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T H E R A N K O R G A N I S A T I O N

R E P O R T A N D A C C O U N T S 1 9 9 2

26 - 05 - 93



The Rank Organisation Plc was founded in 1937 and is now one of the world's leading leisure and entertainment companies.

Rank is engaged in the world's film and television industries, and leisure and entertainment in the United Kingdom, Europe and North America.

Rank has a major investment in Rank Xerox which is owned jointly with Xerox Corporation, and is an equal partner in Universal Studios Florida, a major theme park in Orlando.

Results at a Glance



	1992	1991
	£m	£m
Turnover	2,096.0	2,114.2
Trading profit	185.8	186.6
Exceptional items	(8.1)	(1.3)
Associated undertakings	146.0	158.2
Profit before tax	230.1	250.5
Earnings	116.8	118.4

	Per Ordinary Share	
	Pence	Pence
Earnings	37.8	38.4
Dividend — net	31.0	31.0
Net assets	373	409

Contents

Results at a Glance	1	Group Cash Flow Statement	22
Chairman's Statement	2	Accounting Policies	25
Financial Review	4	Divisional Results	27
Review of Operations	6	Notes to the Accounts	28
Board of Directors	16	Principal Subsidiary Undertakings	42
Directors' Report	17	Principal Associated Undertakings	44
Report of the Auditors	19	Five Year Review	46
Group Profit and Loss Account	20	Supplementary Statement (FRS3)	47
Balance Sheets	21	Shareholder Information	48

Chairman's Statement

It is with great sadness that I have to report the sudden death in July last year of our former Chairman, Sir Patrick Meaney.

He joined the Board as a non-executive Director in 1979 and was appointed Chairman in November 1983, marking the beginning of a period of significant change and improvement in Rank's operations. Sir Patrick's guidance during that time and his wide business experience were a major contribution to the affairs of Rank. He is greatly missed.

The continuing effects of the recession and the downturn in consumer spending adversely affected Rank's main markets in 1992. Considerable management attention was devoted to reducing operating costs, improving competitiveness and managing cash. In addition, progress has been made in turning round unprofitable businesses.

Turnover was £2,096.0 million compared with £2,114.2 million and trading profit at £185.8 million was marginally below the £186.6 million reported in 1991. Turnover and trading profit for continuing businesses were higher than in 1991.

Rank's profit before tax for the year ended 31st October 1992 was £230.1 million compared with £250.5 million in the preceding year, a reduction of £20.4 million.

The tax charge was reduced to 39%, but includes a write off of Advance Corporation Tax of £18.1 million.

Interest costs of £93.6 million were only £0.6 million higher than the previous year whilst absorbing an increase of £5.4 million due to changes in exchange rates.

Exceptional items of £8.1 million include provisions against property values of £7.9 million and redundancy and reorganisation costs net of £3.6 million profit on asset disposals.

As part of the drive to increase our competitiveness, further restructuring was necessary and, as a result, 1,000 people were made redundant.

Rank's share of the pre-tax results of Rank Xerox was £137.3 million compared with £158.7 million in 1991. The 1992 figure included £3.1 million less from exceptional property profit than in 1991. The

results reflect the effects of the slowdown in economic activity in France, UK, Germany and Japan.

Universal Studios Florida had an encouraging year with admissions increasing by 20%. It contributed £10.0 million to pre-tax profit.

Earnings per share were 37.8p compared with 38.4p in 1991.

A final dividend of 20.75p per Ordinary share has been recommended by the Board which, together with the interim dividend of 10.25p per Ordinary share declared in July 1992, makes the total net distribution at 31.0p per share, the same as for 1991.

£167 million was invested during the year on capital projects, with the primary aim of increasing the competitive efficiency of the businesses.

Disposals of businesses and assets realised £150 million in 1992. These included the sale of Motorway Service Areas for £86 million and Screen Advertising for £22 million. The sales of three hotels were completed. In addition, the disposal of the Gloucester Hotel for £67.5 million is planned to complete later this month.

Excluding the adverse effect of £97.5 million in translating foreign currency debt, the Group generated positive cash flow of £59 million. Net debt at the year end at £999.3 million was 72% of shareholders' funds. The Group has available committed borrowing facilities of some £1.4 billion with no major renewal due until the 1995 financial year. Some 60% of borrowings are at fixed rates with an average interest cost below 9%.

At 31st October 1992 Rank had an overall property revaluation surplus of £245.4 million. This was after taking account of a further property revaluation which resulted in a reduction of some £80.7 million. Largely as a result of this lower property valuation the net assets per Ordinary share decreased from 409p to 373p.

It has been a testing time for our management and employees and I wish to pay tribute to the contribution made by them during another tough and demanding year.

The Report of the Committee on the Financial

Chairman's Statement

Aspects of Corporate Governance was published in December together with the Code of Best Practice incorporating the Report's principal recommendations. We have already established separate Audit and Compensation Committees in place of the former Chairman's Standing Committee.

We are determined to resume our earnings growth as soon as possible. In the past few years much progress has been made in reducing costs, focusing more clearly on our core activities, eliminating loss makers and improving our position in the marketplace. So far this year activity levels remain similar to last year with the exception of the important US market where Rank has seen signs of an improvement.

It will be encouraging if this trend is maintained, but whatever the general economic conditions, I have no doubt that Rank will give a good account of itself and take full advantage of all the opportunities.



Sir Leslie Fletcher
Chairman
13th January 1993

INTRODUCTION

This review, included for the first time in the Report and Accounts, provides a source of analysis of financial information and an explanation of some of the Group's financial policies and processes.

TRADING PERFORMANCE

Turnover from continuing businesses at £2,067.0 million was 4.1% higher than in 1991. Trading profit from continuing operations at £183.4 million was 4.5% higher.

GEOGRAPHICAL SPREAD

The Rank Xerox investment provides exposure to the Far East and Continental Europe providing geographical balance to the mainly UK and USA leisure and entertainment activities.

EXCEPTIONAL ITEMS

Exceptional items of £8.1 million comprised rationalisation and redundancy costs which, at £6.9 million, were at a similar level to 1991 and

property disposal gains of £3.6 million which were £2.9 million less than in 1991. In addition, in 1992 there was a provision of £7.9 million in respect of diminution in value relating mainly to properties available for sale.

INTEREST COVER

The ratio of Rank businesses' profit and associates' distributions to net interest for 1992 is 2.7 times against 2.8 times in 1991 if the special dividend from Rank Xerox in that year is excluded.

TAX

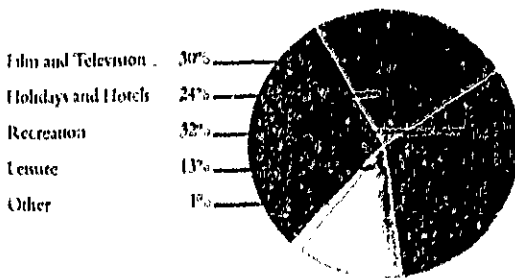
The tax charge for 1992 was 39% of profit before tax compared to 41% in 1991.

The effective rate of tax on Rank businesses was 41% (1991 39%) after writing-off £18.1 million of Advance Corporation Tax (1991 £6.9 million).

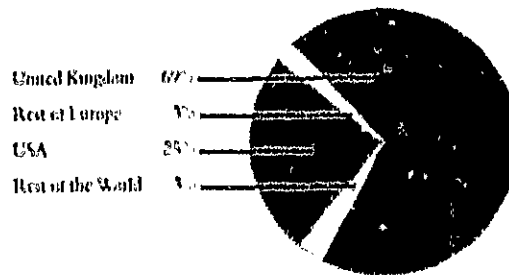
Profit from Universal Studios Florida was sheltered by available US tax losses.

The Rank Xerox tax rate was 40% (1991 42%) due to a change in profit mix to territories with lower tax rates.

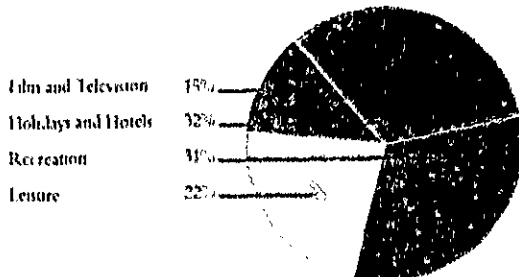
Turnover by Division



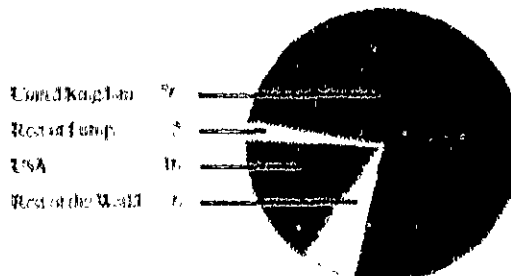
Turnover by Geographical Area



Trading profit by Division



Trading profit by Geographical Area



EXTRAORDINARY ITEMS

The Group made a net profit after tax on disposals, against historical cost, of £53.5 million. This arose primarily from the sale of Motorway Service Areas, Rank Screen Advertising and the Athenaeum Hotel.

Offset against this was a provision for writing down the value of hotels held for disposal and additional costs in respect of terminated activities.

DIVIDENDS

The total Ordinary dividend for the year of 31.0p is covered 1.2 times by earnings. This is unchanged compared with 1991.

CASH FLOW

Year end borrowings rose by £38.5 million to £999.3 million at the year end. The underlying £59.0 million positive cash inflow was more than offset by a £97.5 million increase in borrowings due to changes in exchange rates.

Sales of assets and businesses net of purchases of investments, subsidiaries and minorities, gave rise to a cash inflow of £150.5 million in 1992 and a cash outflow of £26.1 million in 1991.

Purchases of tangible fixed assets, including those purchased on finance leases, were at a similar level to 1991.

SHAREHOLDERS' FUNDS

Shareholders' funds declined by some 7.5% to £1,382.7 million. A £150.1 million reduction in revaluation reserves and other movements was partially offset by £40.1 million of retained profit and net currency translation adjustments.

EXCHANGERATES

Rank seeks to minimise the impact of movements in exchange rates on its purchases and sales by buying/selling forward a substantial portion of its estimated net currency requirements.

Balance sheet exposure in respect of investments in overseas subsidiaries is minimised by hedging the underlying asset position with equivalent currency

borrowings. The indirect investment in Fuji Xerox is similarly hedged.

At year end, net borrowings were 65% US Dollars, 18% Japanese Yen with most of the balance in Sterling.

INTEREST RATE EXPOSURE

The exposure of earnings to movements in interest rates is restricted by fixing rates on a portion of Rank's borrowings.

At the year end, some 60% of net borrowings were at rates fixed for more than one year.

FINANCIAL REPORTING STANDARD NO 3 ("FRS3")

A Group Profit and Loss Account prepared in accordance with FRS3 is set out on page 47 of the Report and Accounts. A reconciliation between the profit after tax as reported and that shown in the FRS3 statement is included.

FILM AND TELEVISION



Review of Operations

FILM AND TELEVISION

Director — James Daly

1. Substantial redevelopment at Rank's video duplication plant at Brentford, West London, resulted in a lower cost base, increased operational efficiency and greater security.

2. The new seven screen Odeon cinema complex in Sheffield equipped with the latest cinema technology and customer comfort has excellent facilities for the physically handicapped.

3. New high speed printers at Deluxe's film processing laboratory in Hollywood are part of a redevelopment which increases capacity and efficiency.

4. One of Rank Film Distributors' most successful films in 1992 was "Strictly Ballroom", starring Paul Mercurio and Tina Turner.

	1992	1991
	£m	£m
Turnover.....	618.5	589.8
Trading profit.....	27.4	19.4
Year end operating assets.....	383.3	359.5
Investment expenditure.....	40.7	94.4

Most businesses were affected by the continuing recession which shows little sign of improvement. Profit increased mainly as a result of cost reductions. Progress was also made in installing new equipment, systems and management.

VIDEO DUPLICATION

Rank is a leading worldwide supplier of video duplication services to the major producers and distributors of motion pictures.

Unit volume increased by 3% due primarily to market growth in the USA. Management focused on cost reduction and operational improvements. This action, together with lower overheads resulting from the redevelopment of the London plant, contributed to a substantial improvement in profit.

FILM LABORATORIES

Rank is a leading worldwide supplier of film processing services to the major producers and distributors of motion pictures.

Volume for the year was slightly lower, reflecting trading difficulties which have adversely affected some of our customers.

Throughout the year there was a programme of extensive investment involving the installation of new equipment at all locations. This inevitably caused temporary inefficiencies and higher costs. The programme has since been completed and the new facilities will improve efficiency and increase capacity.

During the year additional long term contracts were obtained with Paramount and Miramax.

ODEON CINEMAS

Odeon operates over 300 cinema screens in the UK.

Admissions declined for the first time in four years. This was a result of a combination of weaker product,

changes in local competition and the recession. The effect on profit was partly offset by higher spend per head and by improved control of operating costs.

Twenty new screens became operational during the year and construction began on two further multiplex cinemas.

PRECISION INDUSTRIES

Precision Industries supplies high technology products to entertainment and engineering businesses worldwide.

World economic conditions were unhelpful, particularly for the industrial sectors supplied by Precision Industries. Despite continued market deterioration losses were held at a similar level as costs were reduced.

