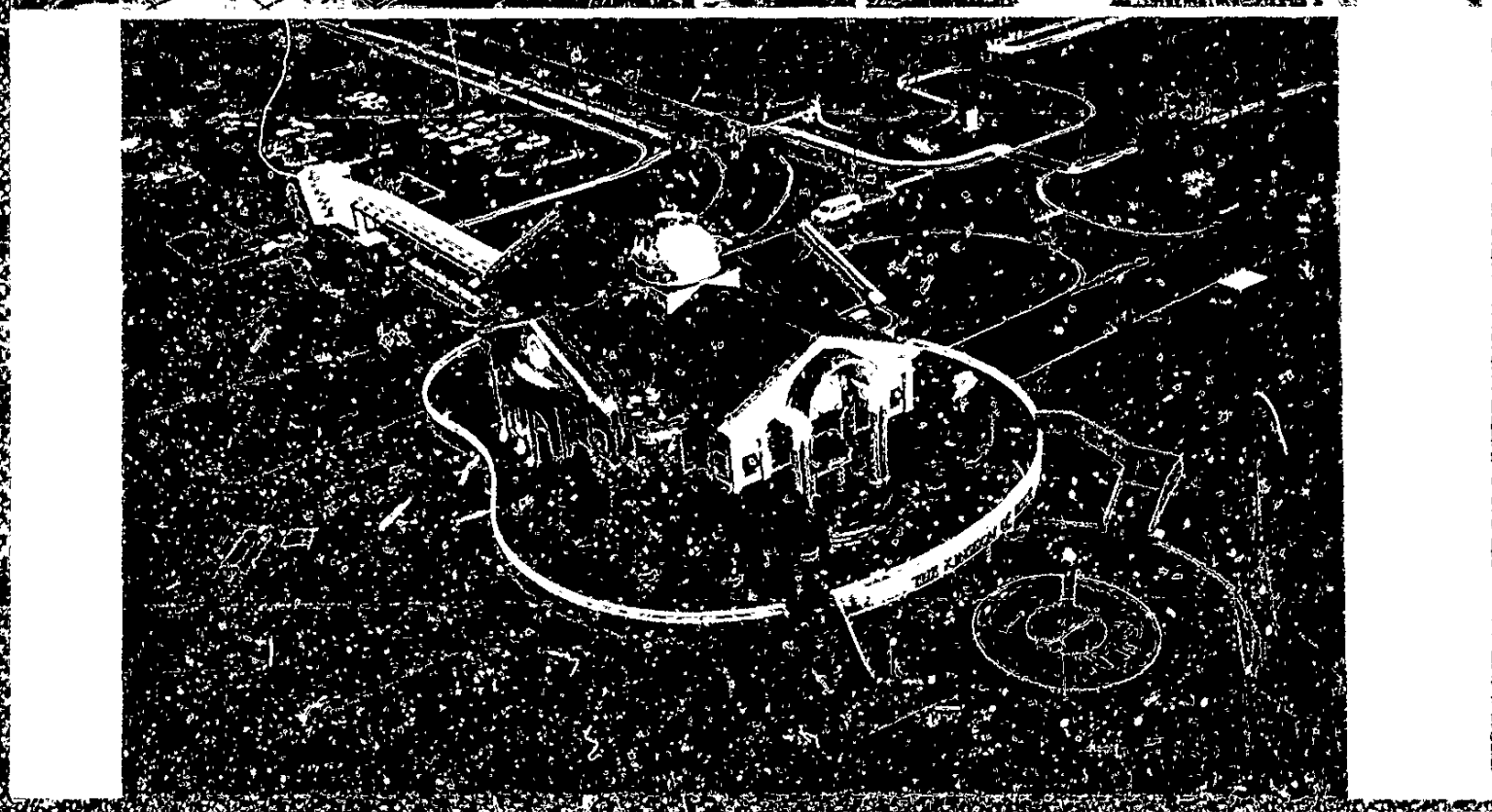
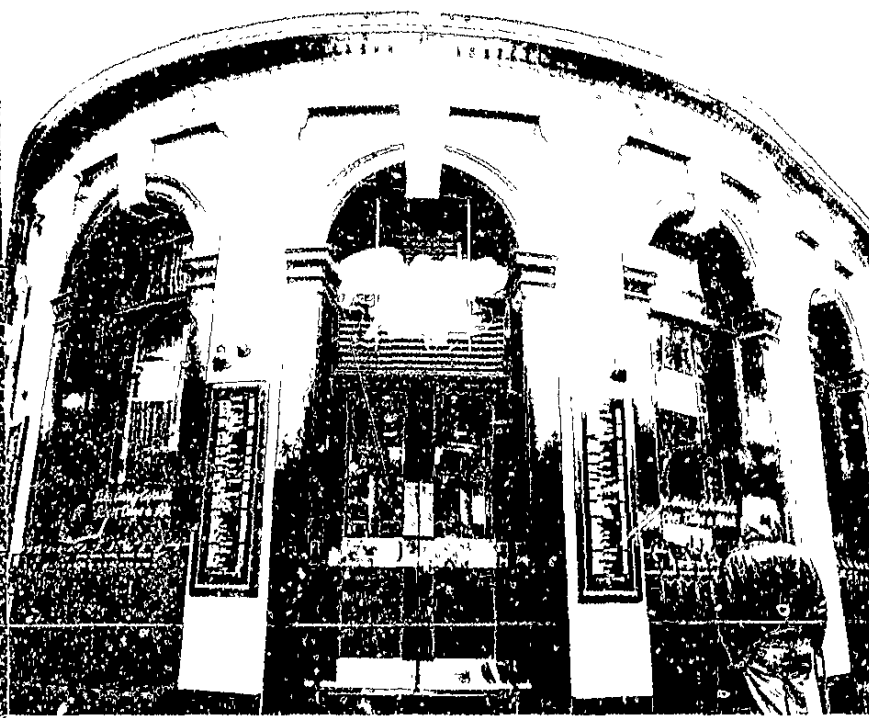
The performance during the year from the seven clubs acquired in Ontario, Canada, in December, 1989 has exceeded expectations. The planned refurbishment of these clubs will commence with the largest in Toronto being brought up to the best standards in the UK.

The trading profit from the Mecca social and bingo clubs for the period following acquisition was up on the comparable period for 1989, with increased admissions and customer spending.

The integration of the Top Rank and Mecca clubs is progressing well and will be continuing during 1991. It is anticipated that overall business will benefit from the cross fertilisation of operating expertise and the savings in overheads. The enlarged circuit will continue to trade under both the Top Rank and Mecca brand names.

In accordance with an agreement reached with The Office of Fair Trading, Rank is currently negotiating the sale of eight London clubs.

- 1. New Associated Leisure amusement machines on show at a major commercial exhibition. The company has over 45,000 machines in operation at 25,000 sites in the UK and overseas.*
- 2. Rank Amusements benefited from the introduction in 1990 of the 20 pence play machines, here being demonstrated to a customer.*
- 3. Rank now owns and operates four London and 24 UK provincial casinos including the Soames Sporting Club in Liverpool, refurbished in 1990.*
- 4. Refreshment facilities similar to this bar and café area in a Mecca social and bingo club are a feature of all Top Rank and Mecca Clubs.*
- 5. The Top Rank Mayfair Club in Leeds was opened in 1990 and already has over 33,000 members.*
- 6. The first phase of refurbishment was completed recently at the Victoria Sporting Club in central London.*





LEISURE

Director: — Terence North

	1990 £m	1989 £m
Turnover .....	109.7	109.9
Trading Profit .....	5.1	18.2

RANK LEISURE UK

Following upon the Mecca acquisition, Rank's multi leisure centres and nightclub activities were merged with the nightclub/theme bars and ice rinks operations of Mecca to form Rank Leisure UK. The business now operates 60 nightclubs/theme bars, 3 ice rinks and 3 multi leisure centres.

The nightclub operations experienced a difficult year with reduced admissions overall although spends per customer showed satisfactory growth over the previous year. The reduced admissions were partly due to the continuing programme of selling the smaller capacity nightclubs and also to economic pressures which began to affect the nightclub industry generally from midsummer onwards. This decline coincided with the start of the long, hot summer which also prejudiced admissions.

However, the larger nightclubs, which had been the subject of major refurbishment in recent years, continued to show good results in the difficult trading conditions.

The large multi leisure centre at Stoke had its first full year of operation and produced a profit.

A smaller multi leisure centre was opened at Hull later in the year and Romford with multi-screen cinema, bingo and catering facilities, opened in a phased programme during the year. The centre at Romford will be complete when a new nightclub opens in February.

A large multi leisure centre at The Wirral is in course of construction and due to open late in 1991. Other multi leisure prospects continue to be under review.

BRANDED CATERING UK

Branded Catering UK now comprises the Mecca High Street brands known as 'Sweeney Todd's' and 'Prima Pasta' and also the Rank brand of 'Pizza Piazza'. Initial rationalisation of the business following the Mecca acquisition led to the closure of the Texacana branded restaurants.

Sweeney Todd's, with its American style dining, had a difficult year arising partly from the general decline in eating out which occurred during the year. Prima Pasta had a satisfactory year due to its market position as a comparatively lower spend brand in an increasingly popular style of eating out which provided some protection from the general downward trend in the market.

Pizza Piazza operates in a similar market to Prima Pasta but specialises in pizza style dishes. Trading performance during its first full year under Rank ownership was in line with expectations although there was some reduction in demand in the latter part of the year in line with the market trends. However, like Prima Pasta, the comparatively lower spend, and the continuing popularity of the quality pizza product gave some resistance to the general downturn in the eating out market.

The individual branded catering operations are under review in order to identify the best longer term strategy for this business. Action has been taken to deal with locations where performance and prospects are inadequate by closure of certain Sweeney Todd outlets and conversion of some others to the Prima Pasta brand.