VIDEO DISTRIBUTION

Rank distributes video and audio products to leading retail outlets in the USA.

A new management team took control in mid-year and made good progress in reducing losses. Turnover and margins rose whilst working capital showed significant reductions.

A comprehensive computer based inventory management system was implemented in the final quarter which will lead to further operating improvements. The company continued to improve controls and efficiency and to reduce costs and is now well placed to benefit from increased turnover.

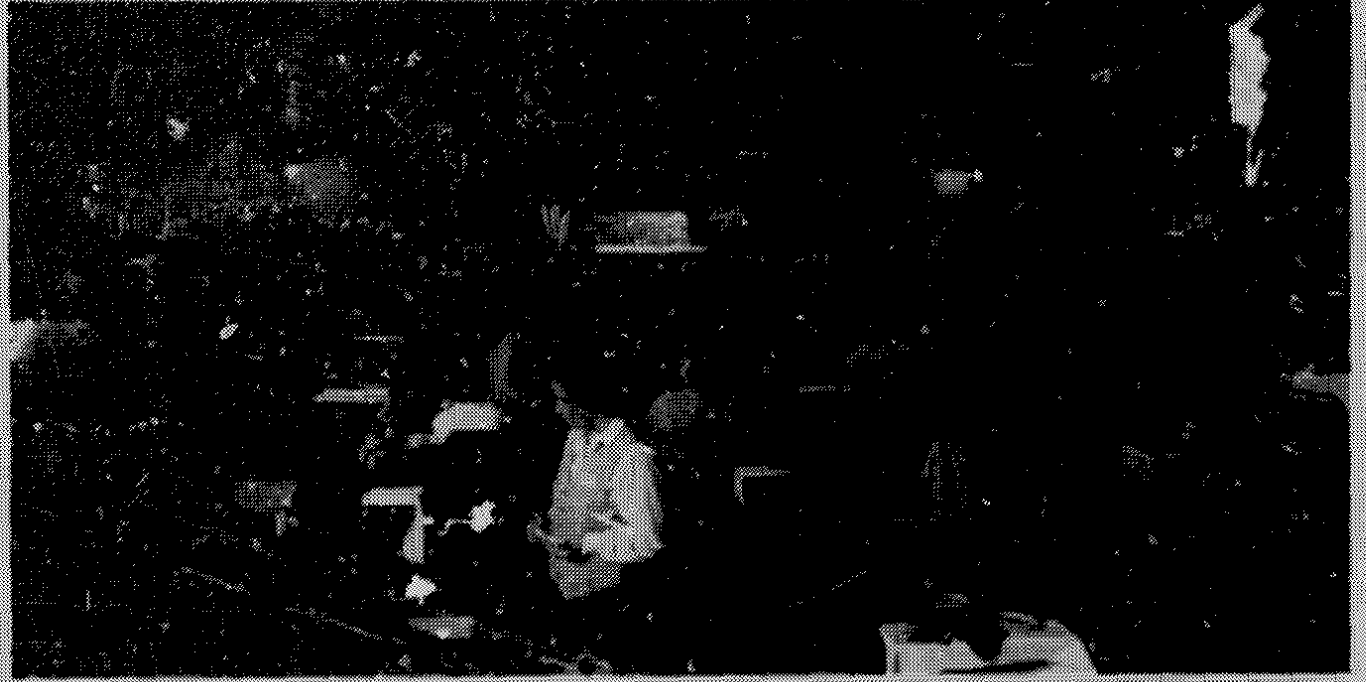
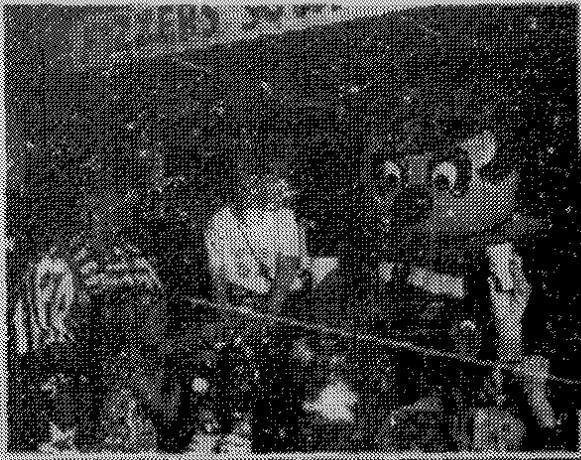
FILM DISTRIBUTION. PINWOOD STUDIOS

Rank co-finances motion picture production for distribution outside North America. Pinewood provides studio and post-production facilities.

Film Distribution increased profit. Overseas sales again achieved record turnover, due partly to the success of "Fried Green Tomatoes at the Whistle Stop Café".

Demand at Pinewood Studios was weak in the first half but improved later in the year.

HOLIDAYS AND HOTELS



Notes to the Accounts

21 DIRECTORS AND EMPLOYEES continued

value of the assets was sufficient to cover 105% 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 30-year control period with allowance for new entrants. The main actuarial assumptions were a long-term yield of 8% per annum, salary increases of 6% per annum and increases in pensions in payment of 3% per annum. The market value of the funds' assets at 6th April 1992 was £228m excluding the value of annuities purchased to match pensions in payment.

The Money Purchase Scheme commenced on 6th April 1988. The market value of its assets at 6th April 1992 was £9m.

USA

The Group operates defined contribution schemes in the USA. The market value of their combined assets at 31st October 1992 was £22.2m (1991 £17.7m). Group contributions to these schemes totalled £3.4m (1991 £2.2m).

Other countries

Group contributions to schemes for employees in other countries totalled £0.4m (1991 £0.3m).

22 CONTINGENT LIABILITIES

	1992	1991
	£m	£m
Group		
Guarantees by the Company and by subsidiary undertakings, bills discounted by Group companies and uncalled liability in respect of partly paid shares	44.7	39.1

A subsidiary undertaking is involved in a class action suit in the USA. The action is at an early stage and is being vigorously contested.

Other subsidiary undertakings are defendants in separate litigation instituted in the USA in which some \$1.5 billion damages are claimed. This action is also being vigorously contested. The Directors of The Rank Organisation Plc, having been advised by their American lawyers, believe the case to be baseless.

The Directors believe that neither of these actions will result in a material adverse effect on the financial condition of the Group.

	1992	1991
	£m	£m
Company		
Guarantees of advances to subsidiary undertakings, bills discounted and uncalled liabilities in respect of partly paid shares		
Provided as liabilities in the Group balance sheet	548.9	459.9
Others	11.4	11.6

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

23 POST BALANCE SHEET EVENT

In November 1992, the Group announced the sale of the Gloucester Hotel, London to a UK subsidiary of CDL Hotels International Limited. The consideration is £67.5m cash, which approximates to revalued net book amount, with completion due before the end of January 1993.

Principal Subsidiary Undertakings

Except where otherwise stated The Rank Organisation Plc owns indirectly 100% of the ordinary share capital of the following companies. There are also holdings of Preference shares which are separately disclosed. The country of registration or incorporation is England unless otherwise indicated after the company name. The principal operations are carried out in the country of registration.

FILM AND TELEVISION	Principal activities
Deluxe Laboratories Inc (USA)	Film processing laboratory
Odeon Cinemas Limited	Film exhibition
Pinewood Studios Limited	Film production studios, post-production facilities and services
Rank Brimar Limited	Design, manufacture and marketing of high performance, high resolution cathode ray tube products
Film House Partnership (Canada)	Film processing laboratory
Rank Cintel Limited	Design, manufacture and marketing of broadcast equipment and software based television graphic products
Rank Film Distributors Limited	Investment in and international distribution of feature films
Rank Film Laboratories Limited	Film processing laboratory
Rank Retail Services America Inc (USA)	Distribution of video and audio products
Rank Taylor Hobson Limited	Design, manufacture and marketing of high precision metrology instruments
Rank Taylor Hobson Inc (USA)	
Rank Video Services America Inc (USA)	Video duplication
Rank Video Services Limited	Video duplication
Strand Lighting Limited	Design, manufacture and marketing of lighting fixtures and electronic controls for the theatrical, film, television, entertainment and architectural industries
Strand Lighting Inc (USA)	
HOLIDAYS AND HOTELS	
Butlin's Limited (Rank also owns indirectly all the 6% Cumulative Preference shares)	Holiday Worlds and holiday hotels
Character Hotels Limited	Provincial hotels in the UK
Haven Warner Limited	Caravan/chalet parks in the UK, France and Spain and Warner Holiday parks in the UK
Rank Hotels Limited	London hotels
Shearings Limited	UK and continental coach holidays and UK holiday hotels
RECREATION	
Associated Leisure Limited	Amusement machine hire and sales
Grosvenor Clubs Limited	London and provincial casinos
Rank Amusements Limited	Amusement centres
Top Rank Limited	Social and bingo clubs

Principal Subsidiary Undertakings

LEISURE

	Principal activities
Hard Rock Cafe International Inc (USA)	Hard Rock Cafes owned by The Rank Organisation
Rank-Ahnert Inc (USA)	Outdoor World holiday memberships at caravan park resorts, the sale of timeshare, second homes and land
Rank Leisure Limited	Development and operation of multi-leisure centres and nightclubs in the UK
Rank Leisure USA Inc (USA)	Theme restaurants in the USA
Rank Orlando Inc (USA)	Owens The Rank Organisation's investment in Universal Studios Florida
Rank Restaurants Limited	Prima Pasta and Pizza Piazza restaurants

DISCONTINUED

Rank Advertising Films Limited	Cinema advertising contractor <i>Sold in September 1992</i>
Rank Motorway Services Limited	Motorway service areas, trunk road services and motor lodges in the UK <i>Sold in December 1991</i>

HOLDING COMPANIES

A. Kershaw & Sons, Plc. <i>(Rank owns directly 78% of the "A" 8% Cumulative Preference, 85% of the "B" 12½% Non Cumulative Preference and 86% of the Ordinary shares)</i>	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
Rank America Inc (USA)	Owens The Rank Organisation's investments in the USA
Rank Holdings (Netherlands) BV (Netherlands)	Owens The Rank Organisation's investments in Rank America Inc and other overseas subsidiary undertakings
Rank Holdings (UK) Limited <i>(Directly owned)</i>	Owens the Rank Organisation's investments in the UK operating subsidiary undertakings
Rank Overseas Holdings Limited <i>(Directly owned)</i>	Owens 100% of Rank Holdings (Netherlands) BV
Rank Precision Industries (Holdings) Limited <i>(Rank owns 37% directly and 35% indirectly of the 5% Cumulative Preference and 60% directly and 35% indirectly of the Ordinary shares)</i>	Owens 50% of the share capital of Rank RX Holdings Limited
Rank RX Holdings Limited <i>(Rank owns 50% directly and 47% indirectly of the Ordinary shares)</i>	Owens indirectly The Rank Organisation's investment in the Rank Xerox companies

Principal Associated Undertakings

The accounting date for all principal associated undertakings is 31st October 1992.

UNIVERSAL STUDIOS FLORIDA

Universal Studios Florida (USA) is a 50% owned joint venture managed by MCA Inc.

Principal activities

Operation of a television and film studio and motion picture theme park at Orlando, Florida.

A summary of the financial statements of Universal Studios Florida and the Group's share thereof is set out below:

	12 months to 31 October 1992	12 months to 31 October 1991
	£m	£m
Profit and loss account		
Turnover	172.9	124.6
Depreciation and amortisation	(31.2)	(26.3)
Other costs	(113.2)	(88.2)
Trading profit	28.5	10.1
Net interest payable	(8.5)	(9.8)
Profit before tax	20.0	0.3
Balance sheet		
Fixed assets	380.0	344.3
Net current assets	0.7	10.9
Net borrowings	(147.5)	(136.0)
Net assets	233.2	219.2
Group share of net assets	116.6	109.6
Additional Group investment	53.6	48.7
Share of reserve	31.9	—
Carrying value	202.1	158.3

	Percentage voting interest	Class of capital owned	Percentage holding
RANK XEROX COMPANIES			
Rank Xerox Limited (England)	48.8	'B' Ordinary 'D' Ordinary	97.3 97.3
Rank Xerox Holding BV (Holland)	48.8	'B' Ordinary 'C' Ordinary	97.3 97.3
Rank Xerox Investments Limited (Bermuda)	49.0	'B' Ordinary	97.3
R-X Holdings Limited (Bermuda)	33.3	'B' Ordinary	97.3

Principal activities

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 transmitters, and related supplies. Rank Xerox has its principal manufacturing operations in the United Kingdom, France and Holland. Its principal associated undertaking, Fuji Xerox Co. Limited, a company incorporated in Japan, which is 50% owned by Rank Xerox Limited, also manufactures and markets business equipment.

Principal Associated Undertakings

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

	1992	1991
	£m	£m
Profit and loss account		
Turnover	2,868	2,702
Less costs	(2,594)	(2,399)
Trading profit	274	303
Net interest payable	(20)	(12)
Share of results of associated undertakings	88	104
Profit before Xerox Corporation charges	342	395
Xerox Corporation charges	(145)	(156)
Profit before tax	197	239
Tax	(85)	(98)
Profit for the financial year	112	141

Leasing interest income and expenses are now included within turnover and costs respectively.

Balance sheet

Fixed assets

Tangible assets	444	347
Investments	543	428
	987	775
Net current assets	1,782	1,365
Total assets less current liabilities	2,769	2,140
Creditors falling due after more than one year	(960)	(612)
Provisions for liabilities and charges	(162)	(123)
	1,647	1,405
Share capital and reserves	1,640	1,398
Minority interests	7	7
	1,647	1,405

Profit participation

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 undertakings 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 above 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.

	1992	1991
	£m	£m
Profit before tax	197	239
Add: Xerox Corporation charges	145	156
Add: Profit participation adjustments	68	80
Deduct: Minority interests	(2)	(2)
Profit for participation purposes	408	473

Five Year Review

TURNOVER, PROFIT, EARNINGS AND DIVIDEND

	1992	1991	1990	1989	1988
	£m	£m	£m	£m	£m
Turnover	2,096.0	2,114.2	1,333.1	1,093.0	824.1
Trading profit	185.8	186.6	145.1	142.7	123.3
Exceptional items	(8.1)	(1.3)	14.1	24.7	0.2
Rank Xerox companies	137.3	158.7	167.2	159.6	150.5
Other associates	8.7	(0.5)	—	3.6	—
Interest	(93.6)	(93.0)	(16.2)	(39.5)	(18.9)
Profit before tax	230.1	250.5	310.2	291.1	255.1
Tax	(90.0)	(102.4)	(110.1)	(107.5)	(95.1)
Minority interests	(4.5)	(7.2)	(4.1)	(3.4)	(3.1)
Profit before extraordinary items	135.6	140.9	196.0	180.2	156.9
Extraordinary items	(0.1)	—	(25.8)	5.5	22.3
Profit for the financial year	135.5	140.9	170.2	185.7	179.2
Earnings per Ordinary share (before extraordinary items)	37.8p	38.4p	69.4p	79.7p	70.1p
Total Dividend per Ordinary share	31.0p	31.0p	31.0p	29.0p	25.3p
Group funds employed					
Fixed assets	1,620.3	1,821.8	1,766.9	874.8	691.1
Investments	765.7	636.1	605.3	573.5	417.1
Other assets (net)	41.5	40.3	98.5	133.9	80.7
Total funds employed at year end	2,427.5	2,498.2	2,470.7	1,582.2	1,188.9
Financed by					
Ordinary share capital and reserves	1,182.1	1,293.5	1,383.4	968.9	844.6
Preference share capital including premium	200.6	200.6	329.3	128.7	—
Minorities	45.5	43.3	47.8	18.5	16.2
	1,428.2	1,537.4	1,760.5	1,116.1	860.8
Net borrowings	999.3	960.8	710.2	466.1	328.1
	2,427.5	2,498.2	2,470.7	1,582.2	1,188.9
Investment expenditure	182.1	267.3	1,187.0	362.3	506.6
Average number of employees (000's)	42.0	45.0	29.7	23.8	21.4

Trading profit has been restated to exclude exceptional items now disclosed separately.

In 1992, the Group changed its accounting policy on acquired goodwill. The profit or loss on the disposal or termination of a business is now calculated taking into account any goodwill previously written off to reserves. The results of previous years have been restated accordingly.

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

Supplementary Statement

GROUP PROFIT AND LOSS ACCOUNT — PREPARED UNDER FINANCIAL REPORTING STANDARD 3 ("FRS3")

For the year ended 31st October 1992

	1992	1991
	£m	£m
Turnover		
Continuing operations	2,067.0	1,986.0
Discontinued operations	29.0	128.2
	<u>2,096.0</u>	<u>2,114.2</u>
Trading profit		
Continuing operations	179.6	167.7
Discontinued operations	2.4	11.1
	<u>182.0</u>	<u>178.8</u>
Exceptional items:		
Profit less loss on disposal of properties	(5.8)	5.2
Writedown and loss on disposal of continuing operations	(98.0)	—
Provision for loss on discontinued operations	(17.4)	(10.0)
Net profit on disposal of discontinued operations	12.8	—
	<u>(108.4)</u>	<u>(4.8)</u>
Income from associated undertakings:		
Rank Xerox	137.3	158.7
Other	8.7	(0.5)
	<u>219.6</u>	<u>332.2</u>
Profit before interest	219.6	332.2
Interest	(93.6)	(93.0)
Profit on ordinary activities before tax	126.0	239.2
Tax on profit on ordinary activities	(81.7)	(102.4)
Profit on ordinary activities after tax	44.3	136.8
Minority interests	(4.5)	(7.2)
Profit for the financial year	39.8	129.6
Dividends: Preference	(18.8)	(22.5)
Ordinary	(95.9)	(95.8)
Transfer to reserves	(74.9)	11.3
	<u>6.8p</u>	<u>34.7p</u>

PRINCIPAL RESTATEMENTS MADE IN ACCORDANCE WITH FRS3

	1992	1991
	£m	£m
Profit on ordinary activities after tax		
As reported	140.1	148.1
Extraordinary items	(0.1)	—
Change of accounting policy on disposals, net of tax, from historic cost to revalued amounts		
— disposals in year	(38.8)	(1.3)
— provisions for permanent diminution previously offset against revaluation surplus	(56.9)	(10.0)
Restated as above	<u>44.3</u>	<u>136.8</u>

Shareholder Information

SHARE OWNERSHIP ANALYSIS

As at 31st October 1992

	Holdings		Nominal amount held	
	Number	%	£m	%
Ordinary shareholdings				
Institutions and other corporate holdings:				
Banks and nominee companies	5,499	13.22	53.71	69.44
Insurance companies and pension funds	232	0.56	12.12	15.67
Other corporate holdings	1,105	2.65	8.04	10.39
	<u>6,836</u>	<u>16.43</u>	<u>73.87</u>	<u>95.50</u>
Individuals:				
Over 25,000 shares	7	0.02	0.10	0.13
2,501 – 25,000 shares	667	1.60	0.85	1.10
501 – 2,500 shares	6,704	16.11	1.73	2.24
Up to 500 shares	27,395	65.84	0.80	1.03
	<u>34,773</u>	<u>83.57</u>	<u>3.48</u>	<u>4.50</u>
Total Ordinary shareholdings	<u>41,609</u>	<u>100.00</u>	<u>77.35</u>	<u>100.00</u>

Convertible Preference shares

The total number of Convertible Preference shares in issue as at 31st October 1992 was 227,973,470 shares which were held by a total of 14,906 shareholders.

CORPORATE PERSONAL EQUITY PLAN (PEP)

The Rank Organisation Corporate PEP is open to existing and prospective shareholders. There is also a regular monthly savings facility. Further information concerning The Rank Organisation PEP is available from the Plan Manager, Bradford & Bingley (PEPs) Limited, P.O. Box 50, Main Street, Bingley, West Yorkshire BD16 2LW (Telephone 0274 555677).

SHARE DEALING SERVICE

Hoare Govett operate a low cost share dealing service for ordinary shares in The Rank Organisation. Shares can be sold or purchased at a basic commission rate of 1% with no minimum charge. Further information is available from Hoare Govett Corporate Finance Limited, FREEPOST, London EC2B 2HG (Telephone 081-847 7730).

THE FINANCIAL CALENDAR

Full Year Results Announcement	January
Dividend Payment on Convertible Preference shares	January
Annual Report Posted	February
Annual General Meeting	February
Final Dividend Payment on Ordinary shares	April
Half Year Results Announcement	July
Dividend Payment on Convertible Preference shares	July
Interim Dividend Payment on Ordinary shares	September

Review of Operations

HOLIDAYS AND HOTELS

Director — Angus Crichton-Miller

1. Warner offers a range of holidays which cater for all the family. A popular attraction for 5-10 year olds is the Fun Factory Club with its new soda bar hosted by "Pizzer the Foreman". This one is at Harcourt Sands on the Isle of Wight.

2. Shearings' distinctive new blue and orange livery features in every aspect of the company's business including its coaches, drivers' uniforms, promotion material and stationery.

3. A capacity audience of Butlin's holidaymakers enjoying the cabaret at the "Stars" Showbar at Starcoast World, Pwllheli, North Wales.

4. This new indoor swimming pool was built in 1992 at Weymouth Bay, one of Haven's holiday parks in the UK

	1992	1991
	£m	£m
Turnover.....	497.4	506.6
Trading profit.....	59.6	76.6
Year end operating assets.....	721.4	816.5
Investment expenditure.....	65.1	69.4

All the holiday businesses suffered from the recession and rising unemployment. They were particularly affected in June and July by deep discounting by overseas air package operators. In a UK holiday market down some 15%, Rank's volumes were only some 6% lower as a consequence of the continuing high quality of the holiday products on offer. Record levels of customer satisfaction were achieved.

As part of the drive to improve standards, training was increased and resulted in a National Training Award to Shearings and 'Investors in People' certification for Butlin's at Southcoast World.

HAVENWARNER

HavenWarner operates 62 caravan and chalet holiday parks in the UK and provides holidays in France and Spain.

Peak Summer business at the Haven parks was satisfactory, but early season bookings were poor. With UK caravan sales well down on 1991, the profit performance was disappointing.

The Warner parks had satisfactory Winter bookings, but the Summer was more difficult and profit was reduced.

After an outstanding performance in 1991, further progress was made by Haven France and Spain in 1992 with bookings and profit well ahead. Caravan sales were buoyant and the first year of caravan wholesaling was up to expectations.

BUTLIN'S

Butlin's operates five Holiday Worlds and five holiday hubs at coastal locations in the UK.

After satisfactory Winter and Spring business at the Holiday Worlds, bookings fell away in mid-Summer before a partial recovery in the Autumn. Overall, Summer bookings were down 6%. Retail

spending increased above the rate of inflation.

The five hotels performed well with profit ahead of 1991. Tariffs and retail spends were good and the business benefited from a three year investment programme which is now complete.

SHEARINGS

Shearings is a leading coach holiday operator with coaches travelling to UK and Continental European destinations. It also owns and operates 30 holiday hotels in England and Scotland.

The UK business, accounting for over 75% of the total, had a difficult year with bookings down both in Summer and Winter. Programme changes are being made in 1993 to improve the situation.

Continental bookings recovered well from the effect of the Gulf War and were up 11% with improved margins.

HOTELS

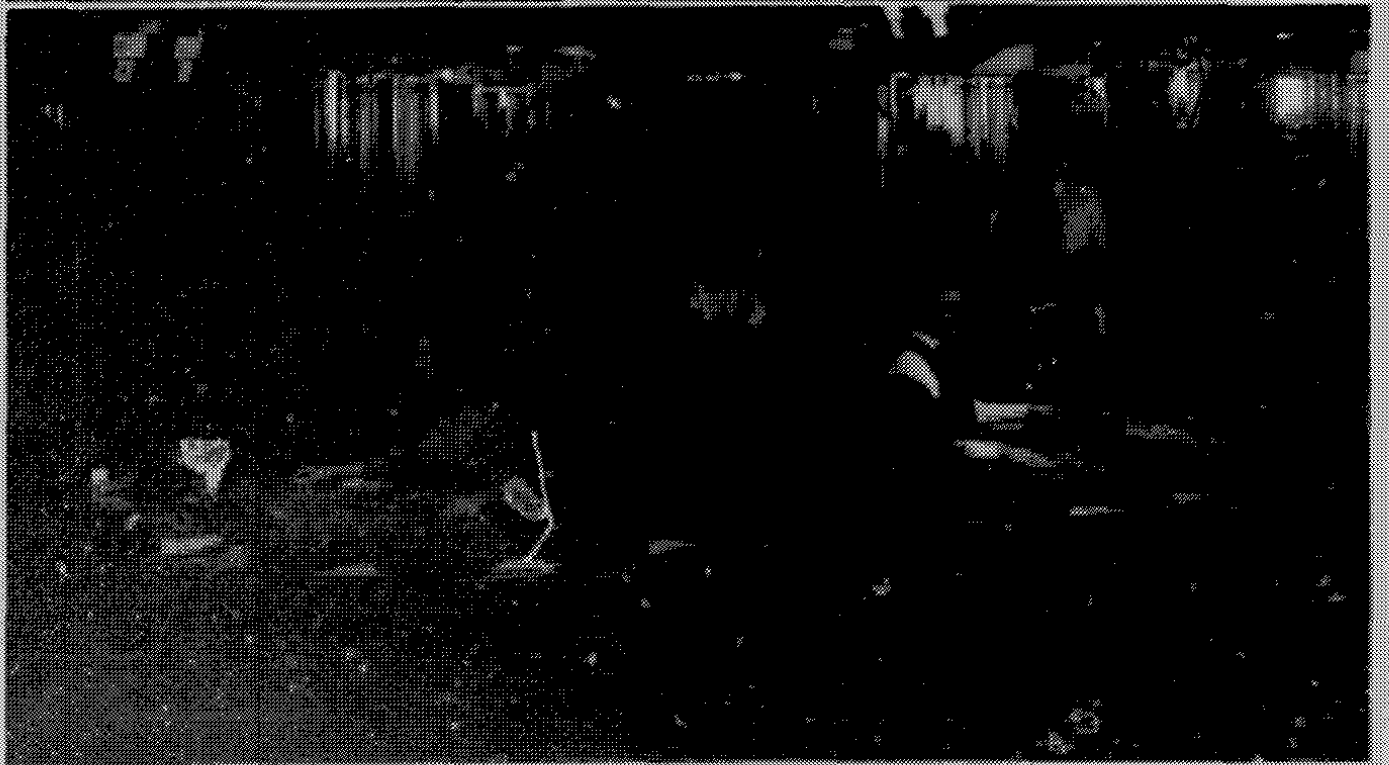
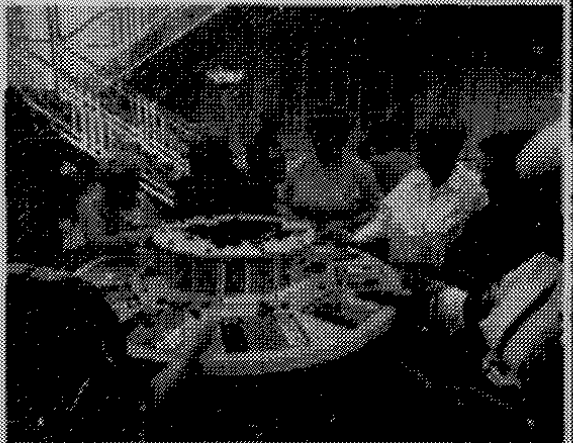
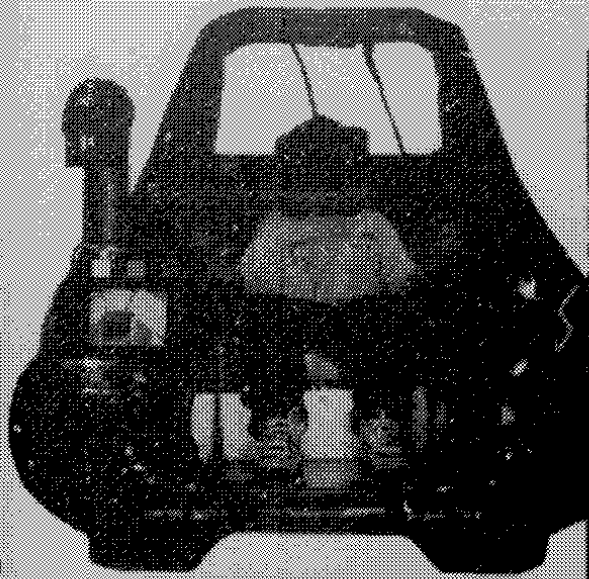
Rank owns and operates four hotels in London and 15 in the provinces. Eight hotels are managed in the USA. Speciality Catering mainly consists of three London theatre restaurants.