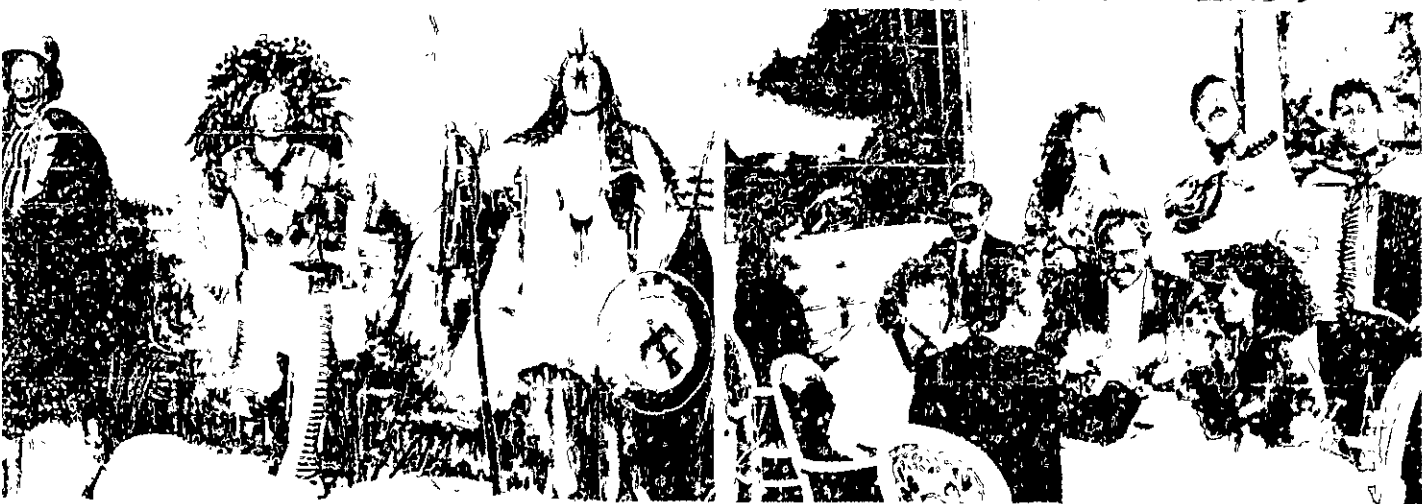
At present there are 22 Pizza Piazza, 12 Prima Pastas and 15 Sweeney Todd's restaurants. The business is currently concentrated in the southeast of England.

RANK AHNERT

Rank Ahnert operates 15 private Outdoor World caravan resorts, 2 timeshare resorts, 2 real estate development sites, mainly for second homes, and an hotel in the USA.

Each of the business operations was affected adversely during the year by the recession in US economic activity and overall turnover was down with a sharp decline in profit. The timeshare, real estate and hotel operation together with several of the Outdoor World resorts are located in northeast USA and rely on states such as Massachusetts, New York and New Jersey as prime areas for their customers. It was in these regions of the USA that recessionary conditions first emerged and which have been most severely affected by the poor

1. Prima Pasta restaurants complement the company's chain of Pizza Piazza restaurants in Rank's Branded Catering business.
2. The Hard Rock Cafe in London's Piccadilly has special appeal and continuing popularity among visitors and Londoners alike.
3. Pizza Piazza restaurants operate in 23 locations in the UK. This one in London's Fulham Road was one of four units opened in 1990.
4. Rank Leisure UK now operates some 60 nightclubs throughout Britain.
5. The latest Hard Rock Cafe, located at Universal Studios Florida, built in the shape of a rock 'n roll guitar.



economic climate over a longer period of time.

In addition, the Outdoor World business has been faced throughout the year with regulatory marketing problems covering direct mail activities. Traditionally these have been the principal method of generating the membership sales of the Outdoor World business. Progress has been made in identifying alternative marketing methods with less reliance on mailing systems in readiness for benefiting from the upturn in the US economy which must occur in due course, although there is no indication of this at present.

## RANK LEISURE USA

This business includes the Kingston Plantation resort at Myrtle Beach, South Carolina, which Rank has operated since 1987, and the activities in the USA acquired as part of the Mecca acquisition which include Hard Rock Cafes worldwide and Dinner Shows and restaurants in Orlando, Florida. Additionally, there is a large area of development land that Mecca owned at Williamsburg, Virginia which includes a water park. It is planned to sell the Williamsburg assets at the earliest possible opportunity.

Kingston Plantation had a satisfactory year with an improved trading performance over 1989. This resulted from a substantial number of second home sales, which was encouraging after the problems caused in the region by Hurricane Hugo coupled with the recessionary economic climate in the USA. The market was sufficiently buoyant at Kingston earlier in the year to carry out more new home developments, the majority of which were quickly sold.

The Radisson Resort Hotel at Kingston Plantation, managed by Rank Hotels North America, made good progress in the year with further improvements in occupancy and average room rate.

There are 7 company owned Hard Rock Cafes, 5 located in the USA, 1 in London and the other in Mexico. Currently, there are also 81 Hard Rock franchise operations around the world.

Previous policy had been to develop this business further through the grant of franchises rather than expand owned operations. The notable exception was the Orlando Hard Rock Cafe adjoining Universal Studios Florida and this has enjoyed excellent performance since

opening in June. Current policy is to grow this high performing business by development of owned operations except in limited cases where local conditions make franchising desirable.

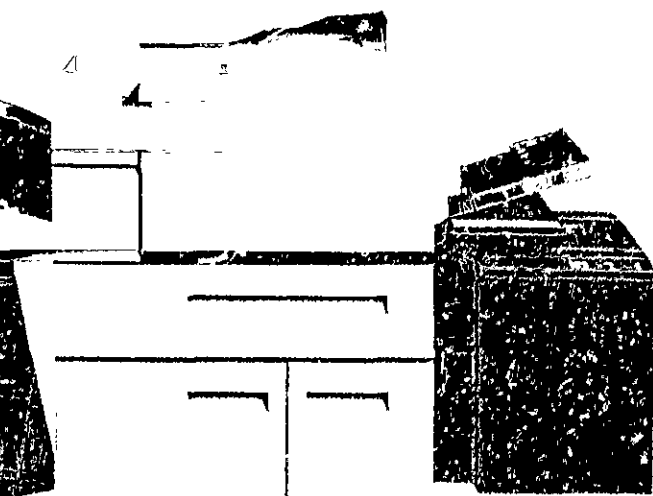
Hard Rock International had a good year overall with an improvement in trading profit, although trading in the USA, except for the new Orlando cafe did not remain unaffected by the economic conditions particularly at the cafes in north east USA where these conditions have been at their worst.

A new Hard Rock Cafe is planned to open in Paris (France) later this year.

The 3 Dinner Shows in Orlando cater mainly for international tourists and combine good eating with different styles of entertainment at each location. Trading at these locations was satisfactory until towards the end of the year when the reduced number of domestic visitors to Orlando from elsewhere in the USA caused a sharp decline in business. The popularity of the Dinner Show concept has led to the development of a new operation in California planned to open in 1991.

There are also 4 traditional restaurants in Orlando, 2 of which were newly opened during the year and which are now becoming established in the market. Like the Dinner Shows, they cater primarily for the large domestic and international tourist population of Orlando.

1. Peter Sampras, the US Open Champion, playing in the final of the Myrtle Beach 1990 Tennis Festival at Kingston Plantation, South Carolina.
2. The ever-popular "animal" characters and film star "look-a-likes" who entertain visitors daily at Universal Studios Florida.
3. Some of the attractive townhouses being built and marketed by Rank Ahnert on a 1,000 acre woodland site at the Big Ridge Private Golf and Recreation Community in Pennsylvania, USA.
4. The Brave Warrior Wax Museum recently introduced at the Fort Liberty Wild West Dinner Show operated at Kissimmee in Florida by Rank Leisure USA.
5. Caruso's Palace Restaurant in Orlando, Florida, seating up to 400 dinner guests, operated by Rank Leisure USA.
6. Lombardi's Landing is situated within the Universal Studios Florida complex.



## ASSOCIATED COMPANIES

### RANK XEROX

The Rank Organisation's share of Rank Xerox profit before tax was £167 million against £160 million in 1989. Rank's share of the 1990 pre-tax profit benefited from an increase of some £12 million in exceptional items.

Rank Xerox's turnover for the year grew by 5% to £2.7 billion due to good performance in the mid and high volume reprographic segments and within electronic printing. Foreign exchange benefited growth by some 3%.

Profit before Xerox recharges and after Master Agreement adjustments but before extraordinary items, increased to £452 million against £418 million in 1989, an increase of 8.1%. Excluding currency impacts, profit grew 3% over the record 1989 level.

The Rank Xerox managed operations achieved a 14% increase in profits, whilst Fuji Xerox, the Japanese associate, suffered a decline in its sterling results, due entirely to the weakening of the Yen during 1990.

The record Rank Xerox results represent the seventh consecutive year of improvement. This is attributable to the commitment to satisfying the needs of customers, coupled with a leadership position in product technology, a continuing emphasis on minimising the cost base and optimising the asset base.

Customer satisfaction remains the first priority. The second priority remains the improvement of return on assets. In order to sustain the improvement achieved in 1990, close attention will be paid to resource commitments and to overhead expenses, ensuring that the ratio of overheads to revenue continues to decline.

Good progress has been made in all target markets, with particularly strong growth in decentralised and centralised printing and in high and mid volume copiers.

1990 saw the introduction of some notable products and solutions. At the start of the year the 4030 was launched, the first Rank Xerox compact desktop laser printer; in March Rank Xerox launched 5065, the first Rank Xerox product to incorporate, at launch, Remote Interactive Communication technology. At the end of the year further new product announcements added to the drive for market

share; these included the 3010, the first plain paper facsimile, copier and editor device, and a revolutionary new digital publishing system, to be known as DocuTech, which is scheduled to be marketed across Europe during 1991.

At the end of October 1990, Fuji Xerox Co Ltd, which is a joint venture of Rank Xerox and Fuji Photo Film, assumed management responsibility for, and beneficial ownership of, certain Rank Xerox operations in the South Pacific region, including Australia, New Zealand and Singapore. This restructuring will ensure better service to customers, throughout this fast growing region. In addition, operating synergies and an integrated management focus on this geographic area will strengthen long term competitiveness, expand the market for products and services, and improve earnings for the Rank Xerox group. This transaction resulted in an extraordinary gain in 1990 of £60 million, of which The Rank Organisation's share was some £25 million.

### UNIVERSAL STUDIOS FLORIDA

Rank has a 50% investment share with MCA in Universal Studios Florida, a motion picture and television related theme park in Orlando which opened during the year and is managed by MCA. Admissions have improved after a less than satisfactory opening due to technical problems with a number of the major 'imagineering' designed rides. The major attractions and rides with one exception were fully operational by early October. It is expected that the improving trend in customer admissions since October will continue as the market gains increasing confidence in this exciting "state-of-the-art" entertainment. The frighteningly impressive "Back to the Future" ride will open in Spring 1991 and the attendant publicity should result in further increases in admissions during the main summer season.

1. One of the 'stars' at Universal Studios Florida is the 30 foot high King Kong featured in the famous "Kongfrontation" ride.
2. All the streets and buildings at Universal Studios are designed to be used as sets for filming, which visitors can watch.
3. The spectacular daily Lagoon Show at Universal Studios Florida.
4. The Xerox 5034 commence copier in production at the Rank Xerox factory at Mitchelldean, Gloucestershire.
5. The Xerox 5034 is part of the highly versatile Rank Xerox 50 series low-volume copiers introduced into the market last autumn.