The London hotels performed well and profit was at a record level. High occupancies and good productivity more than compensated for lower room rates. The provincial hotels had a difficult year both on occupancies and room rates until the last quarter when occupancies improved markedly.

Rank Hotels North America gained new contracts in Toronto and Arizona and increased profit.

Speciality Catering profit was ahead of 1991. The last quarter was more difficult as tourist numbers declined.

RECREATION



Review of Operations

RECREATION

Director — John Garrett

1. "Virtuality", one of the most popular attractions at Rank's "Quicksilver" amusement centres, is a video simulator using three-dimensional graphics and stereophonic sound to create Virtual Reality.

2. The new 2,000 seat Top Rank social and bingo club at Stepney, East London, opened in 1992.

3. Rank's 160 Top Rank and Mecca social and bingo clubs' members enjoy a range of ancillary games including "Cashline" electronic bingo.

4. This 24 seat Punto Banco table recently installed at the refurbished Victoria Sporting Club casino is the largest in the world.

	1992	1991
	£m	£m
Turnover	665.3	654.9
Trading profit	57.8	59.4
Year end operating assets	431.2	449.6
Investment expenditure	47.5	42.6

In the current economic climate, the Division's trading has been satisfactory with attendances improving in bingo and maintained in casinos. Overall trading profit was marginally down on 1991. The inability to pass on the VAT increase in the 1991 budget adversely affected profit by £2 million.

BINGO

Rank operates some 160 social and bingo clubs in the UK under the 'Top Rank' and 'Mecca' brand names and a further eight clubs in Canada.

Turnover and trading profit increased well above the level of inflation as a result of increased admissions, higher customer spends and tight cost controls.

The strategy of offering high quality facilities and services at competitive prices has been well implemented with resulting volume and market share increases in all regions.

New clubs in Stepney and Southend have been highly successful, and further new clubs are planned for 1993. A continued programme of refurbishment ensures that the clubs continue to offer facilities of the highest standards.

Development in Ontario, Canada has been slowed pending new gaming legislation due in early 1993. The existing eight units have produced increases in both volume and profit.

CASINOS

Rank is the leading UK operator and has four London and 24 provincial casinos.

Overall admissions were marginally ahead of 1991. The lack of consumer confidence continued to depress spending levels, particularly in the South of England.

Improved gaming margins and strong control of costs help to limit the reduction in profit.

The Victoria Sporting Club in London completed a major refurbishment in the latter part of the year resulting in significantly increased admissions. In November the new Tiberius club in Manchester was successfully opened to replace an older unit.

AMUSEMENT CENTRES

Rank Amusements operates some 100 inland amusement centres under the Quicksilver brand and 50 seasonal centres at Rank holiday locations.

Overall turnover increased slightly over last year but profit was reduced. The inland sites suffered from the depressed levels of spending in the High Street.

Eight new inland and two additional seasonal sites were opened and five poor performing units were sold. Powerplay family entertainment centres were successfully opened adjacent to our traditional amusement centres at Stockport and The Wirral.

ASSOCIATED LEISURE

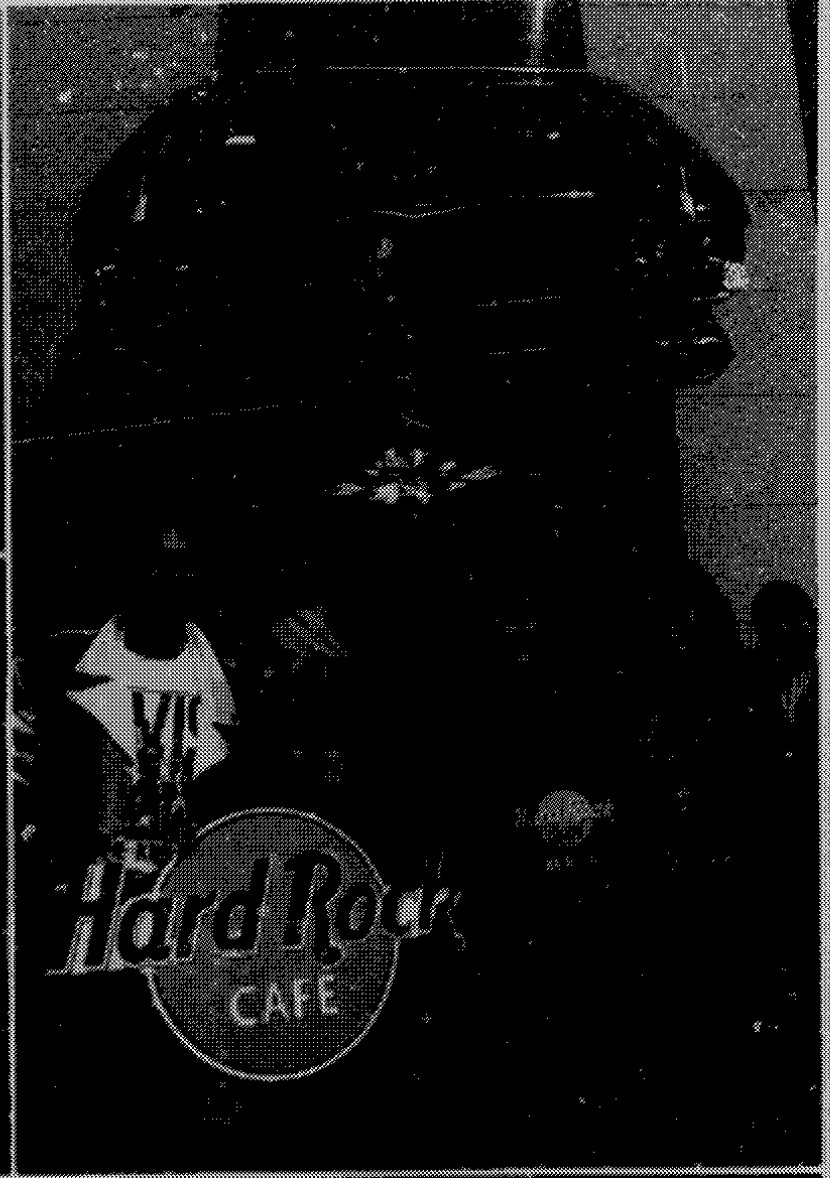
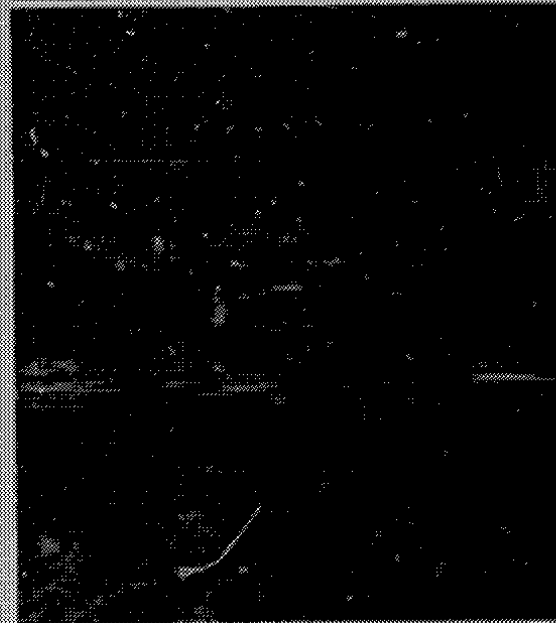
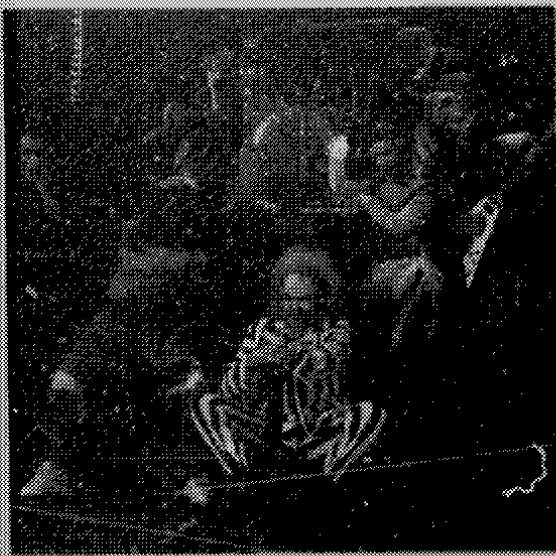
Associated Leisure installs, maintains and collects cash from some 33,000 company owned 'amusement' and 'skill with prize' machines which are hired out to third parties.

Continued efforts during the year have been directed at improving the fitness and productivity of the company through cost reduction, rationalisation and management restructuring, the results of which will lead to improved performance in the future.

The changes in pub estates of national and regional brewers brought about by the Monopolies and Mergers Commission have continued to adversely affect the market place.

The triennial review of machine stakes and prizes increased payouts to £3 cash and £6 cash and tokens, which should provide additional stimulus to turnover in 1993.

LEISURE



Review of Operations

LEISURE

Director — Terence North

1. "The Bedouins" George and Peter, a rock roll "a dance show is a new attraction at Universal Studios Florida.
2. The opening ceremony at the Hard Rock Cafe in Berlin featured members of the world famous German rock group, The Scorpions.
3. The high-tee lighting effects at the completely refurbished The Zone nightclub in Tottenham, North London.
4. A new townhouse development by Rank Ahmert at its resort in the Pocono Mountains in Pennsylvania, USA.
5. Customers become part of the entertainment with the resident square dancers at "Wild Bill's" dinner show in Los Angeles.

	1992	1991
	£m	£m
Turnover.....	267.0	215.6
Trading profit	41.1	23.6
Year end operating assets	276.6	276.3
Investment expenditure.....	22.9	26.3

The recessionary conditions in the UK and USA continued to affect sales in most of the businesses that the Division operates. However, profit improved through maximising turnover as far as conditions allowed and reducing operating costs without detriment to customer standards.

CATERING

Rank owns and operates Hard Rock Cafe restaurants. It also operates 42 UK restaurants under the Prima Pasta and Pizza Piazza brands and four dinner show restaurants in the USA.

Trading overall was strong at the Hard Rock Cafes and profit improved substantially.

New company-owned Cafes in Paris and Berlin were opened during the year. Another in Atlanta has opened more recently bringing the total company-owned estate to 10 branches. Two further openings are planned for 1993. Five new franchise restaurants also opened in 1992 bringing that total to 12.

Sales in the UK pizza and pasta restaurants were static against 1991 in an eating out market which has been generally depressed. However, good controls on operating margins helped to improve profit.

The USA dinner shows improved profit following a first full year contribution from the new unit in California.

RESORTS

Rank owns and operates 15 Outdoor World caravan resorts on the Eastern seaboard of the USA. It also develops and sells timeshare and other second homes in the Pocono Mountains, Pennsylvania. Rank also operates the Kingston Plantation resort at Myrtle Beach, South Carolina.

Rank Ahmert faced continuing exposure to the USA recession for most of the year. Trading showed some improvement on 1991 despite these conditions.

New management has been successful in attracting more members to the caravan resorts through widening the package of membership benefits coupled with competitive prices. Provisions against debtors in local currency were the same as in 1991.

Real estate sales were adversely affected by the recession with little growth over the previous year. There have been signs recently of some improvement in the USA and the business should profit from any sustained improvement in demand.

Kingston Plantation enjoyed a better year with good cash generation despite the effect of the recession on the second home market in South Carolina.

LEISURE

Rank operates 46 nightclubs and three multi-leisure centres offering a variety of leisure activities.

Profit improved despite the market conditions.

The programme of nightclub rationalisation was continued in the year with the disposal of smaller units with inadequate potential for growth. Increased admissions in ongoing units were offset by some reduction in average spend, but margins continued to improve through cost reductions. Continued refurbishment contributed to the extra admissions.

There was a full year's trading from the new multi-leisure centre at The Wirral which performed above expectations. A new centre opens at Telford early in 1993. Additional multi-leisure centres are planned.

ASSOCIATED UNDERTAKINGS



ASSOCIATED UNDERTAKINGS

1. Rank Xerox's Organic Photo-conductor plant opened in September 1992 at Venray in the Netherlands. The new plant -- the most environmentally advanced of its kind in Europe -- manufactures the light sensitive photoconductors which are at the heart of the xerographic process.
2. The new Xerox 5775 digital colour copier/printer. It is capable of producing reproductions of full colour symbols and can be used to add colour to black and white documents.
3. "Fievel's Playland" at Universal Studios Florida is an exciting interactive, three-dimensional adventure for children, recreating the film sets of "An American Tail" and "An American Tail - Fievel Goes West".
4. Universal Studios Florida, America's largest film and television production facility outside Hollywood and the best motion picture theme park in the world.

RANK XEROX

Rank Xerox and its associate Fuji Xerox design, manufacture and market business equipment, including xerographic copiers, printers, information processing products, facsimile transceivers and related supplies everywhere in the world outside North and South America. The Rank Organisation's share of Rank Xerox profit before tax was £137.3 million against £158.7 million in 1991. Rank's share of the 1992 pre-tax profit included £3.1 million less from exceptional property profit than in 1991.

Rank Xerox's turnover for the year rose by 6% to £2.9 billion but, excluding the impact of changes in exchange rates, turnover rose by 4%. Profit tax in which Rank participates declined to £46.3 million against £473 million in 1991, a reduction of 14%. Meanwhile, Rank Xerox continued to maintain a strong balance sheet.

Trading conditions in Rank Xerox's major European markets became progressively more difficult during 1992. Economic activity in France and Germany slowed down and there was little sign of recovery in the UK while other markets remained patchy.

In the high volume reprographic sector, Docutech and 5100 products both won industry awards for 'unprecedented reliability and outstanding technical achievement'. Sales of the new colour products exceeded expectations. Trading conditions in the markets for lower volume products were more difficult.

Fuji Xerox revenue increased by 10% during the year, however, profit fell 17%. Including royalty payments, the total profit contribution from Fuji Xerox declined by 14%.

Trading conditions in the domestic Japanese market became more difficult. A shift in revenue mix towards other territories reduced overall margins. Important initiatives on cost controls at Fuji Xerox were implemented during the year. The benefit of these started to be seen in results in the later part of 1992.

Further progress was made towards achieving the company priorities. Market share was improved with particular success in electronic printing and plain

paper facsimile; customer satisfaction moved closer to the 100% goal and employee satisfaction improved. Rank Xerox was also the first award winner of the European Foundation of Quality Management.

As a European manufacturer Rank Xerox is supporting the European Commission's review of anti-dumping duties imposed on photocopiers imported from Japan.

Investments in quality, product research and infrastructure have continued despite the difficult trading conditions. With the strongest, most competitive product range in the document industry and the continued focus on customer satisfaction, Rank Xerox is well positioned for accelerating growth in revenue and profit as the economic environment improves.

UNIVERSAL STUDIOS FLORIDA

Universal Studios operates a film and television studio and a motion picture theme park.

The Rank share of pre-tax profit from the 50% joint venture with MCA improved by £9.8 million.

The first half saw a substantial increase in admissions as the business maintained its recovery from the initial opening problems. Improvement in the second half was at a lesser rate due to capacity restraints in the peak season. Admissions for the year were up 20%.

Spend per head increased by 7% with merchandise sales enjoying a particular improvement. The park capacity was increased by the introduction of new shows and opening of the 'Jaws' ride is planned for later in 1993.

The joint venture purchased 360 acres of land adjoining the park after the year end in order to control any future development.

Board of Directors

CHAIRMAN

Sir Leslie Fletcher, DSC Chairman since July 1992 and a Director since 1984. Aged 70. Chairman of Westland Group plc and Deputy Chairman of RMC Group plc.

EXECUTIVE DIRECTORS

Michael B. Gifford Managing Director and Chief Executive since 1983. Aged 57. A Director of English China Clays plc.

Angus Crichton-Miller A Director since 1982. Aged 53. Managing Director of the Holidays and Hotels Division.

James Daly A Director since 1982. Aged 54. Managing Director of the Film and Television Division.

John F. Garrett Appointed a Director on 11th November 1992. Aged 47. Managing Director of the Recreation Division.

Terence H. North A Director since 1990. Aged 56. Managing Director of the Leisure Division.

Nigel V. Turnbull, FCA A Director since 1987. Aged 50. Finance Director.

Douglas M. Yates A Director since 1982. Aged 49. Commercial Director.

NON-EXECUTIVE DIRECTORS

Dr David V. Atterton, CBE A Director since 1987. Aged 65. A Director of British Coal Corporation and CIN Management Limited.

Sir Arthur Bryan A Director since 1985. Aged 69. A Director of Friends Provident Life Office, J.C.B. Inc. of America and United Kingdom Fund Inc. of America.

Michael C. J. Jackaman Appointed a Director 18th March 1992. Aged 57. Chairman of Allied-Lyons Plc.

Sir Denis Mountain, Bt. A Director since 1968. Aged 63. A Director of Allied London Properties plc and the Bank of Nova Scotia (Canada) Limited.

The Hon. Sir Angus Ogilvy, KCVO A Director since 1968. Aged 64. A Director of Laurentian Financial Group plc and Sotheby's.

Anthony W. P. Stenham A Director since 1987. Aged 60. Chairman of Arjo Wiggins Appleton PLC and a Director of Capital Radio plc, Rothmans International plc, Standard Chartered PLC and Unigate PLC.

Audit Committee

The members of the Audit Committee are Mr A. W. P. Stenham (Chairman), Sir Arthur Bryan and Mr M. C. J. Jackaman.

Compensation Committee

The members of the Compensation Committee are Sir Leslie Fletcher (Chairman), Dr D. V. Atterton and Sir Denis Mountain.

Secretary	Brian C. Owers
Registered Office	6 Connaught Place London W2 2EZ
Registrars	Barclays Registrars
Transfer Office	Bourne House 34 Beckenham Road Beckenham Kent BR3 4TU

Notes to the Accounts

13 INTERESTS IN ASSOCIATED UNDERTAKINGS

	Participating interests at cost	Group	
		Share of post acquisition reserves	Total
	£m	£m	£m
Rank Xerox companies (unlisted)			
Balances at 31st October 1991	24.5	448.5	473.0
Currency translation adjustment	—	66.5	66.5
Share of movements on reserves	—	(0.7)	(0.7)
Profits less losses for the year less dividends receivable (see below)	—	17.0	17.0
Balances at 31st October 1992	24.5	531.3	555.8
Other (unlisted)			
Balances at 31st October 1991	162.5	0.6	163.1
Currency translation adjustment	17.8	—	17.8
Additions	4.7	—	4.7
Capital distributions	(5.0)	—	(5.0)
Disposals	(0.7)	—	(0.7)
Amortisation of interest capitalised	(1.3)	—	(1.3)
Surplus on revaluation	—	31.9	31.9
Profits less losses for the year less dividends receivable (see below)	—	(0.6)	(0.6)
Balances at 31st October 1992	178.0	31.9	209.9
Total	202.5	563.2	765.7

Other associated undertakings are principally represented by the Group's interest in Universal Studios Florida. Included in other associates' participating interests is £206.1m (1991 £158.3m) in respect of interests in partnerships including £14.7m (1991 £14.4m) interest capitalised.

	Rank Xerox companies		Others	
	1992	1991	1992	1991
	£m	£m	£m	£m
Share of retained profit for the year				
Share of profits less losses before taxation	137.3	158.7	8.7	(0.5)
Share of taxation (note 4)	(55.4)	(66.3)	—	—
	81.9	92.4	8.7	(0.5)
Dividends receivable by the Group	(64.9)	(74.3)	—	—
Group share of partnership (profits) losses	—	—	(9.3)	1.1
Profits less losses for the year less dividends receivable	17.0	18.1	(0.6)	0.6
Minority interests	(0.4)	(0.6)	—	—
Amounts retained attributable to shareholders of the Company	<u>16.6</u>	<u>17.5</u>	<u>(0.6)</u>	<u>0.6</u>

Details of principal associated undertakings are given on pages 44 and 45.

Notes to the Accounts

14 STOCKS

	Group	
	1992	1991
	£m	£m
Raw materials	31.9	29.9
Work in progress	10.9	16.2
Finished goods and goods for resale	72.4	69.9
Film productions	12.2	18.3
Completed properties for resale	11.5	9.3
Property developments in progress	16.6	15.0
	<u>155.5</u>	<u>158.6</u>

Interest capitalised included in completed properties for resale and property developments in progress amounted to £0.8m (1991 £0.9m).

15 DEBTORS

	Group		Company	
	1992	1991	1992	1991
	£m	£m	£m	£m
Amounts falling due within one year				
Trade debtors	164.1	191.0	0.5	1.0
Amounts owed by subsidiary undertakings	—	—	36.2	114.1
Other debtors	27.2	39.9	1.3	1.7
Assets held for disposal	23.8	43.2	—	—
Prepayments and accrued income	51.7	47.0	0.6	1.1
Instalment sale debtors	8.8	8.1	—	—
Notes receivable	5.7	4.5	—	—
Amounts recoverable on contracts	—	0.4	—	—
Dividends receivable from associated undertakings	3.6	—	—	—
	<u>284.9</u>	<u>334.1</u>	<u>38.6</u>	<u>117.9</u>
Amounts falling due after more than one year				
Trade debtors	2.6	1.1	—	—
Other debtors	5.1	1.4	—	—
Prepayments and accrued income	38.0	11.5	—	—
Instalment sale debtors	47.9	44.7	—	—
Notes receivable	37.9	32.4	—	—
Advance corporation tax recoverable	23.5	23.5	71.2	40.8
	<u>155.0</u>	<u>114.6</u>	<u>71.2</u>	<u>40.8</u>

Notes to the Accounts

16 LOAN CAPITAL, BORROWINGS, SHORT TERM DEPOSITS AND CASH

	Group		Company	
	1992	1991	1992	1991
	£m	£m	£m	£m
Bank overdrafts	15.4	35.3	7.4	—
Bank loans:				
Amounts repayable				
Within one year or on demand	—	56.5	—	55.1
Between one and two years	—	—	—	—
Between two and five years	530.7	467.4	491.6	466.3
In five years or more	—	—	—	—
	530.7	523.9	491.6	521.4
Other borrowings:				
Amounts repayable				
Within one year	3.9	4.2	—	—
Between one and two years	2.2	0.1	—	—
Between two and five years	146.6	4.4	—	—
In five years or more	380.6	464.5	—	0.6
	533.3	473.2	—	0.6
Total	1,079.4	1,032.4	499.0	522.0
Secured	8.2	13.0	—	—
Unsecured	1,058.8	1,019.4	499.0	522.0
Obligations under finance leases	12.4	—	—	—
Total as above	1,079.4	1,032.4	499.0	522.0
Amounts due within one year or on demand	19.3	96.0	7.4	55.1
Amounts due after more than one year	1,060.1	936.4	491.6	466.9
Loan capital and borrowings	1,079.4	1,032.4	499.0	522.0
Short term deposits	35.0	9.8	30.4	7.0
Cash at bank and in hand	45.1	61.8	3.9	18.6
Total cash and deposits	80.1	71.6	34.3	25.6
Net borrowings	999.3	960.8	464.7	496.4

Borrowings of £8.2m (1991 £13.0m) are secured by either fixed or floating charges on various assets and undertakings of certain subsidiary undertakings. Other borrowings shown above include (a) borrowings not fully repayable within five years totalling £515.4m (1991 £463.9m) for the Group and £NIL (1991 £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 9.3% (1991 9.9%) for the Group and (b) £NIL (1991 £0.6m) for both the Group and the Company in respect of a 10% Euro sterling bond redeemable at par in 2008.