## GROUP PROFIT & LOSS ACCOUNT

For the year ended 31st October 1990

	Note	1990 £m	1989 £m
TURNOVER .....	1	1,333.1	1,093.0
Less costs net of exceptional items.....	1	1,172.0	925.6
TRADING PROFIT.....	1	161.1	167.4
Share of results of associated companies			
Rank Xerox companies.....	13	167.2	159.6
Other.....	13	—	3.6
PROFIT BEFORE INTEREST.....		328.3	330.6
Interest .....	2	(16.2)	(39.5)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX.....		312.1	291.1
Tax on profit on ordinary activities.....	3	(110.1)	(107.5)
PROFIT ON ORDINARY ACTIVITIES AFTER TAX.....		202.0	183.6
Minority interests .....		(4.1)	(3.4)
EARNINGS.....		197.9	180.2
Extraordinary items.....	4	(15.2)	5.5
PROFIT FOR THE FINANCIAL YEAR .....	5	182.7	185.7
Dividends.....			
Preference.....	6	(11.6)	(1.3)
Ordinary.....	6	(95.5)	(65.3)
TRANSFER TO RESERVES.....	21	<u>75.6</u>	<u>119.1</u>
EARNINGS PER ORDINARY SHARE (before extraordinary items).....	7	<u>70.1p</u>	<u>79.7p</u>

# BALANCE SHEETS

At 31st October 1990

	Note	Group		Company	
		1990 £m	1989 £m	1990 £m	1989 £m
<b>FIXED ASSETS</b>					
Tangible assets.....	8	1,766.9	874.8	1.8	1.6
Investments.....	10	605.3	573.5	2,424.9	1,367.0
		<u>2,372.2</u>	<u>1,448.3</u>	<u>2,426.7</u>	<u>1,368.6</u>
<b>CURRENT ASSETS</b>					
Stocks.....	15	164.2	136.2	—	—
Debtors.....	16	536.1	323.7	150.8	113.6
Cash and deposits.....	17	213.0	53.8	156.6	30.0
<b>CREDITORS (amounts falling due within one year)</b>					
Loan capital and borrowings.....	17	(224.1)	(43.7)	(25.4)	(26.5)
Other.....	18	(461.5)	(284.3)	(605.4)	(261.1)
<b>NET CURRENT ASSETS (LIABILITIES)</b> .....		<u>227.7</u>	<u>185.7</u>	<u>(323.4)</u>	<u>(144.0)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> .....		<u>2,599.9</u>	<u>1,634.0</u>	<u>2,103.3</u>	<u>1,224.6</u>
<b>CREDITORS (amounts falling due after more than one year)</b>					
Loan capital and borrowings.....	17	(699.1)	(476.2)	(359.9)	(279.8)
Other.....	18	(2.2)	(2.1)	(0.2)	(0.2)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Deferred taxation.....	19 & 20	(10.1)	(16.5)	(3.8)	(2.3)
Other provisions.....	19	(128.0)	(23.1)	(28.0)	(2.2)
		<u>1,760.5</u>	<u>1,116.1</u>	<u>1,711.4</u>	<u>940.1</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital.....	21	123.9	55.8	123.9	55.8
Share premium account.....	21	480.1	134.9	480.1	134.9
Revaluation reserve.....	21	439.3	264.1	152.0	147.4
Special reserve.....	21	—	—	204.8	204.8
Merger reserve.....	21	—	—	385.0	—
Other reserves.....	21	669.4	642.8	365.6	397.2
		<u>1,712.7</u>	<u>1,097.6</u>	<u>1,711.4</u>	<u>940.1</u>
<b>MINORITY INTERESTS</b> .....		<u>47.8</u>	<u>18.5</u>	<u>—</u>	<u>—</u>
		<u>1,760.5</u>	<u>1,116.1</u>	<u>1,711.4</u>	<u>940.1</u>

Patrick Meaney *Chairman*

M. B. Gifford *Managing Director and Chief Executive*

Accounts approved by the Board on 30th January 1991.

## GROUP SOURCE AND APPLICATION OF FUNDS

For the year ended 31st October 1990	Note	1990 £m	1989 £m
<b>GENERATION OF FUNDS FROM OPERATIONS</b>			
Trading profit .....		161.1	167.4
Depreciation .....		56.8	44.8
Dividends received from associated companies .....		62.3	67.1
Extraordinary items before tax .....		(41.1)	1.0
Other items .....		(12.6)	(7.6)
		226.5	272.7
Interest .....		(16.2)	(39.5)
Tax paid .....		(48.8)	(36.4)
		161.5	196.8
Working capital change .....	A	(54.2)	(37.8)
Change in other provisions .....		8.3	(19.8)
Net proceeds from disposals of businesses and fixed assets .....	B	38.5	37.8
<b>TOTAL FUNDS GENERATED</b> .....		<b>154.1</b>	<b>177.0</b>
 <b>APPLICATION OF FUNDS</b>			
New businesses acquired .....	C	913.0	32.4
Investments .....	D	74.3	168.2
Property plant and equipment .....		199.7	161.7
		1,187.0	362.3
Dividends paid .....		86.7	61.5
<b>TOTAL FUNDS APPLIED</b> .....		<b>1,273.7</b>	<b>423.8</b>
 <b>(INCREASE) IN SHARE CAPITAL AND NET BORROWINGS</b>		 <b>(1,119.6)</b>	 <b>(246.8)</b>
 <b>REPRESENTED BY CHANGES IN:</b>			
Preference share capital .....		(200.6)	(128.7)
Ordinary share capital .....		(597.7)	(10.1)
Loan capital and borrowings .....		(482.1)	(123.2)
Cash and short term deposits .....		160.8	15.2
		<b>(1,119.6)</b>	<b>(246.8)</b>



## NOTES TO GROUP SOURCE AND APPLICATION OF FUNDS

### A WORKING CAPITAL CHANGE

	1990	1989
	£m	£m
(Increase) in stocks .....	(13.7)	(29.5)
(Increase) in debtors .....	(40.6)	(42.5)
Increase in creditors .....	5.1	34.2
	(54.2)	(37.8)

### B NET PROCEEDS FROM THE DISPOSAL OF BUSINESSES AND OTHER FIXED ASSETS

Fixed assets .....	22.7	21.2
Net assets and goodwill of subsidiaries .....	15.8	0.5
Investments .....	—	16.1
	38.5	37.8

### C NEW BUSINESSES ACQUIRED

Fixed assets		
Tangible assets .....	628.6	20.1
Interest in associated companies .....	3.5	—
Stocks .....	24.8	2.5
Debtors .....	138.8	1.9
Creditors .....	(158.7)	(5.9)
Provisions for liabilities and charges		
Deferred taxation .....	(0.5)	—
Other provisions .....	(99.2)	(5.0)
Minority interests .....	(30.3)	—
Goodwill written off .....	410.6	18.8
Adjustment on associate becoming subsidiary .....	(4.6)	—
	913.0	32.4
Discharged by		
Issue of shares .....	439.4	—
Cash .....	28.6	32.4
Assumption of liability for net borrowings .....	445.0	—
	913.0	32.4

### D INVESTMENTS

Net assets .....	66.6	119.2
Goodwill written off .....	7.7	49.0
	74.3	168.2

*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.*

**I CONSOLIDATION**

The accounts are prepared under the historical cost convention except for the revaluation of certain assets as detailed in Note 8 on a basis consistent with the previous year. The Group's profit and loss account and balance sheet include the accounts of the Company and its subsidiaries, and the Group's share of profits or losses and reserves of associated companies. 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.

**II FOREIGN CURRENCY**

Revenues and costs of overseas companies are included in the consolidated profit and loss account at year-end rates of exchange. Assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date except where a forward exchange contract has been arranged when the contracted rate is used. US\$ Cumulative Preference shares are recorded in the balance sheet at historic rate. Exchange differences on the retranslation of opening net assets of foreign subsidiary companies are dealt with through reserves net of differences on related foreign currency borrowings. Other gains and losses arising from foreign currency transactions, including trading, are included in the consolidated profit and loss account.

**III TURNOVER**

Turnover consists of sales of goods and services, including the value of work carried out on property developments in progress, and interest receivable on instalment sales. Turnover for casinos includes the value of gaming chips sold.

**IV CAMPGROUND MEMBERSHIPS**

The income from the sale of long term campground memberships is recognised in full on completion with provision being made for all actual and anticipated cancellations. Costs of developing the campgrounds, excluding land, are charged against income in the proportion actual sales bear to total anticipated sales.

**V INTEREST RECEIVABLE ON INSTALMENT SALES**

Interest income arising from instalment sales is recognised over the life of the contracts concerned.

**VI DEFERRED EXPENDITURE**

Deferred expenditure comprises (a) those costs including interest incurred prior to the commencement of trading which are regarded as a prepayment against future profits to be earned and (b) other intangible assets including rights acquired. The expenditure is included in the balance sheet as a prepayment and is written off on average over five years.

**VII GOODWILL**

Goodwill is written off to reserves in the year that it arises.

**VIII STOCKS**

Stocks include work in progress and are valued at the lower of cost (including an appropriate proportion of overhead) and net realisable value. Profits recognised in property developments completed or in progress have regard to the stage of development and the anticipated profit on the project.

**IX RESEARCH AND DEVELOPMENT EXPENDITURE**

Research and development expenditure incurred in the year (net of recoveries) is charged against profit from ordinary activities.

**X DEPRECIATION**

**PROPERTIES**

- (a) No depreciation is provided on freehold land.
- (b) Since 1st November 1989 no depreciation has been provided on certain freehold buildings or on certain buildings held on leases with unexpired terms of more than 20 years where the directors are of the opinion that the buildings concerned are currently sufficiently well maintained to ensure that the residual values of such freehold and leasehold properties are not less than cost or valuation. Prior to 1st November 1989 depreciation was provided on all freehold and leasehold buildings other than certain hotel buildings.
- (c) Depreciation is provided on a straight line basis to write off the cost of all freehold buildings other than those referred to in (b) above over their estimated useful lives which do not exceed 100 years.
- (d) Leasehold properties other than those referred to in (b) above are depreciated over the shorter of their estimated useful lives, which do not exceed 100 years, and the terms of the leases.
- (e) Expenditure on major refurbishments of properties is amortised over periods of between five and 15 years.

**OTHER**

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.

**XI LEASED ASSETS**

Assets acquired under finance leases are included in tangible fixed assets. Depreciation is provided at rates designed to write off the cost in equal annual amounts over the shorter of the estimated useful lives of the assets (which are the same as those for assets purchased outright) or the period of the leases. The capital element of future rentals is treated as a liability and the interest element is charged to the profit and loss account over the period of the leases in proportion to the balances outstanding.

Expenditure on operating leases is charged to the profit and loss account on a basis representative of the benefit derived from the asset, normally on a straight line basis over the lease period.

**XII PENSIONS**

The pension costs relating to the UK Schemes which are of the defined benefit type are assessed in accordance with the advice of a qualified actuary using the projected unit method. Actuarial surpluses and deficiencies are recognised over the expected average remaining service lives of the employees. The pension costs relating to the UK Schemes which are of the defined contribution type represent the contributions payable by the Group. Overseas Schemes are accounted for in accordance with local conditions and practice such that the costs are charged against profits on a systematic basis over the service lives of the employees.

**XIII DEFERRED TAXATION**

Deferred taxation, computed under the liability method, is provided in respect of timing differences to the extent that it is probable that a liability will arise in the foreseeable future.

## NOTES TO THE ACCOUNTS

1	<b>TURNOVER AND TRADING PROFIT</b>	1990	1989
		£m	£m
	Turnover .....	1,333.1	1,093.0
	Cost of sales .....	(995.5)	(780.4)
	Gross profit .....	337.5	312.6
	Distribution costs .....	(90.7)	(89.7)
	Administrative expenses .....	(106.5)	(81.6)
	Other operating income .....	9.8	11.7
	Exceptional profits less losses including bond redemption profit of £9.5m in 1990 and profit on rearrangement of aircraft leases of £14.9m in 1989 .....	10.9	14.4
	Trading profit .....	<u>161.1</u>	<u>167.4</u>

Turnover includes £15.5m (1989 £18.9m) in respect of interest receivable on instalment sales.

Trading profit is stated after (charging) or crediting the following items:

Depreciation of tangible fixed assets .....	(59.4)	(44.8)
Operating lease payments — property .....	(14.3)	(10.9)
— plant and machinery .....	(8.4)	(9.5)
Research and development expenditure (net of recoveries) .....	(9.6)	(9.4)
Auditors' remuneration: (Company £0.2m (1989 £0.1m)) .....	(1.8)	(1.3)
Rents receivable .....	<u>7.2</u>	<u>6.0</u>

An analysis of turnover and trading profit by Division and by geographical area is given on page 7.

2	<b>INTEREST</b>	1990	1989
		£m	£m
	Interest on bank loans and overdrafts .....	(27.7)	(24.5)
	Interest on other loans fully repayable within five years .....	(2.4)	(0.3)
	Interest on other loans not fully repayable within five years .....	(22.8)	(18.5)
	Finance charges on finance leases .....	(0.1)	(0.2)
		(53.0)	(43.5)
	Interest receivable other than on instalment sales .....	36.8	4.0
		<u>(16.2)</u>	<u>(39.5)</u>

Interest payable is shown net of £12.1m (1989 £7.6m) interest allocated to property development projects and £1.1m (1989 £NIL) interest allocated to other investments.

**3 TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

	1990 Associated companies				1989 Associated companies			
	Company and its subsidiaries £m	Rank Xerox companies £m	Others £m	Total £m	Company and its subsidiaries £m	Rank Xerox companies £m	Others £m	Total £m
<b>United Kingdom corporation tax</b>								
Current .....	29.0	(3.3)	—	25.7	27.5	(2.4)	—	25.1
Deferred .....	6.4	(6.7)	—	(0.3)	0.9	9.9	—	10.8
	<u>35.4</u>	<u>(10.0)</u>	<u>—</u>	<u>25.4</u>	<u>28.4</u>	<u>7.5</u>	<u>—</u>	<u>35.9</u>
<b>Overseas tax</b>								
Current .....	3.9	70.9	—	74.8	4.2	62.6	1.4	68.2
Deferred .....	(2.0)	11.9	—	9.9	(0.1)	3.5	—	3.4
	<u>1.9</u>	<u>82.8</u>	<u>—</u>	<u>84.7</u>	<u>4.1</u>	<u>66.1</u>	<u>1.4</u>	<u>71.6</u>
	<u>37.3</u>	<u>72.8</u>	<u>—</u>	<u>110.1</u>	<u>32.5</u>	<u>73.6</u>	<u>1.4</u>	<u>107.5</u>

**COMPANY AND ITS SUBSIDIARIES**

United Kingdom corporation tax on profits for the year has been provided at 35% (1989 35%). The United Kingdom tax charge is stated after crediting double tax relief £1.1m (1989 £1.3m) in respect of income from subsidiaries and £4.8m (1989 £NIL) in respect of dividends from associated companies.

**RANK XEROX COMPANIES**

The charge for United Kingdom corporation tax has been provided at 35% (1989 35%).

**4 EXTRAORDINARY ITEMS**

	1990 £m	1989 £m
Surplus on disposal of businesses, subsidiaries and fixed asset investments	—	6.6
Costs incurred, less release of provisions, in respect of the termination of activities	(41.1)	1.0
	(41.1)	7.6
Taxation including relief relating to previous years	2.1	(2.1)
	(39.0)	5.5
Share of surplus on disposal of businesses in associated companies	23.8	—
	<u>(15.2)</u>	<u>5.5</u>

**5 PROFIT ATTRIBUTABLE TO THE RANK ORGANISATION Plc**

The profit for the financial year dealt with in the accounts of The Rank Organisation Plc was £75.5m (1989 £85.1m). As provided for by Section 230 of the Companies Act 1985, no profit and loss account is presented in respect of The Rank Organisation Plc.

## NOTES TO THE ACCOUNTS

6	DIVIDENDS	1990	1989
		£m	£m
	<b>PREFERENCE SHARES</b>		
	Convertible Preference	2.9	—
	US\$ Cumulative Preference	8.7	1.3
		11.6	1.3
	<b>ORDINARY SHARES</b>		
	Interim of 10.25p per share paid (1989 interim of 9.18p per share)	31.6	20.6
	Final of 20.75p per share, proposed (1989 final of 19.82p per share)	63.9	44.7
		95.5	65.3
		<u>107.1</u>	<u>66.6</u>

Dividends on the US\$ Cumulative Preference shares are set in auctions, currently at 28 day intervals.

## 7 EARNINGS PER ORDINARY SHARE

The calculation of earnings per Ordinary share is based upon profit before extraordinary items of £197.9m from which are deducted Preference dividends totalling £11.6m giving earnings of £186.3m (1989 £178.9m) and on the weighted average number of Ordinary shares in issue during the year of 265,918,000 (1989 224,354,000 shares). The difference between the basic and fully diluted earnings per share is not material. The 1989 comparative number has been restated for the effect of the Rights Issue in January 1990.

## 8 TANGIBLE ASSETS

COMPANY	Leasehold land and buildings	Fixtures fittings tools and equip- ment	Total
	£m	£m	£m
Cost at 31st October 1989	1.0	1.5	2.5
Additions	—	0.7	0.7
Disposals	—	(0.1)	(0.1)
Cost at 31st October 1990	1.0	2.1	3.1
Depreciation at 31st October 1989	0.2	0.7	0.9
Depreciation for year	0.2	0.3	0.5
Disposals	—	(0.1)	(0.1)
Depreciation at 31st October 1990	0.4	0.9	1.3
Net book amount at 31st October 1989	<u>0.8</u>	<u>0.8</u>	<u>1.6</u>
Net book amount at 31st October 1990	<u>0.6</u>	<u>1.2</u>	<u>1.8</u>

The net book amount of leasehold land and buildings at 31st October 1990 includes £0.6m (1989 £0.8m) in respect of leases with less than 50 years to run.

8 TANGIBLE ASSETS continued

	Freehold land and buildings	Leasehold land and buildings	Fixtures fittings tools and equipment	Plant and machinery	Total
	£m	£m	£m	£m	£m
GROUP					
Cost or valuation at 31st October 1989	378.0	290.3	288.8	111.7	1,068.8
Currency translation adjustment	(14.8)	(3.9)	(5.4)	(7.7)	(31.8)
Reclassifications	3.6	6.4	6.8	(16.8)	—
New businesses acquired	384.9	152.7	239.9	4.6	782.1
Additions	58.7	23.5	84.2	33.3	199.7
Disposals	(12.5)	(3.0)	(32.3)	(4.2)	(52.0)
Transfers to current assets	0.3	(1.0)	(1.9)	(5.1)	(7.7)
Revaluation adjustments (Note (a))	65.4	70.1	—	—	135.5
Cost or valuation at 31st October 1990	863.6	535.1	580.1	115.8	2,094.6
At cost	422.1	192.4	580.1	115.8	1,310.4
At valuation in 1988	80.1	167.1	—	—	247.2
At valuation in 1989	40.8	26.5	—	—	67.3
At valuation in 1990	320.6	149.1	—	—	469.7
Cost or valuation 31st October 1990	863.6	535.1	580.1	115.8	2,094.6
Depreciation at 31st October 1989	35.5	12.5	112.2	33.8	194.0
Currency translation adjustment	(2.9)	(1.2)	(2.2)	(1.7)	(8.0)
Reclassifications	(0.8)	0.2	0.4	0.2	—
New businesses acquired	27.4	14.1	110.5	1.5	153.5
Disposals	(2.8)	—	(22.1)	(1.3)	(26.2)
Depreciation for year	2.6	2.3	40.1	14.4	59.4
Provision for loss on disposal	—	0.4	(3.0)	—	(2.6)
Transfers to current assets	0.1	(0.2)	(1.7)	(0.7)	(2.5)
Revaluation adjustments (Note (a))	(30.3)	(9.6)	—	—	(39.9)
Depreciation at 31st October 1990	28.8	18.5	234.2	46.2	327.7
Net book amount at 31st October 1989	342.5	277.8	176.6	77.9	874.8
Net book amount at 31st October 1990	834.8	516.6	345.9	69.6	1,766.9

(a) The property valuation at 31st October 1990 was made by Messrs Knight Frank and Rutley on the basis of open market value for existing use and assumed where applicable the continued benefit of licences and permits.

(b) The net book amount of land and buildings includes £783.8m (1989 £315.8m) in respect of assets carried at valuation. The total amount of land and buildings as determined under the historical cost accounting rules was cost £1,009.2m (1989 £415.3m), depreciation £97.1m (1989 £57.7m) and net book amount £912.1m (1989 £356.2m).

(c) Land and buildings with a net book amount of £1,199.1m (1989 £346.2m) are not depreciated. The net book amount of leasehold land and buildings at 31st October 1990 includes £158.7m (1989 £54.0m) in respect of leases with less than 50 years to run. The net book amount of tangible assets includes £2.8m (1989 £1.7m) interest capitalised.

(d) The net book amount of plant and machinery at 31st October 1990 includes £0.3m (1989 £1.0m) in respect of assets held under finance leases. Depreciation of £0.1m (1989 £0.2m) was charged against these assets during the year.

(e) The net book amount of plant and machinery includes £9.9m (1989 £17.6m) in respect of assets in the course of construction.