Notes to the Accounts

17 OTHER CREDITORS

	Group		Company	
	1992 £m	1991 £m	1992 £m	1991 £m
Amounts falling due within one year				
Payments received on account...	13.4	13.3	—	—
Trade creditors	172.5	187.3	1.4	1.7
Amounts owed to subsidiary undertakings	—	—	1,340.3	771.6
United Kingdom corporation tax	9.4	15.8	1.6	3.5
Overseas taxation	2.8	2.7	—	—
Advance corporation tax	23.5	23.5	23.5	23.5
Other tax and social security	30.0	28.2	1.5	1.3
Other creditors	75.5	19.5	0.8	0.6
Accruals and deferred income	94.8	101.0	9.2	6.9
Dividends				
Accrued on Preference shares	4.7	4.7	4.7	4.7
Payable and proposed on Ordinary shares	64.2	64.2	64.2	64.2
Minority shareholders of subsidiaries	1.6	1.6	—	—
	<u>492.4</u>	<u>461.8</u>	<u>1,447.2</u>	<u>878.0</u>
Amounts falling due after more than one year				
Trade creditors	—	0.4	—	—
Overseas taxation	0.7	0.4	—	—
Other creditors	2.8	1.3	0.4	0.2
Accruals and deferred income	1.2	—	—	—
	<u>4.7</u>	<u>2.1</u>	<u>0.4</u>	<u>0.2</u>

18 PROVISIONS FOR LIABILITIES AND CHARGES

Group	Deferred taxation	Acquisition	Other provisions	Total
	£m	£m	£m	£m
Balances at 31st October 1991*	5.2	34.7	63.2	97.9
Currency translation adjustment	0.1	1.3	0.3	1.6
Arising on acquisitions	—	—	10.0	10.0
Charged to the profit and loss account in the year	9.4	—	12.1	12.1
Charged to revaluation reserve	14.5	—	—	—
Advance corporation tax recoverable	(18.2)	—	—	—
Utilised during the year	—	(20.2)	(11.1)	(31.3)
Transferred to creditors	—	—	(44.5)	(44.5)
Balances at 31st October 1992	<u>11.0</u>	<u>15.8</u>	<u>30.0</u>	<u>45.8</u>
Company				
Balances at 31st October 1991	1.9	—	1.8	3.8
Charged to the profit and loss account in the year	—	—	7.8	7.8
(Released) to the profit and loss account in the year	—	—	(1.2)	(1.2)
Balances at 31st October 1992	<u>1.9</u>	<u>—</u>	<u>8.4</u>	<u>8.4</u>

Other provisions at 31st October 1992 principally represent closure costs in respect of the termination of activities and properties carried at a negative valuation.

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

Notes to the Accounts

19 DEFERRED TAXATION	Provided				Not provided			
	Group		Company		Group		Company	
	1992 £m	1991 £m	1992 £m	1991 £m	1992 £m	1991 £m	1992 £m	1991 £m
Capital allowances.....	20.8	10.7	7.9	7.9	32.4	39.7	—	—
Other timing differences.....	2.3	2.3	—	—	(6.8)	(5.6)	—	—
Revaluation surplus . .	20.1	6.2	—	—	—	(0.4)	—	—
Losses.....	—	—	—	—	—	—	—	—
Advance corporation tax.....	(32.2)	(14.0)	(6.0)	(6.0)	—	—	—	—
	<u>11.0</u>	<u>5.2</u>	<u>1.9</u>	<u>1.9</u>	<u>25.6</u>	<u>33.7</u>	<u>—</u>	<u>—</u>

The above figures exclude taxation payable:

- (a) in the event of profits of certain overseas subsidiary and associated undertakings 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.
- Tax has been provided on the revaluation surplus attributable to assets which have been identified for sale.

20 CAPITAL AND RESERVES

	1992		1991	
	Authorized £m	Issued and fully paid £m	Authorized £m	Issued and fully paid £m
Share capital	3.2	—	3.2	—
USS Cumulative Preference shares	—	—	—	—
Convertible Cumulative Redeemable Preference shares of 20p each	60.0	45.6	60.0	45.6
Ordinary shares of 25p each	108.8	77.3	108.8	77.3
	<u>172.0</u>	<u>122.9</u>	<u>172.0</u>	<u>122.9</u>

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.

During the year, 52,245 Ordinary shares were issued on the exercise of options. Under the Share Savings Scheme, approved by shareholders on 14th March 1985, employees hold options to subscribe for up to 2,041,745 (1991 = 1,772,585) Ordinary shares at prices between 49p and 741.84p per share exercisable by 1998.

Under the Executive Share Option Scheme, approved by shareholders on 14th March 1985, directors and executives hold options to subscribe for up to 6,008,464 (1991 = 5,774,520) Ordinary shares at prices ranging between 619p and 933.85p per share exercisable by 2002.

Under the Overseas Executive Share Option Plan, approved by shareholders on 15th March 1989, directors and executives hold options to subscribe for up to 844,565 (1991 = 596,945) Ordinary shares at prices ranging between 593p and 933.85p per share exercisable by 2002.

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.

Notes to the Accounts

20 CAPITAL AND RESERVES continued

	Preference share capital	Ordinary share capital	Total	Share premium account
	£m	£m	£m	£m
Movements in share capital and share premium account				
Balances at 31st October 1991	45.6	77.3	122.9	487.3
Issue of Ordinary shares in the year	—	—	—	0.3
Balances at 31st October 1992	45.6	77.3	122.9	487.6

	Group	Company
	£m	£m
Movement in capital redemption reserve		
Balances at 31st October 1991 and 31st October 1992	1.3	1.3

	Company and its subsidiaries	Associated under- takings	Group	Company
	£m	£m	£m	£m
Movements in revaluation reserves				
Balances at 31st October 1991	395.5	—	395.5	152.0
Currency translation adjustments	(1.5)	—	(1.5)	—
Transfer on disposal	(52.3)	—	(52.3)	—
(Deficit) surplus on revaluation	(112.6)	31.9	(80.7)	—
Tax on revaluation surplus	(14.5)	—	(14.5)	—
Transfer of depreciation on revaluation	(1.1)	—	(1.1)	—
Balances at 31st October 1992	213.5	31.9	245.4	152.0

	Company and its subsidiaries	Associated undertakings	Total
	£m	£m	£m
Movements in other reserves			
Group			
Balances at 31st October 1991	54.5	432.6	487.1
Currency translation adjustments	(45.5)(a)	64.8	19.3
Surplus on profit and loss account for the year	4.8	16.0	20.8
Transfer of depreciation on revaluation	1.1	—	1.1
Other	(0.3)	(0.8)	(1.1)
Write off of goodwill arising in the year (minority interest)	(10.1)	—	(10.1)
Reversal of goodwill on disposals	8.4	—	8.4
Balances at 31st October 1992	12.9	512.6(b)	525.5

(a) This includes £46.9m of net exchange losses arising on foreign currency borrowings less deposits

(b) Includes £512.4m in respect of Rank Xerox companies

The total cumulative goodwill written off at 31st October 1992 amounted to £788.8m (1991 £767.8m).

	Major £m	Other £m	Total £m
Company			
Balances at 31st October 1991	385.0	475.2	860.2
(Deficit) on profit and loss account for the year	—	(112.8)	(112.8)
Balances at 31st October 1992	385.0	362.4(c)	747.4

(c) Of which £81.7m is not available for distribution.

21 DIRECTORS AND EMPLOYEES

(a) The Directors' interests in shares or stocks of the Company were as follows:	31st October 1992		1st November 1991 or date of appointment	
	Ordinary shares	Share options	Ordinary shares	Share options
Dr D. V. Atterton	1,250	3,397	1,250	1,885
Sir Arthur Bryan	1,250	—	1,250	—
H. A. Crichton-Miller	1,000	78,829	1,000	77,317
J. Daly	1,875	79,083	1,875	77,571
Sir Leslie Fletcher	3,943	1,711	3,943	1,711
M. B. Gifford	35,000	153,813	35,000	152,301
M. C. J. Jackaman	—	756	—	—
Sir Denis Mountain	10,581	—	10,581	—
T. H. North	5,000	55,184	5,000	53,672
Sir Angus Ogilvy	5,841	3,223	5,841	1,711
A. W. P. Stenham	—	3,397	—	1,885
N. V. Turnbull	3,199	71,393	1,425	69,881
D. M. Yates	3,512	73,129	3,512	71,617

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

As at 1st November 1991 Mr. N. V. Turnbull had a beneficial interest in 750 Ordinary shares of 5p each in A. Kershaw & Sons, Plc. On 19th May 1992 he ceased to be interested in 250 Ordinary shares of that company and accordingly was beneficially interested in 500 Ordinary shares at 31st October 1992.

Mr. J. E. Garrett, who was appointed a Director on 11th November 1992, held options in respect of 88,050 Ordinary shares in the Company at that date.

Except as stated above none of the Directors had any interest in the shares, share options or stocks of the Company or its subsidiaries.

There have been no changes in the above interests in shares and share options since 31st October 1992.

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.

	1992	1991
(b) Total emoluments of the Directors of The Rank Organisation Plc	1000	1000
fees	96	90
Other emoluments	1,305	1,299
Contributions to pension schemes	363	495
(c) Emoluments of current Chairman	25	—
Emoluments of former Chairman	164	269
(d) Emoluments of highest paid Director	316	369

Notes to the Accounts

21 DIRECTORS AND EMPLOYEES *continued*

(e) The table which follows shows the number of Directors of The Rank Organisation Plc, including the Chairman and the highest paid Director, whose emoluments during the year were within the bands stated.

Emoluments £	Directors	
	1992	1991
5,001— 10,000	1	—
10,001— 15,000	5	6
35,001— 40,000	1	—
145,001—150,000	—	3
155,001—160,000	2	1
160,001—165,000	4	—
180,001—185,000	—	1
205,001—210,000	—	1
305,001—310,000	—	1
315,001—320,000	1	—

(f) The remuneration of the Directors is authorised by the Compensation Committee of the Board. The remuneration package of the Executive Directors includes a salary with pension entitlement, a bonus award directly related to the attainment of annual divisional and corporate performance targets, and participation in the longer term share option incentive scheme. The performance awards are based on a percentage up to a total of 45% of salary if each of the maximum targets is achieved. No payments were made under the Performance Award Scheme during the year ended 31st October 1992.

	1992	1991
	£m	£m
Employee costs		
Wages and salaries	385.3	385.7
Social security costs	30.8	28.9
Other pension costs	13.2	12.4
	<u>429.3</u>	<u>427.0</u>
Employee numbers	1992	1991
Employees on average during the year	41,991	44,993
Employees at 31st October	<u>40,689</u>	<u>42,993</u>

	1992	1991
Employees on average by geographical area		
United Kingdom	34,139	37,027
Rest of Europe	680	618
USA	6,006	6,783
Rest of the World	566	565
	<u>41,991</u>	<u>44,993</u>

Provision for pension and similar obligations

United Kingdom

With effect from 6th April 1991, the pension schemes previously operated by Mexca Leisure Group plc amalgamated with the Group pension schemes. 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. Benefits under defined contribution schemes depend on the contribution levels and the emerging investment performance. Actuarial valuations of the Group pension fund is carried out by the Eagle Star Group triennially. The valuation of the amalgamated funds as at 6th April 1991 disclosed that the actuarial

The Directors submit their Report and Statement of Accounts for the year ended 31st October 1992.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Rank Organisation is engaged in the supply of 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 an equal investment with MCA in the Universal Studios motion picture theme park at Orlando, Florida.

Disposals during the year included Motorway Service Areas, Screen Advertising, the Athenaeum Hotel in London and two provincial hotels. In November 1992, the Group announced the sale of the Gloucester Hotel, London with completion due before the end of January 1993.

An analysis of turnover, profit, year end operating assets and investment expenditure by business activity is given on page 27 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 £230.1 million (1991 £250.5 million). Profit for the financial year was £135.5 million (1991 £140.9 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 (1991 31.0p).

Subject to approval at the Annual General Meeting, the final dividend will be paid on 7th April 1993 to those shareholders whose names are on the register on 12th March 1993.

The amount which it is proposed should be transferred to reserves is detailed in note 20 to the Accounts on pages 37 and 38.

FIXED ASSETS

Casinos, nightclubs, multi-leisure centres, cinemas,

restaurants, amusement centres, hotels and Universal Studios Florida were professionally revalued resulting in a net reduction of £80.7 million in revaluation surpluses. After taking into account the disposals in the year, the overall revaluation surplus now stands at £245.4 million.

Changes in tangible fixed assets during the year are shown in note 9 on pages 30 and 31.

BORROWING POWERS

The borrowing powers contained in the Articles of Association provide that borrowings shall not exceed one and a half times adjusted share capital and consolidated reserves of Rank. As at 31st October 1992 this limit was £2,074 million against Group net borrowings of £999.3 million.

SHARE CAPITAL

During the year 10,260 Ordinary shares were issued on exercise of options under the Executive Share Option Scheme and 41,985 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 £3,667,406 representing 5% of the issued Ordinary share capital without first making a strict pro rata offer to all existing Ordinary shareholders.

DIRECTORS

With the exception of Mr M. C. J. Jackman and Mr J. E. Garrett, the Directors listed on page 16 were Directors of the Company throughout the year. Mr M. C. J. Jackman was appointed a Director on 18th March 1992 and Mr J. E. Garrett was appointed a Director on 11th November 1992. They retired at the Annual General Meeting in accordance with the Articles of Association and, being eligible, offer themselves for election.

Sir Patrick Mooney was a Director and Chairman

up to the date of his death on 16th July 1992 and was succeeded as Chairman by Sir Leslie Fletcher.

Sir Arthur Bryan, Mr H. A. Crichton-Miller and Mr A. W. P. Stenham retire by rotation in accordance with the Articles of Association and, being eligible, offer themselves for re-election.