## NOTES TO THE ACCOUNTS

### 9 COMMITMENTS

#### FUTURE CAPITAL EXPENDITURE

At 31st October 1990 commitments for capital expenditure including the outstanding payment on DeLuxe amounted to £96.5m (1989 £66.2m) for the Group and £NIL (1989 £40.2m) for the Company. Expenditure authorised by the Directors but not contracted amounted to £62.2m (1989 £58.4m) for the Group and £NIL (1989 £NIL) for the Company.

#### PROPERTY DEVELOPMENTS IN PROGRESS (note 15)

Future expenditure authorised by the Directors amounted to £0.2m (1989 £3.3m) of which £0.2m (1989 £3.0m) was contracted at 31st October 1990.

#### GROUP RENTAL COMMITMENTS OVER PERIODS OF LEASES

	Properties		Plant and machinery	
	1990	1989	1990	1989
The commitment at 31st October 1990 to make payments on operating leases in the year to 31st October 1991 was:	£m	£m	£m	£m
Leases expiring in one year	1.0	0.7	1.8	0.6
Leases expiring in two to five years	3.1	1.7	10.4	13.3
Leases expiring in more than five years	16.2	9.0	0.7	—
	<u>20.3</u>	<u>11.4</u>	<u>12.9</u>	<u>13.9</u>

#### FORWARD FOREIGN EXCHANGE CONTRACTS

At 31st October 1990 contracts in the ordinary course of business for the Group were £114.5m (1989 £42.8m) and for the Company £NIL (1989 £NIL).

### 10 INVESTMENTS

	Note	Group		Company	
		1990	1989	1990	1989
Subsidiary companies	11	—	—	2,424.9	1,367.0
Associated companies	13	586.0	573.3	—	—
Other	14	19.3	0.2	—	—
		<u>605.3</u>	<u>573.5</u>	<u>2,424.9</u>	<u>1,367.0</u>

In March 1990 an agreement was signed for the Group to acquire Deluxe Film Laboratory in Hollywood, USA for a consideration of US\$150m. A deposit was paid, the balance being payable once clearance of certain regulatory matters had been obtained. Completion of the transaction took place in December 1990.

### 11 INVESTMENTS IN SUBSIDIARY COMPANIES

	Shares at cost or valuation	Loans and advances	Provisions	Net book amount
	£m	£m	£m	£m
Balances at 31st October 1989	820.7	576.6	(30.3)	1,367.0
Additions	695.8	425.3	(19.9)	1,101.2
Disposals/repayments	—	(47.9)	—	(47.9)
Increase on revaluation	4.6	—	—	4.6
Balances at 31st October 1990	<u>1,521.1</u>	<u>954.0</u>	<u>(50.2)</u>	<u>2,424.9</u>

The Company's 60% holding in the ordinary share capital of Rank Precision Industries (Holdings) Limited was revalued by the Directors as at 31st October 1990 at £155.3m (1989 £150.7m) being an amount equal to the historical cost of £3.3m plus the appropriate share of post acquisition retained reserves. The surplus on revaluation has been taken to revaluation reserve. Of the loans and advances to subsidiaries £46.3m (1989 £46.3m) has been subordinated to other creditors as an alternative to increasing the share capital of certain subsidiaries.

Details of principal subsidiaries are given on pages 43 to 46.



# NOTES TO THE ACCOUNTS

## 12 ACQUISITION OF MECCA LEISURE GROUP PLC ("MECCA")

With effect from 15th August 1990 Mecca became a subsidiary of the Company.

	Results included in Group Profit & Loss Account	
	15th August to 31st October	
	Turnover	Profit
	£m	£m
<b>(A) PROFIT &amp; LOSS</b>		
Holidays and Hotels	59.7	9.5
Recreation	109.6	5.8
Leisure	26.2	3.6
Other	3.0	0.2
	<u>198.5</u>	<u>19.1</u>
Interest		(13.9)
Profit before tax		5.2
Tax		(1.8)
Minority Interests		(0.3)
Earnings		<u>3.1</u>

### (B) BALANCE SHEET

35,114,958 Ordinary shares and 227,973,470 Convertible Preference shares were issued to acquire Mecca and Mecca borrowings of £446.0m were assumed. The fair value of the consideration using a mid market price on 15th August 1990 for the Ordinary shares of £6.80 and £0.86 for the Convertible Preference shares was £439.4m, making total consideration including costs and borrowings of £894.8m.

Set out below are the adjustments made to the Mecca balance sheet to establish fair value to the Group.

	Fixed assets	Stock and debtors	Creditors	Provisions	Minority	Preference shares	Net assets
	£m	£m	£m	£m	£m	£m	£m
Mecca balance sheet at 15th August 1990	740.8	114.6	(150.9)	(3.6)	(5.4)	(25.0)	670.5
Property revaluation	(63.4)	—	—	—	—	—	(63.4)
Writedown of other assets to realisable value	(28.8)	(8.2)	—	—	0.1	—	(36.9)
<b>Provisions</b>							
Estimated trading losses to date of disposal of assets not being retained	—	—	—	(11.6)	—	—	(11.6)
Redundancy and relocation	—	—	—	(20.8)	—	—	(20.8)
Other rationalisation costs	—	—	—	(21.8)	—	—	(21.8)
Expenditure to comply with health and safety regulations	—	—	—	(7.4)	—	—	(7.4)
Contingency	—	—	—	(5.0)	—	—	(5.0)
Reclassification	(23.3)	51.3	0.2	(28.2)	(25.0)	25.0	—
Fair value to Group	<u>625.3</u>	<u>157.7</u>	<u>(150.7)</u>	<u>(98.4)</u>	<u>(30.3)</u>	<u>—</u>	<u>503.6</u>
Goodwill — arising on acquisition							224.3
— from fair value adjustments							166.9
Total consideration							<u>894.8</u>

The property revaluation decrease results from a valuation, based on open market value for existing use, carried out by Messrs. Knight Frank & Rutley as at 15th August 1990.

13 INVESTMENTS IN ASSOCIATED COMPANIES

	Shares at cost £m	Group Share of post acquisition retained profits £m	Total £m
<b>RANK XEROX COMPANIES (UNLISTED)</b>			
Balances at 31st October 1989	23.0	426.8	449.8
Currency translation adjustment	—	(17.1)	(17.1)
Additions	1.0	—	1.0
Profits less losses for the year less dividends receivable (see below)	—	6.6	6.6
Balances at 31st October 1990	24.0	416.3	440.3
<b>OTHER (UNLISTED)</b>			
Balances at 31st October 1989	120.4	3.1	123.5
Currency translation adjustment	(22.6)	(0.6)	(23.2)
New businesses acquired	3.5	—	3.5
Additions	46.5	—	46.5
Adjustments on becoming subsidiaries	(2.1)	(2.5)	(4.6)
Profits less losses for the year less dividends receivable (see below)	—	—	—
Balances at 31st October 1990	145.7	—	145.7
<b>TOTAL</b>	<b>169.7</b>	<b>416.3</b>	<b>586.0</b>

Included in other associates' shares at cost is £138.8m in respect of interests in partnerships including £13.8m (1989 £5.2m) interest capitalised.

	Rank Xerox companies		Others	
	1990 £m	1989 £m	1990 £m	1989 £m
<b>SHARE OF RETAINED PROFIT FOR THE YEAR</b>				
Share of profits less losses before taxation	167.2	159.6	—	3.6
Share of taxation (note 3)	(72.8)	(73.6)	—	(1.4)
Share of extraordinary items	24.6	—	—	—
	119.0	86.0	—	2.2
Dividends receivable by the Group	(112.4)	(58.0)	—	—
Profits less losses for the year less dividends receivable	6.6	28.0	—	2.2
Minority interests	(0.2)	(1.0)	—	—
Amounts retained attributable to shareholders of the Company	6.4	27.0	—	2.2
Adjustments on becoming subsidiaries	—	—	(2.5)	—
<b>Net increase in profits retained</b>	<b>6.4</b>	<b>27.0</b>	<b>(2.5)</b>	<b>2.2</b>

Details of principal associated companies are given on pages 47 and 48.

14 OTHER INVESTMENTS

	Shares at cost £m	Loans and advances £m	Group Provisions £m	Total £m
Balances at 31st October 1989	0.2	0.5	(0.5)	0.2
Additions	—	19.1	—	19.1
Balances at 31st October 1990	0.2	19.6	(0.5)	19.3

## NOTES TO THE ACCOUNTS

### 15 STOCKS

	Group	
	1990	1989
	£m	£m
Raw materials	36.1	27.7
Work in progress	18.5	18.8
Finished goods and goods for resale	64.2	51.1
Film productions	18.7	13.5
Completed properties for resale	9.0	10.6
Property developments in progress	17.7	14.5
	<u>164.2</u>	<u>136.2</u>
Property developments in progress at cost	17.7	14.7
Less: progress payments	—	0.2
	<u>17.7</u>	<u>14.5</u>

Interest capitalised included in completed properties for resale and property developments in progress amounted to £0.8m (1989 £1.6m).

### 16 DEBTORS

	Group		Company	
	1990	1989	1990	1989
	£m	£m	£m	£m
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>				
Trade debtors	205.9	135.1	0.9	0.2
Amounts owed by group companies	—	—	94.0	77.8
Other debtors	44.9	23.7	1.0	0.9
Assets held for disposal	55.1	1.3	—	—
Prepayments and accrued income	56.8	30.7	16.5	0.3
Instalment sale debtors	10.4	12.5	—	—
Notes receivable	4.6	5.5	—	—
Amounts recoverable on contracts	4.3	1.2	—	—
Dividends receivable from associated companies	54.9	4.8	—	—
	<u>436.9</u>	<u>214.8</u>	<u>112.4</u>	<u>79.2</u>
<b>AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>				
Trade debtors	3.7	4.2	—	—
Other debtors	1.3	2.5	—	—
Assets held for disposal	—	0.1	—	—
Prepayments and accrued income	1.8	0.8	—	—
Instalment sale debtors	41.2	55.0	—	—
Notes receivable	27.8	30.9	—	—
Advance corporation tax recoverable	23.4	15.4	38.4	34.4
	<u>99.2</u>	<u>108.9</u>	<u>38.4</u>	<u>34.4</u>
<b>TOTAL</b>	<u>536.1</u>	<u>323.7</u>	<u>150.8</u>	<u>113.6</u>

## NOTES TO THE ACCOUNTS

17 <b>LOAN CAPITAL, BORROWINGS, SHORT TERM DEPOSITS AND CASH</b>	Group		Company	
	1990	1989	1990	1989
	£m	£m	£m	£m
Bank overdrafts	44.4	12.1	—	3.0
Bank loans:				
Amounts repayable				
Within one year or on demand	152.0	28.4	7.4	23.5
Between one and two years	144.3	—	143.4	—
Between two and five years	215.9	—	215.9	—
In five years or more	—	229.8	—	229.8
	512.2	258.2	366.7	253.3
Other borrowings:				
Amounts repayable				
Within one year	27.7	3.2	18.0	—
Between one and two years	0.4	2.3	—	—
Between two and five years	50.1	1.0	—	—
Between five and 15 years	267.8	193.1	—	—
In 15 years or more	20.6	50.0	0.6	50.0
	366.6	249.6	18.6	50.0
<b>TOTAL</b>	<b>923.2</b>	<b>519.9</b>	<b>385.3</b>	<b>306.3</b>
Secured	38.2	6.8	—	—
Unsecured	885.0	513.1	385.3	306.3
Total as above	923.2	519.9	385.3	306.3
Amounts falling due within one year or on demand	224.1	43.7	25.4	26.5
Amounts falling due after more than one year	699.1	476.2	359.9	279.8
<b>LOAN CAPITAL AND BORROWINGS</b>	<b>923.2</b>	<b>519.9</b>	<b>385.3</b>	<b>306.3</b>
Short term deposits	159.3	29.6	155.5	26.7
Cash at bank and in hand	53.7	24.2	1.1	3.3
Total cash and deposits	213.0	53.8	156.6	30.0
<b>NET BORROWINGS</b>	<b>710.2</b>	<b>466.1</b>	<b>228.7</b>	<b>276.3</b>

Borrowings of £38.2m (1989 £6.8m) are secured by either fixed or floating charges on various assets and undertakings of certain subsidiaries. Other borrowings shown above includes (a) borrowings not fully repayable within five years totalling £267.8m (1989 £193.3m) for the Group and £NIL (1989 £NIL) for the Company which are repayable at par in part by annual sinking funds or by instalments with an average rate of interest payable of 9.9% (1989 9.5%) for the Group, (b) £0.6m (1989 £50m) for both the Group and the Company in respect of a 10% Eurosterling bond redeemable at par in 2008 and (c) £20m (1989 £NIL) for the Group and £NIL (1989 £NIL) for the Company in respect of a 11½% Mortgage Debenture Stock redeemable at par in 2011.

## NOTES TO THE ACCOUNTS

### 20 DEFERRED TAXATION

	Provided				Not provided			
	Group		Company		Group		Company	
	1990	1989	1990	1989	1990	1989	1990	1989
	£m	£m	£m	£m	£m	£m	£m	£m
Capital allowances.....	18.3	10.1	7.3	7.9	35.8	18.9	—	—
Other timing differences.....	8.2	8.7	5.3	—	3.4	(4.4)	—	—
Losses.....	(3.8)	—	—	—	(0.8)	—	—	—
Advance corporation tax.....	(12.6)	(2.3)	(9.4)	(5.6)	—	—	—	—
	<u>10.1</u>	<u>16.5</u>	<u>3.8</u>	<u>2.3</u>	<u>38.4</u>	<u>14.5</u>	<u>—</u>	<u>—</u>

The above figures exclude taxation payable:

- (a) in the event of profits of certain overseas subsidiary companies being distributed
- (b) on capital gains which might arise from the sale of certain investments by the Company at the values at which they are stated in the Company's balance sheet and
- (c) on capital gains which might arise if land and buildings were to be sold at the amounts at which they are carried in the Group's balance sheet as, in the opinion of the Directors, the majority of such properties will be retained for use in the business.

### 21 CAPITAL AND RESERVES

	1990		1989	
	Authorised	Issued and fully paid	Authorised	Issued and fully paid
	£m	£m	£m	£m
<b>SHARE CAPITAL</b>				
US\$ Cumulative Preference shares.....	3.2	1.3	3.2	1.3
Convertible Cumulative Redeemable Preference shares.....	60.0	45.6	—	—
Ordinary shares of 25p each.....	108.8	77.0	83.8	54.5
	<u>172.0</u>	<u>123.9</u>	<u>87.0</u>	<u>55.8</u>

At the Annual General Meeting held on 4th November 1989, the Company increased its Ordinary share capital by the creation of 24,800,000 additional Ordinary shares of 25p each. At an Extraordinary General Meeting held on 16th July 1990, the Company further increased its share capital by the creation of 75,000,000 additional Ordinary shares of 25p each and by the creation of 300,000,000 Convertible Cumulative Redeemable Preference shares (the "Convertible Preference shares") of 20p each. The Convertible Preference shares carry an entitlement to a dividend at the rate of 8.25p (net) per share per annum. They are convertible in any of the years 1993 to 2003 into Ordinary shares of 25p each at a rate equivalent to 10.6383 Ordinary shares for every 100 Convertible Preference shares and may be redeemed at £1.00 per share at any time after 30th April 2003 at the option of the Company and, in any event, will be redeemed at £1.00 per share on 31st July 2007.

The Company has three series of US\$ Preference shares, 670 Series A Depository Shares, 670 Series B Depository Shares, and 660 Series C Depository Shares. There is no fixed date for redemption; the shares are redeemable only at the Company's option at the issue price of US\$100,000 per share. Dividends which are cumulative are set in auctions, currently at 28 day intervals.

A total of 54,534,316 Ordinary shares were issued at 670p in February 1990 as a result of a Rights Issue. Total proceeds, net of expenses, were £357.4 million.

A total of 35,114,958 Ordinary shares and 227,973,000 Convertible Preference shares were issued to acquire the whole of the Ordinary and Convertible Preference share capital of Mecca Leisure Group plc, comprising 316,034,622 Ordinary shares and 303,964,627 Convertible Preference shares. Included in issued and fully paid share capital at 31st October 1990 are 4,586 Ordinary shares and 22,141,694 Convertible Preference shares relating to the acquisition which were issued after the year end.

During the year, 377,594 Ordinary shares were issued on the exercise of options by employees. At 31st October 1990, of the unissued Ordinary shares, 3,961,448 were reserved against the exercise of options granted under the Company's Share Option Schemes. Details of the options are as follows:

## NOTES TO THE ACCOUNTS

21

### CAPITAL AND RESERVES continued

	Date of Grant	Shares	Option Price
Share Savings Scheme	25th April 1985	9,331	296.74p
	7th March 1986	78,897	449.26p
	6th March 1987	51,373	548.87p
	4th March 1988	87,750	546.93p
	3rd March 1989	94,774	741.84p
Executive Share Option Scheme	17th August 1990	430,176	631.00p
	21st August 1986	30,265	475.17p
	20th August 1987	274,639	728.27p
	17th August 1988	638,368	693.36p
	6th March 1989	215,144	817.48p
	14th August 1989	269,931	933.85p
	26th February 1990	1,313,860	798.00p
Overseas Executive Share Option Plan	10th August 1990	210,560	785.00p
	14th August 1989	47,340	933.85p
	26th February 1990	135,390	798.00p
	10th August 1990	73,650	785.00p
		<u>3,961,448</u>	

Options granted under the Share Savings Scheme are exercisable normally within a period of six months after the fifth anniversary of the SAYE contracts. Options granted under the Executive Share Option scheme and the Overseas Executive Share Option Plan are exercisable within a period normally commencing on the third anniversary and ending on the tenth anniversary of the date of the grant.

	Group		Company	
	1990	1989	1990	1989
RESERVES	£m	£m	£m	£m
Share premium account	480.1	134.9	480.1	134.9
Revaluation reserve	439.3	264.1	152.0	147.4
Special reserve	—	—	204.8	204.8
Merger reserve	—	—	385.0	—
Other reserves	669.4	642.8	365.6	397.2
	<u>1,588.8</u>	<u>1,041.8</u>	<u>1,587.5</u>	<u>884.3</u>

### MOVEMENTS IN SHARE CAPITAL AND SHARE PREMIUM ACCOUNT

	Preference share capital	Ordinary share capital	Share premium account
	£m	£m	£m
Balances at 31st October 1989	1.3	54.5	134.9
Issue of Convertible Preference shares	45.6	—	—
Issue of Ordinary shares in the year	—	22.5	353.3
Issue expenses	—	—	(8.1)
Balances at 31st October 1990	<u>46.9</u>	<u>77.0</u>	<u>480.1</u>

### MOVEMENT IN SPECIAL RESERVE

	Group	Company
	£m	£m
Balances at 31st October 1989 and 31st October 1990	<u>—</u>	<u>204.8</u>

### MOVEMENT IN MERGER RESERVE

	Group	Company
	£m	£m
Balances at 31st October 1989	—	—
Arising on shares issued in respect of the acquisition of Mecca Leisure Group plc	385.0	385.0
Write off of goodwill arising in the year (see below)	(385.0)	—
Balances at 31st October 1990	<u>—</u>	<u>385.0</u>

The merger reserve arises in respect of share issues for the acquisition of Mecca Leisure Group plc for which merger relief has been taken in accordance with Section 131(2) of the Companies Act 1985.

## NOTES TO THE ACCOUNTS

### 21 CAPITAL AND RESERVES continued

MOVEMENTS IN REVALUATION AND OTHER RESERVES GROUP	Revaluation £m	Other		Total £m
		Company and its subsidiaries £m	Associated companies £m	
Balances at 31st October 1989	264.1	228.7	414.1	906.9
Currency translation adjustments	—	2.0 (a)	(17.1)	(15.1)
Surplus on revaluation of fixed assets	175.4	—	—	175.4
Surplus on profit and loss account for the year	—	69.2	6.4	75.6
Transfer of depreciation on revaluation	(0.2)	0.2	—	—
Other	—	(0.8)	—	(0.8)
Write off of goodwill arising in the year (see below)	—	(33.3)	—	(33.3)
Transfer on associate becoming subsidiary	—	2.5	(2.5)	—
Balances at 31st October 1990	<u>439.3</u>	<u>268.5</u>	<u>400.9 (b)</u>	<u>1,108.7</u>

(a) After offsetting £52.5m of net exchange profits arising on foreign currency borrowings less deposits.

(b) Includes £400.9m in respect of Rank Xerox companies.

The write off of goodwill of £418.3m for the year to merger and other reserves related to the acquisition of (a) Mecca Leisure Group plc (see note 12), (b) the outstanding 51% partnership interest in Film House, (c) the net assets of certain bingo clubs in Ontario, Canada and (d) residual profit participation rights in Universal Studios Florida.

COMPANY	Revaluation	Other	Total
	£m	£m	£m
Balances at 31st October 1989	147.4	397.2	544.6
(Deficit) on profit and loss account for the year	—	(31.6)	(31.6)
Revaluation surplus	4.6	—	4.6
Balances at 31st October 1990	<u>152.0</u>	<u>365.6 (c)</u>	<u>517.6</u>

(c) Other reserves are regarded as entirely 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 1990. The valuation surplus of £4.6m arising thereon in the year has been taken to revaluation reserve.

The Directors have considered the value at 31st October 1990 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.