Sir Leslie Fletcher, who is aged 70, retires in accordance with the provisions of the Companies Act 1985. His proposed re-election will be the subject of a resolution of which special notice has been given.

Mr H. A. Crichton-Miller and Mr J. F. Garrett have service contracts with the Company which are terminable by either party on not less than three years' notice.

The interests of the Directors in shares of the Company and their share options are shown in note 21 on page 39. Directors' remuneration is included in the schedules on pages 39 and 40.

The Articles of Association currently provide that Directors' fees shall not exceed in aggregate £150,000 per annum. This limit was approved by shareholders in 1985 and it is now proposed to increase the aggregate amount to £200,000. The Resolution required to amend the relevant Article is set out in the Notice of Meeting.

The Company maintains directors' and officers' liability insurance which provides insurance cover for Directors and other officers of Group companies, including those of the Company.

PERSONNEL

The Company recognises the critical importance of its people and that its success is dependent on the quality of the contributions of employees at all levels. In return the Company reinforces its policies of employee development and involvement by continuing investment in progressive programmes of training, communication and consultation, equal opportunities and quality management.

Notable achievements by subsidiary companies and their employees have been the award of Investors in People Status to Butlin's at Southcoast World; accreditation of Butlin's Limited as an examining

body on behalf of the City and Guilds Institute; the National Training Award for Shearings Holidays, and the appointment of 12 senior company executives to local Training and Enterprise Councils throughout the United Kingdom.

Companies have continued to introduce and develop recognised quality improvement processes, such as BS5750 and Investors in People, to help improve employee motivation and customer satisfaction.

The Company is committed to equality of opportunity for its employees and initiatives have been taken to strengthen the Company's approach. The Company is now a member of the Employers' Forum on Disability and involved with a major employers' working party, co-ordinated by the Terrence Higgins Trust, which will publish in 1993 an Employers' Guide on the employment of those diagnosed as HIV positive or having AIDS.

SHARE OPTION SCHEMES

During the year further options over Ordinary shares were granted to employees under the terms of the share option schemes.

Particulars of options outstanding at 31st October 1992 are given in note 20 on page 37.

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 Limited (20,659,781 shares — 6.7%), Prudential Portfolio Managers Limited (15,551,969 — 5.0%), Guardian Royal Exchange plc (15,414,459 — 4.9%), and Philips & Drew Fund Management Limited (15,264,208 — 4.9%).

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.

CHARITABLE AND POLITICAL DONATIONS

Charitable donations made during the year ended 31st October 1992 amounted to £263,600. The

Directors' Report

Company has contributed £25,000 to the Conservative and Unionist Party.

resolution for their reappointment will be proposed at the Annual General Meeting.

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 have signified their willingness to continue in office as Auditors. A

By Order of the Board

Brian C. Owers 

Secretary

13th January 1993

Directors' Responsibilities for Preparation of the Accounts

The Directors are required by the Companies Act 1985 to prepare accounts which give a true and fair view of the state of affairs of the Group as at the end of its financial year, and of the profit or loss for the financial year. The Directors are also required to maintain adequate accounting records.

Suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the accounts. Applicable accounting standards have been followed.

The Directors are also responsible to the Company for taking reasonable steps to safeguard its assets and to prevent and detect fraud and other irregularities.

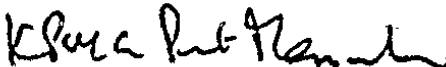
Report of the Auditors, KPMG Peat Marwick

TO THE MEMBERS OF THE RANK ORGANISATION Plc

We have audited the accounts set out on pages 20 to 45 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 1992 and of the profit and the cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London
13th January 1993


KPMG Peat Marwick
Chartered Accountants
Registered Auditors

Group Profit & Loss Account

For the year ended 31st October 1992

	Note	1992 £m	1991 £m
Turnover	1	2,096.0	2,114.2
Less costs	1	<u>(1,910.2)</u>	<u>(1,927.6)</u>
Trading profit	1	185.8	186.6
Exceptional items	2	(8.1)	(1.3)
Income from interests in associated undertakings			
Rank Xerox companies	13	137.3	158.7
Others	13	<u>8.7</u>	<u>(0.5)</u>
Profit before interest		323.7	343.5
Interest (net)	3	<u>(93.6)</u>	<u>(93.0)</u>
Profit on ordinary activities before tax		230.1	250.5
Tax on profit on ordinary activities	4	<u>(90.0)</u>	<u>(102.4)</u>
Profit on ordinary activities after tax		140.1	148.1
Minority interests		<u>(4.5)</u>	<u>(7.2)</u>
Profit before extraordinary items		135.6	140.9
Extraordinary items	5	<u>(0.1)</u>	—
Profit for the financial year	6	135.5	140.9
Dividends			
Preference	7	(18.8)	(22.5)
Ordinary	7	<u>(95.9)</u>	<u>(95.8)</u>
Transfer to reserves	20	<u>20.8</u>	<u>22.6</u>
Earnings per Ordinary share	8	<u>37.8p</u>	<u>38.4p</u>

Balance Sheets

At 31st October 1992

	Note	Group		Company	
		1992 £m	1991 £m	1992 £m	1991 £m
Fixed assets					
Tangible assets	9	1,620.3	1,821.8	2.3	2.2
Investments	11	765.7	636.1	3,321.7	2,841.1
		<u>2,386.0</u>	<u>2,457.9</u>	<u>3,324.0</u>	<u>2,843.3</u>
Current assets					
Stocks	14	155.5	158.6	—	—
Debtors (amounts falling due within one year)	15	284.9	334.1	38.6	117.9
Debtors (amounts falling due after more than one year)	15	155.0	114.6	71.2	40.8
Cash and deposits	16	80.1	71.6	34.3	25.6
Creditors (amounts falling due within one year)					
Loan capital and borrowings	16	(19.3)	(96.0)	(7.4)	(55.1)
Other	17	(492.4)	(461.8)	(1,447.2)	(878.0)
		<u>163.8</u>	<u>121.1</u>	<u>(1,310.5)</u>	<u>(748.8)</u>
Total assets less current liabilities		2,549.8	2,579.0	2,013.5	2,094.5
Creditors (amounts falling due after more than one year)					
Loan capital and borrowings	16	(1,060.1)	(936.4)	(491.6)	(466.9)
Other	17	(4.7)	(2.1)	(0.4)	(0.2)
Provisions for liabilities and charges					
Deferred taxation	18 & 19	(11.0)	(5.2)	(1.9)	(1.9)
Other provisions	18	(45.8)	(97.9)	(8.4)	(1.8)
		<u>1,428.2</u>	<u>1,537.4</u>	<u>1,511.2</u>	<u>1,623.7</u>
Capital and reserves					
Called up share capital	20	122.9	122.9	122.9	122.9
Share premium account	20	487.6	487.3	487.6	487.3
Capital redemption reserve	20	1.3	1.3	1.3	1.3
Revaluation reserves	20	245.4	395.5	152.0	152.0
Other reserves	20	525.5	487.1	747.4	860.2
		<u>1,382.7</u>	<u>1,494.1</u>	<u>1,511.2</u>	<u>1,623.7</u>
Minority interests		45.5	43.3	—	—
		<u>1,428.2</u>	<u>1,537.4</u>	<u>1,511.2</u>	<u>1,623.7</u>

These accounts were approved by the Board on 13th January 1993 and signed on its behalf by:

Sir Leslie Fletcher *Chairman*

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

Group Cash Flow Statement

For the year ended 31st October 1992

	1992	1991
	£m	£m
Net cash inflow from operating activities	A 298.7	322.9
Returns on investment and servicing of finance		
Interest received	10.3	26.5
Interest paid	(101.3)	(99.7)
Distributions from associated undertakings	75.6	129.2
Dividends paid to shareholders of the Company	(114.7)	(116.6)
Dividends paid to minority shareholders in subsidiary undertakings	(3.5)	(4.9)
Net cash outflow from returns on investment and servicing of finance	(133.6)	(65.5)
Tax paid (net)	(49.2)	(58.6)
Investing activities		
Purchase of tangible fixed assets	(162.6)	(185.3)
Purchase of investments	(4.7)	(1.5)
Purchase of subsidiaries and minorities	F (0.1)	(66.2)
Utilisation of provisions	(27.1)	(55.0)
Other expenditure on terminated activities	(4.4)	—
Sale of fixed assets and assets held for disposal	32.8	47.6
Sale of businesses	G 122.5	—
Net cash outflow from investing activities	(43.6)	(266.4)
Net cash inflow (outflow) before financing	72.3	(67.6)
Financing		
Redemption of USS Cumulative Preference shares	—	117.1
Issue of ordinary share capital	(0.3)	(0.5)
Repayment (drawdown) of borrowings	44.3	(51.7)
Capital element of finance lease rental payments	1.2	—
Net cash outflow from financing	45.2	64.9
Increase (decrease) in cash and cash equivalents	27.1	(132.5)
	C 72.3	(67.6)

Notes to Group Cash Flow Statement

A Reconciliation of trading profit to net cash inflow from operating activities	1992	1991
	£m	£m
Trading profit	185.8	186.6
Exceptional items	(8.1)	(1.3)
Depreciation	111.4	102.6
(Profits) less losses on sale of tangible fixed assets	(7.4)	(0.5)
Decrease in stocks	11.9	29.3
Decrease in debtors	36.0	45.2
(Decrease) in creditors	(23.8)	(38.3)
Other items	(7.1)	(0.7)
Net cash inflow from operating activities	<u>298.7</u>	<u>322.9</u>

B Cash effect of extraordinary items	1992	1991
	£m	£m
Extraordinary profit before tax	5.1	—
Profit on disposal of businesses (Note G)	(59.2)	—
Write down of businesses for disposal	36.7	—
Non-cash charges on terminated activities	13.0	—
Cash expenditure on terminated activities	(4.4)	—
Cash proceeds of disposed businesses	122.5	—
Cash effect of extraordinary items	<u>118.1</u>	<u>—</u>

C Analysis of changes in cash, cash equivalents and financing during the year

	Cash and cash equivalents	Loans and finance lease obligations	Net borrowings	Share capital including premium
	£m	£m	£m	£m
Balances at 31st October 1991	35.6	(996.4)	(960.8)	(610.2)
Net cash inflows per Cash Flow Statement	27.1	45.5	72.6	(0.3)
Inception of finance leases	—	(13.6)	(13.6)	—
Net cash inflows before adjusting for the effects of exchange rates	27.1	31.9	59.0	(0.3)
Effect of exchange rates	0.7	(98.2)	(97.5)	—
Balances at 31st October 1992	<u>63.4</u>	<u>(1,062.7)</u>	<u>(999.3)</u>	<u>(610.5)</u>

Loans and finance lease obligations are shown net of short term deposits of £1.3 million (1991 £0.7 million) with an initial maturity of more than three months.

D Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1992	1991	1990
	£m	£m	£m
Short term deposits	33.7	9.1	24.6
Cash at bank and in hand	45.1	61.8	(16.7)
Bank overdrafts	(15.4)	(35.3)	19.9
	<u>63.4</u>	<u>35.6</u>	<u>27.8</u>

E Major non-cash transactions

During the year, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £13.6 million.

Notes to Group Cash Flow Statement

F Purchase of subsidiaries and minorities	1992	1991
	£m	£m
Net assets acquired:		
Tangible fixed assets	—	10.5
Stocks	—	14.4
Debtors	—	10.7
Creditors	—	(17.4)
Other provisions	—	(3.4)
Minority shareholders' interests	—	9.1
	—	23.9
Goodwill	10.1	88.5
	<u>10.1</u>	<u>112.4</u>
Satisfied by:		
Cash	0.1	66.2
Cash paid in previous year	—	19.2
Deferred consideration	10.0	20.0
Shares allotted	—	7.0
	<u>10.1</u>	<u>112.4</u>
G Sale of businesses		
Net assets disposed of:		
Fixed assets	106.6	—
Stocks	1.0	—
Debtors	9.0	—
Creditors	(2.3)	—
	<u>114.3</u>	<u>—</u>
Extraordinary gain before tax (net)	59.2	—
Transfer from revaluation reserve	(50.7)	—
Goodwill previously written off	0.7	—
	<u>9.2</u>	<u>—</u>
	<u>123.5</u>	<u>—</u>
Satisfied by:		
Cash	122.5	—
Deferred consideration	1.0	—
Total proceeds	<u>123.5</u>	<u>—</u>
H Summary of investment expenditure		
Additions to tangible fixed assets	175.4	192.1
Investments acquired	4.7	7.5
Subsidiaries and minorities acquired	0.1	73.2
Increase (decrease) in capital creditors net of prepayments	1.9	(5.5)
Investment expenditure	<u>182.1</u>	<u>267.3</u>
Satisfied by:		
Cash	167.4	259.0
Finance lease obligations	13.6	—
Interest capitalised	1.1	1.3
Share issues	—	7.0
	<u>182.1</u>	<u>267.3</u>

Accounting Policies

I BASIS OF PREPARATION

The accounts are prepared under the historical cost convention, except for the revaluation of certain assets as detailed below, and in accordance with applicable accounting standards on a basis consistent with the previous year with the exception of goodwill (see V below). The Group's profit and loss account and balance sheet include the accounts of the Company and its subsidiary undertakings, and the Group's share of profits or losses and reserves of its associated undertakings. The profits or losses of subsidiary undertakings acquired or sold during the year are included as from or up to their respective dates of acquisition or disposal.