### 22 DIRECTORS AND EMPLOYEES

(a) The Directors' interests in shares or stocks of the Company which are all beneficial were as follows:

	31st October 1990		1st November 1989 (or date of appointment)	
	Ordinary shares	Share options	Ordinary shares	Share options
D. V. Atterton	1,250	1,885	1,000	1,276
Sir Arthur Bryan	1,250	—	1,000	—
H. A. Crichton-Miller	1,000	47,857	5,000	44,750
J. Daly	1,875	48,031	1,500	46,026
Sir Leslie Fletcher	3,868	1,711	1,100	2,418
M. B. Gifford	47,493	108,441	20,000	105,910
Sir Patrick Meaney	8,763	62,284	5,016	61,158
Sir Denis Mountain	10,581	—	8,465	—
T. H. North	5,000	33,514	5,000	33,514
Sir Angus Ogilvy	5,841	1,711	2,679	2,418
A. W. P. Stenham	—	1,885	—	1,276
N. V. Turnbull	1,125	43,071	3,000	41,216
D. M. Yates	5,367	47,857	2,950	47,168

The above interests include options to purchase ordinary shares under the terms of the Company's Share Savings and Executive Share Option Schemes.

## NOTES TO THE ACCOUNTS

### 22 DIRECTORS AND EMPLOYEES continued

Options granted prior to 18th January 1990 have been adjusted for the Rights Issue announced by The Rank Organisation Plc on 25th January 1990. The number of options as adjusted has been reflected in the Directors' interests stated since 18th January 1990.

As at 1st November 1989 and 31st October 1990 Mr. N. V. Turnbull had a beneficial interest in 1,000 Ordinary shares of 5p each in A. Kershaw & Sons, Plc.

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 1990, with the exception of Mr. N. V. Turnbull who became interested on 20th November 1990 in a further 100 Ordinary shares of The Rank Organisation Plc. On 10th November 1990 Mr. Turnbull ceased to be interested in 250 Ordinary shares of A. Kershaw & Sons, Plc.

No Director was interested during or at the end of the year in any contract which was significant in relation to the Company's business.

	1990	1989
	£000	£000
(b) Total emoluments of the Directors of The Rank Organisation Plc		
Fees	75	75
Other emoluments	1,050	958
Contributions to pension schemes	358	207
(c) Emoluments of Chairman	178	136
(d) Emoluments of highest paid Director	286	261

(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	
	1990	1989	1990	1989
10,001— 15,000	6	6		
15,001— 20,000	1	—		
30,001— 35,000	—	—	56	57
35,001— 40,000	—	—	59	34
40,001— 45,000	—	—	36	37
45,001— 50,000	—	—	34	13
50,001— 55,000	—	—	10	17
55,001— 60,000	—	—	6	5
60,001— 65,000	—	—	8	5
65,001— 70,000	—	—	2	3
70,001— 75,000	—	1	5	6
75,001— 80,000	—	—	5	—
85,001— 90,000	—	—	2	1
90,001— 95,000	—	—	1	—
95,001—100,000	—	—	—	2
100,001—105,000	—	—	1	—
115,001—120,000	—	2	1	—
125,001—130,000	—	1	—	—
130,001—135,000	1	1	—	—
135,001—140,000	1	—	—	—
145,001—150,000	1	—	—	—
150,001—155,000	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.



<b>22</b>	<b>DIRECTORS AND EMPLOYEES</b> continued	1990	1989
	<b>EMPLOYEE COSTS</b>	£m	£m
	Wages and salaries	260.3	195.7
	Social security costs	20.8	15.4
	Other pension costs	10.3	9.7
		<u>291.4</u>	<u>220.8</u>
	<b>EMPLOYEE NUMBERS</b>		
	Employees on average during the year	29,689	22,790
	Employees at 31st October	<u>47,816</u>	<u>23,603</u>

**PROVISION FOR PENSION 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 under defined benefit schemes are fixed by reference to final pay. Valuations of the funds are carried out by the Eagle Star Group triennially, the last actuarial report being to 5th April 1988. That report disclosed that the actuarial value of the assets was sufficient to cover 101% of the benefits that had accrued to members after allowing for expected future increases in earnings. The valuation method used was a projected unit method including a 20 year control period with allowance for new entrants. The main actuarial assumptions were a long term yield of 8%, salary increases of 6.5% per annum and increases in pensions in payment of 3% per annum. The market value of the scheme assets at 6th April 1988 was £131.1m excluding the value of annuities purchased to match pensions in payment. Benefits under defined contribution schemes depend on the emerging investment performance. There were 8,484 current members, 7,060 pensioners and 10,191 former employees with deferred pension rights at 5th April 1990, the last pension plan year end.

Mecra Leisure Group plc operates two defined benefit pension schemes. Both are contracted out of the State earnings related pension arrangements and are externally funded under separate trusts. A provisional valuation of the schemes was carried out at 1st April 1990 by Towers, Perrin. The main actuarial assumptions used in the valuation at 1st April 1990 were a long term yield of 8%, salary increases of 6.5% per annum and increases in pensions in payment of 3% per annum for one scheme and 5% per annum for the other. The combined market value of the two schemes at 1st April 1990 was £50.8m. The provisional valuation results at 1st April 1990 disclose no material surplus or deficiency. The combined membership of the two schemes at 1st April 1990 was 2,773 current members, 410 pensioners and 1,606 former employees with deferred pension rights.

Other Countries

Group contributions to schemes for employees in other countries totalled £1.7m (1988 £0.8m).

<b>23</b>	<b>CONTINGENT LIABILITIES</b>	1990	1989
	<b>GROUP</b>	£m	£m
	Guarantees by the Company and by subsidiary companies, bills discounted by Group companies and uncalled liability in respect of partly paid shares	27.6	25.9
	There are outstanding in the USA administrative proceedings against a subsidiary for which the potential liability cannot be quantified. The Group is vigorously contesting the proceedings.		
	<b>COMPANY</b>	£m	£m
	Guarantees of advances to subsidiary companies, bills discounted and uncalled liabilities in respect of partly paid shares		
	Provided as liabilities in the Group balance sheet	308.8	192.6
	Others	3.2	1.4

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

## PRINCIPAL/SUBSIDIARY COMPANIES

<b>FILM AND TELEVISION</b>	Class of capital	Percentage owned	Principal activities
Film House (Canada)	Partnership	100	Film processing and ancillary services for the motion picture industry
Pinewood Studios Limited	Ordinary	100	Film production studios, post-production facilities and services
Rank Advertising Films Limited	Ordinary	100	Cinema advertising contractor
Rank California Inc. (USA)	Common	100	Owns the Deluxe film laboratories in Hollywood
Rank Film Distributors Limited	Ordinary	100	Investment in and international distribution of feature films
Rank Film Laboratories Limited	Ordinary	100	Film processing and ancillary services for the motion picture industry
Rank Theatres Limited	Ordinary	100	Film exhibition
Rank Video Services Limited	Ordinary	100	Video duplication
	Deferred	100	
Rank Video and Retail Services America Inc (USA)	Common	100	Video duplication and distribution of pre-recorded video cassette
Rank Brimar Limited	Ordinary	100	Design, manufacture and marketing of high performance, high resolution cathode ray tube products
Rank Cintel Limited	Ordinary	100	Design, manufacture and marketing of broadcast equipment and software based television graphic products
Rank Lighting Srl (Italy)	Ordinary	100	Design, manufacture and marketing of film and television luminaires
Rank Taylor Hobson Limited	Ordinary	100	Design, manufacture and marketing of high precision metrology instruments and 35mm zoom cine lenses
Rank Taylor Hobson Inc (USA)	Common	100	Design, manufacture and marketing of ultra-precision machining systems
Strand Lighting Inc (USA)	Common	100	Design, manufacture and marketing of lighting fixtures and electronic controls for the theatrical, film, television, and entertainment industries
Strand Electro Controls Inc (USA)	Common	100	Design, manufacture and marketing of lighting controls for the architectural and construction industries
Strand Lighting Limited	Ordinary	100	Design, manufacture and marketing of lighting and electronic controls for the theatrical, film, television, entertainment and architectural industries

## PRINCIPAL SUBSIDIARY COMPANIES

<b>HOLIDAYS AND HOTELS</b>	Class of capital	Percentage owned	Principal activities
Butlin's Limited	6%	100	Holiday World Centres and holiday hotels
	Cumulative Preference		
	Ordinary	100	
Character Hotels Limited	Ordinary	100	Owms and operates provincial hotels in the UK
Haven Leisure Limited	Ordinary	100	Operation of caravan parks in the United Kingdom, France and Spain
Mecca Leisure Holidays Limited	Ordinary	100	Operation of fully catered and self-catered Warner Holiday Centres in the UK
Mecca Speciality Catering Limited	Ordinary	100	Operation of City restaurants and themed dinner shows in London
Norscot Hotels Limited	Ordinary	100	Operation of holiday hotels in Scotland and the North of England
Rank Hotels Limited	Ordinary	100	Owms and operates first class hotels in London and Bristol
Rank Motorway Services Limited	Ordinary	100	Operates motorway service areas, trunk road services and motor lodges in the UK
Shearings Limited	Ordinary	100	Operates UK coach holidays and holiday hotels
<b>RECREATION</b>			
Associated Leisure Limited	Ordinary	100	Operation of amusement machine hire and sales businesses
County Clubs Limited	Ordinary	100	Operation of provincial casinos
Grosvenor Clubs Limited	Ordinary	100	Operation of casinos in London
Mecca Leisure Limited	Ordinary	100	Operation of social and bingo clubs
Rank Amusements Limited	Ordinary	100	Operation of amusement centres in town centres and Butlin's and Haven sites
Top Rank Limited	Ordinary	100	Operation of social and bingo clubs

## PRINCIPAL SUBSIDIARY COMPANIES

LEISURE	Class of capital	Percentage owned	Principal activities
Hard Rock International Plc	Ordinary	100	Operation of the Hard Rock Cafes in UK and overseas which are owned by the Group
Mecca Leisure Catering Limited	Ordinary	100	Owns and operates "Prima Pasta" and "Sweeney Todd" restaurant
Mecca Leisure Limited	Ordinary	100	Owns and operates nightclubs and ice rinks
Mecca Leisure (USA) Inc (USA)	Common	87.5	Operation of leisure activities in the USA
Pizza Piazza Limited	Ordinary	100	Owns and operates "Pizza Piazza" restaurants
Rank-Ahnert Inc (USA)	Common	100	Sale of "Outdoor World" holiday memberships at caravan park resorts it owns and operates and the sale of timeshare, second homes and land at other resorts in its ownership
Rank Development Inc (USA)	Common	100	Development of a holiday resort at Myrtle Beach, South Carolina, including a hotel and a sport and health club
Rank Leisure Limited	Ordinary	100	Development and operation of multi-leisure centres in the UK
Rank Orlando Inc (USA)	Common	100	Owns the Group's investment in the Universal Studios Partnership in Orlando, Florida

## PRINCIPAL SUBSIDIARY COMPANIES

HOLDING AND OTHER COMPANIES	Class of capital	Percentage owned	Principal activities
A. Kershaw & Sons, Plc	8% "A" Cumulative Preference	(a) 78	Holds 43% of the preference and 40% of the ordinary share capital of Rank Precision Industries (Holdings) Limited which owns 50% of the share capital of Rank RX Holdings Limited
	12½% "B" Non Cumulative Preference	(a) 85	
Mecca Leisure Group plc	Ordinary 7.25% (net) Convertible Cumulative Preference 8.1773% (net) Cumulative Preference	(a) 82 (a) 100  (a) 100	Owns the Group's investments in UK and overseas subsidiary companies not owned directly by the ultimate holding company or the other holding companies
Rank America Inc. (USA)	Common	(a) 100	
Rank Holdings (U.K.) Limited	Ordinary	(a) 100	Owns the Group's investments in certain of the UK operating subsidiary companies
Rank Overseas Holdings Limited	Ordinary	(a) 100	Owns the Group's investments in certain of the overseas subsidiary companies
Rank Precision Industries (Holdings) Limited	5% Cumulative Preference	(b) 92	Owns 50% of the share capital of Rank RX Holdings Limited
Rank RX Holdings Limited	Ordinary	(c) 93 (d) 96	Owns indirectly the Group's investment in the Rank Xerox companies
Rank Canada Inc (Canada)	Common	100	Owns the Group's investment in operating subsidiaries in Canada
Garsington Estates Limited	Ordinary	100	Property development

All subsidiaries are indirectly owned except those marked

- (a) which are directly owned
- (b) which is 57% directly owned
- (c) which is 60% directly owned
- (d) which is 50% directly owned

The country of registration or incorporation is England unless otherwise stated below the company name. The principal operations are carried out in the country of registration.

## PRINCIPAL ASSOCIATED COMPANIES

<b>RANK XEROX COMPANIES</b>	Percentage voting interest	Class of capital owned	Percentage holding	Principal activities
Rank Xerox Limited (England)	48.8	'B' Ordinary	96.4	The business of the Rank Xerox companies consists of the design, 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. Its principal associated company, Fuji Xerox Co. Limited, a company incorporated in Japan, which is 50% owned by Rank Xerox Limited, also manufactures and markets business equipment
Rank Xerox Holding B.V. (Holland)	48.8	'D' Ordinary	96.4	
Rank Xerox Investments Limited (Bermuda)	49.0	'C' Ordinary	96.4	
R-X Holdings Limited (Bermuda)	49.0	'B' Ordinary	96.4	
	33.3	'B' Ordinary	96.4	
<b>OTHER ASSOCIATES</b>				
Universal Studios Florida (USA)	50.0	Partnership	50.0	Operation of a television and film studio and motion picture theme park together with real estate development on adjoining land

The accounting date for the Rank Xerox companies is 31st October 1990.

## PRINCIPAL ASSOCIATED COMPANIES

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 profit before tax as shown below is adjusted for charges made by Xerox Corporation for research and development and corporate overhead costs and for profit participation adjustments in accordance with the above agreement.

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

	1990	1989
<b>PROFIT AND LOSS ACCOUNT</b>	<b>£m</b>	<b>£m</b>
Turnover	2,676	2,545
Less costs	2,387	2,276
Trading profit	289	269
Net interest receivable	51	31
Share of results of associates	112	118
Profit before Xerox Corporation charges	452	418
Xerox Corporation charges	(158)	(154)
Profit before tax	294	264
Tax	(130)	(127)
Profit after tax	164	137
Extraordinary profit after tax	60	—
Profit for the financial year	<u>224</u>	<u>137</u>
	1990	1989
<b>BALANCE SHEET</b>	<b>£m</b>	<b>£m</b>
Fixed assets		
Tangible assets	335	392
Investments	348	400
	683	792
Net current assets	1,295	1,205
Total assets less current liabilities	1,978	1,997
Creditors falling due after more than one year	(573)	(556)
Provisions for liabilities and charges	(112)	(104)
	<u>1,293</u>	<u>1,337</u>
Share capital and reserves	1,287	1,333
Minority interests	6	4
	<u>1,293</u>	<u>1,337</u>
	1990	1989
<b>PROFIT PARTICIPATION</b>	<b>£m</b>	<b>£m</b>
Profit before tax	294	264
Add: Xerox Corporation charges	158	154
Add: Profit participation adjustments	47	59
Deduct: Minority interests	(3)	(2)
Profit for participation purposes before extraordinary profit	496	475
Extraordinary profit before tax	59	—
Profit for participation purposes	<u>555</u>	<u>475</u>

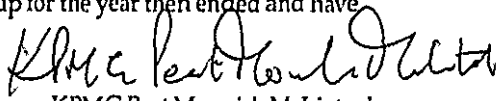
## REPORT OF THE AUDITORS

### TO THE MEMBERS OF THE RANK ORGANISATION Plc

We have audited the accounts on pages 22 to 48 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group at 31st October 1990 and of the profit and source and application of funds of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London  
30th January 1991

  
KPMG Peat Marwick McLintock  
Chartered Accountants



## FIVE YEAR REVIEW

TURNOVER, PROFIT, EARNINGS AND DIVIDEND	1990	1989	1988	1987	1986
	£m	£m	£m	£m	£m
TURNOVER	1,333.1	1,093.0	824.1	668.4	718.1
TRADING PROFIT	161.1	167.4	123.5	100.3	84.4
Rank Xerox companies	167.2	159.6	150.5	115.7	81.1
Other associates	—	3.6	—	2.5	1.6
Interest	(16.2)	(39.5)	(18.9)	(10.2)	(3.0)
PROFIT BEFORE TAX	312.1	291.1	255.1	208.3	164.1
Tax	(110.1)	(107.5)	(95.1)	(78.3)	(64.0)
Minority interests	(4.1)	(3.4)	(3.1)	(3.9)	(5.5)
EARNINGS	197.9	180.2	156.9	126.1	94.6
Extraordinary items	(15.2)	5.5	22.3	16.4	(19.1)
PROFIT FOR THE FINANCIAL YEAR	<u>182.7</u>	<u>185.7</u>	<u>179.2</u>	<u>142.5</u>	<u>75.5</u>
EARNINGS PER ORDINARY SHARE					
(before extraordinary items)	70.1p	79.7p	70.1p	56.2p	43.8p
TOTAL DIVIDEND PER ORDINARY SHARE					
	<u>71.0p</u>	<u>29.0p</u>	<u>25.3p</u>	<u>21.0p</u>	<u>17.4p</u>
GROUP FUNDS EMPLOYED					
Fixed assets	1,766.9	874.8	691.1	354.1	306.5
Investments	605.3	573.5	417.1	340.7	356.3
Net trading assets	98.5	133.9	80.7	64.9	57.6
TOTAL FUNDS EMPLOYED AT YEAR END	<u>2,470.7</u>	<u>1,582.2</u>	<u>1,188.9</u>	<u>759.7</u>	<u>720.4</u>
FINANCED BY					
Ordinary share capital and reserves	1,383.4	968.9	844.6	610.0	562.1
Preference share capital including premium and minorities	377.1	147.2	16.2	27.0	58.3
	1,760.5	1,116.1	860.8	637.0	620.4
Net borrowings	710.2	466.1	328.1	122.7	100.0
	<u>2,470.7</u>	<u>1,582.2</u>	<u>1,188.9</u>	<u>759.7</u>	<u>720.4</u>
CAPITAL EXPENDITURE	1,187.0	362.3	306.6	128.8	170.1
AVERAGE NUMBER OF EMPLOYEES (000's)	<u>29.7</u>	<u>22.8</u>	<u>21.4</u>	<u>19.5</u>	<u>19.4</u>

Earnings per Ordinary share and Dividends per Ordinary share have been restated to reflect the effects of the Rights Issue announced in January 1990.

## SHAREHOLDER INFORMATION

### SHARE OWNERSHIP ANALYSIS

As at 31st October 1990

	Holdings		Nominal amount held	
	Number	%	£m	%
<b>ORDINARY SHAREHOLDINGS</b>				
Institutions and other corporate holdings:				
Banks and nominee companies.....	7,108	15.20	46.4	60.26
Insurance companies and pension funds.....	341	0.73	21.5	27.92
Other corporate holdings.....	1,143	2.43	5.4	7.01
	<u>8,592</u>	<u>18.36</u>	<u>73.3</u>	<u>95.19</u>
Individuals:				
Over 25,000 shares.....	4	0.02	0.0	0.00
2,501-25,000 shares.....	749	1.60	0.9	1.17
501-2,500 shares.....	7,249	15.50	1.9	2.47
Up to 500 shares.....	30,172	64.52	0.9	1.17
	<u>38,174</u>	<u>81.64</u>	<u>3.7</u>	<u>4.81</u>
<b>TOTAL ORDINARY SHAREHOLDINGS</b>	<u>46,766</u>	<u>100.00</u>	<u>77.0</u>	<u>100.00</u>

### CONVERTIBLE PREFERENCE SHARES

The total number of Convertible Preference Shares in issue as at 31st October 1990 was 205,831,776 shares having a nominal value of £41,166,355. These shares were held by a total of 10,699 shareholders.

### THE FINANCIAL CALENDAR

Half Year Results:	Announced July
Interim Dividend on Ordinary Shares:	Paid in September
Full Year Results:	Announced January
Final Dividend on Ordinary Shares:	Paid in April
Annual Report:	Posted to shareholders in February
Annual General Meeting:	Held in March

## NOTICE OF MEETING

Notice is hereby given that the fifty-fourth Annual General Meeting of The Rank Organisation Plc will be held in the Cotswold Suite, Gloucester Hotel, Harrington Gardens, London SW7 4LH, at 12.00 noon on Wednesday, 13th March 1991 for the following purposes:

1. To receive the Report of the Directors and the audited Accounts for the year ended 31st October 1990 and to declare a final dividend on the Ordinary shares.
2. To elect Directors:
  - (a) Dr. D. V. Atterton
  - (b) Mr. J. Daly
  - (c) Sir Leslie Fletcher
  - (d) Mr. T. H. North

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 as a Special Resolution:

4. "That 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 £31,708,000.
- (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 allotment 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 £3,852,059 being 5% of the issued Ordinary share capitalthe 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  
18th February 1991

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. Holders of Convertible Preference Shares are entitled to attend, but not entitled to speak or 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. The appointment of a proxy will not preclude a member from attending the Meeting and voting in person. 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 the place of the Meeting for 15 minutes prior to and throughout the Meeting.