II FOREIGN CURRENCY

Revenues, costs and cash flows 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. 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 INCOME RECOGNITION

(a) Turnover

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

(b) 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.

(c) Interest receivable on instalment sales

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

IV 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, (b) other intangible assets including rights acquired and (c) advance payments on supply contracts. The expenditure is included in the balance sheet as a prepayment and is written off over periods of three to eight years.

V GOODWILL

Goodwill arising on acquisition is written off to reserves in the year that it arises. The profit or loss on the disposal or termination of a business is calculated taking into account any goodwill previously written off to reserves. This represents a change in accounting policy to conform with Urgent Issues Task Force Abstract 3 but has no effect on the previous year's results or reserves.

VI 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 on property developments completed or in progress have regard to the stage of development and the anticipated profit on the project.

VII RESEARCH AND DEVELOPMENT EXPENDITURE

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

VIII FIXED ASSETS

Properties

- (a) The Group's properties are professionally valued on a rolling three year cycle.
- (b) No depreciation is provided on freehold land.
- (c) No depreciation is 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, based on prices prevailing at the time of acquisition or subsequent valuation of the property in question, are not less than cost or valuation.
- (d) Freehold buildings other than those referred to in (c) above are depreciated on a straight line basis over their estimated useful lives which do not exceed 100 years.
- (e) Leasehold properties other than those referred to in (c) above are depreciated on a straight line basis over the shorter of their estimated useful lives, which do not exceed 100 years, and the terms of the leases.
- (f) The profit or loss arising on the disposal of a revalued property is determined by reference to that property's historical cost. In the event of a permanent diminution in the value of a property to below its historical cost, provision is made in the profit and loss account.
- (g) Expenditure on major refurbishment of properties is amortised over periods of between three 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.

IX 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.

X 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.

XI TAXATION

Current taxation is applied to taxable profits at the rates ruling in the relevant country. Deferred taxation, computed under the liability method, is provided in respect of timing differences, including revaluation surpluses, to the extent that it is probable that a liability will arise in the foreseeable future. Advance corporation tax on dividends paid is set off against United Kingdom current tax liabilities and deferred tax provisions to the extent that it is considered recoverable. Irrecoverable advance corporation tax is written off as part of the tax charge for the year. Tax attributed to extraordinary items represents the incremental effect of the extraordinary items on the tax charge for the year.

Divisional Results

ANALYSIS BY DIVISION

	Turnover		Profit before tax		Year end net assets		Investment expenditure	
	1992	1991	1992	1991	1992	1991	1992	1991
	£m	£m	£m	£m	£m	£m	£m	£m
Film and Television	618.5	589.8	27.4	19.4	383.3	359.5	40.7	94.4
Holidays and Hotels	497.4	506.6	59.6	76.6	721.4	816.5	65.1	69.4
Recreation	665.3	654.9	57.8	59.4	431.2	449.6	47.5	42.6
Leisure	267.0	215.6	41.1	23.6	276.6	276.3	22.9	26.3
Other	18.8	19.1	(2.5)	(3.5)	9.9	9.5	0.9	13.1
	<u>2,067.0</u>	<u>1,986.0</u>	<u>183.4</u>	<u>175.5</u>	<u>1,822.4</u>	<u>1,911.4</u>	<u>177.1</u>	<u>245.8</u>
Discontinued	29.0	128.2	2.4	11.1	—	95.6	0.3	14.0
	<u>2,096.0</u>	<u>2,114.2</u>	<u>185.8</u>	<u>186.6</u>	<u>1,822.4</u>	<u>2,007.0</u>	<u>177.4</u>	<u>259.8</u>
Share of associated undertakings								
Rank Xerox			137.3	158.7	555.8	473.0	—	0.5
Universal Studios Florida			10.0	0.2	202.1	158.3	—	5.6
Other			(1.3)	(0.7)	7.8	4.8	4.7	1.4
			<u>146.0</u>	<u>158.2</u>	<u>765.7</u>	<u>636.1</u>	<u>4.7</u>	<u>7.5</u>
			<u>331.8</u>	<u>314.8</u>	<u>2,588.1</u>	<u>2,643.1</u>	<u>182.1</u>	<u>267.3</u>
Exceptional items			(8.1)	(1.3)				
Interest			(93.6)	(93.0)				
Profit before tax			<u>230.1</u>	<u>250.5</u>				
Tax and dividends					(79.5)	(79.6)		
Other non-operating liabilities (net)					(81.1)	(65.3)		
Net borrowings					(999.3)	(960.8)		
					<u>1,428.2</u>	<u>1,537.4</u>		

ANALYSIS BY GEOGRAPHICAL AREA

	Turnover by origin		Trading profit by origin		Year end net operating assets		Turnover by destination	
	1992	1991	1992	1991	1992	1991	1992	1991
	£m	£m	£m	£m	£m	£m	£m	£m
United Kingdom	1,424.7	1,461.3	139.4	159.3	1,423.8	1,554.6	1,389.1	1,412.7
Rest of Europe	66.2	31.3	3.0	1.8	40.2	36.1	87.1	67.9
USA	510.8	427.8	29.2	4.7	333.7	291.7	542.5	457.2
Rest of the World	65.3	65.4	11.8	9.7	24.7	19.0	48.3	48.2
	<u>2,067.0</u>	<u>1,986.0</u>	<u>183.4</u>	<u>175.5</u>	<u>1,822.4</u>	<u>1,911.4</u>	<u>2,067.0</u>	<u>1,986.0</u>
Discontinued	29.0	128.2	2.4	11.1	—	95.6	29.0	128.2
	<u>2,096.0</u>	<u>2,114.2</u>	<u>185.8</u>	<u>186.6</u>	<u>1,822.4</u>	<u>2,007.0</u>	<u>2,096.0</u>	<u>2,114.2</u>

Note: Inter-segmental turnover is not material.

Further details of the results of associated undertakings are given on pages 44 and 45. No further segmental analysis of Rank Xerox's results is available since Rank Xerox does not publish such information.

Notes to the Accounts

1 TURNOVER AND TRADING PROFIT

	1992	1991
	£m	£m
Turnover	2,096.0	2,114.2
Cost of sales	(1,609.8)	(1,633.5)
Gross profit	486.2	480.7
Distribution costs	(134.2)	(125.7)
Administrative expenses	(170.3)	(171.5)
Other operating income	4.1	3.1
Trading profit	185.8	186.6

Turnover includes £16.5m (1991 £12.7m) in respect of interest receivable on instalment sales.

Trading profit is stated after charging the following items:

Depreciation of tangible fixed assets	(111.4)	(102.6)
Operating lease payments — land and buildings	(30.6)	(23.7)
— plant and machinery	(7.0)	(6.3)
Research and development expenditure (net of recoveries)	(10.6)	(11.7)
Auditors' remuneration — audit (Company £0.3m (1991 £0.3m))	(2.2)	(2.4)
— non-audit: Company and UK subsidiaries	(0.1)	(0.1)

An analysis of turnover and trading profit by Division and by geographical area is given on page 27.

2 EXCEPTIONAL ITEMS

	1992	1991
	£m	£m
Profit less loss on disposal of properties	3.6	6.5
Provisions against property values	(7.9)	—
Reorganisation costs	(6.9)	(7.3)
Other (net of goodwill of £0.3m (1991 £NIL))	3.1	(0.5)
	(8.1)	(1.3)

3 INTEREST

	1992	1991
	£m	£m
Interest on bank loans and overdrafts	(49.9)	(61.8)
Interest on other loans fully repayable within five years	(14.0)	(3.4)
Interest on other loans not fully repayable within five years	(38.0)	(37.7)
Finance charges on finance leases	(0.7)	—
	(102.6)	(102.9)
Interest receivable other than on instalment sales	10.3	20.2
Amortisation of interest capitalised (note 13)	(1.3)	(1.2)
	(93.6)	(83.9)

Interest payable is shown net of £1.1m (1991 £1.3m) interest capitalised.

Notes to the Accounts

4 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1992				1991			
	Company and its subsidiaries £m	Associated undertakings Rank Xerox companies £m	Others £m	Total £m	Company and its subsidiaries £m	Associated undertakings Rank Xerox companies £m	Others £m	Total £m
United Kingdom corporation tax								
Current	10.0	(8.8)	—	1.2	36.6	2.1	—	38.7
Deferred	1.2	8.7	—	9.9	(10.4)	—	—	(10.4)
ACT written off	18.1	—	—	18.1	6.9	—	—	6.9
	29.3	(0.1)	—	29.2	33.1	2.1	—	35.2
Overseas tax								
Current	5.1	51.4	—	56.5	3.2	63.1	—	66.3
Deferred	0.2	4.1	—	4.3	(0.2)	1.1	—	0.9
	5.3	55.5	—	60.8	3.0	64.2	—	67.2
	34.6	55.4	—	90.0	36.1	66.3	—	102.4

Company and its subsidiaries

United Kingdom corporation tax on profits for the year has been provided at 33.0% (1991 33.4%). The United Kingdom tax charge is stated after crediting double tax relief of £0.5m (1991 £1.2m) in respect of income from subsidiary undertakings and £NIL (1991 £10.5m) in respect of dividends from associated undertakings.

Rank Xerox companies

The charge for United Kingdom corporation tax has been provided at 33.0% (1991 33.4%).

5 EXTRAORDINARY ITEMS

	1992 £m	1991 £m
Profit on disposal of businesses (net of goodwill of £0.7m)	59.2	—
Write down of hotels held for disposal (including goodwill of £7.4m)	(36.7)	—
Net costs incurred in respect of terminated activities	(17.4)	—
Tax — Current	5.1	—
— Deferred	(3.2)	—
	(2.0)	—
Extraordinary items less tax	(5.2)	—
	(0.1)	—

6 PROFIT ATTRIBUTABLE TO THE RANK ORGANISATION Plc

The profit for the financial year dealt with in the accounts of The Rank Organisation Plc was £1.9m (1991 £140.2m). As provided for by Section 230 of the Companies Act 1985, no profit and loss accounts are presented in respect of The Rank Organisation Plc.

Notes to the Accounts

7 DIVIDENDS	1992	1991
	£m	£m
Preference shares		
Convertible Preference	18.8	18.8
US\$ Cumulative Preference	—	3.7
	<u>18.8</u>	<u>22.5</u>
Ordinary shares		
Interim of 10.25p per share paid (1991 interim of 10.25p per share)	31.6	31.6
Final of 20.75p per share proposed (1991 final of 20.75p per share)	64.3	64.2
	<u>95.9</u>	<u>95.8</u>
	<u>114.7</u>	<u>118.3</u>

8 EARNINGS PER ORDINARY SHARE

The calculation of earnings per Ordinary share is based upon profit before extraordinary items of £135.6m from which are deducted Preference dividends totalling £18.8m giving earnings of £116.8m (1991 £118.4m) and on the weighted average number of Ordinary shares in issue during the year of 309,363,000 (1991 308,255,000 shares). The earnings per share would not be lower if calculated on a fully diluted basis.

9 TANGIBLE ASSETS

Company	Leasehold land and buildings	Fixtures fittings tools and equipment	Total
	£m	£m	£m
Cost at 31st October 1991	1.3	2.5	3.8
Additions	0.1	0.6	0.7
Disposals	—	(0.2)	(0.2)
Cost at 31st October 1992	1.4	2.9	4.3
Depreciation at 31st October 1991	0.3	1.3	1.6
Depreciation for year	0.1	0.4	0.5
Disposals	—	(0.1)	(0.1)
Depreciation at 31st October 1992	0.4	1.6	2.0
Net book amount at 31st October 1991	<u>1.0</u>	<u>1.2</u>	<u>2.2</u>
Net book amount at 31st October 1992	<u>1.0</u>	<u>1.3</u>	<u>2.3</u>

The net book amount of leasehold land and buildings at 31st October 1992 includes £1.0m (1991 £1.0m) in respect of leases with less than 50 years to run.

Notes to the Accounts

9 TANGIBLE ASSETS continued

Group	Freehold land and buildings	Leasehold land and buildings	Fixtures fittings tools and equipment	Plant and machinery	Total
	£m	£m	£m	£m	£m
Cost or valuation at 31st October 1991*	884.4	534.7	631.7	134.5	2,185.3
Currency translation adjustment	6.2	1.8	6.1	8.1	22.2
Additions	32.0	11.2	81.4	50.8	175.4
Disposals	(9.0)	(95.1)	(83.1)	(8.6)	(195.8)
Transfers including to current assets	3.4	6.9	3.5	(20.1)	(6.3)
Revaluation adjustments (Note (a))	(62.8)	(80.4)	—	—	(143.2)
Cost or valuation at 31st October 1992	854.2	379.1	639.6	164.7	2,037.6
At cost	288.7	132.1	639.6	164.7	1,225.1
At valuation in 1990	318.9	75.8	—	—	394.7
At valuation in 1991	30.5	4.3	—	—	34.8
At valuation in 1992	216.1	166.9	—	—	383.0
Cost or valuation 31st October 1992	854.2	379.1	639.6	164.7	2,037.6
Depreciation at 31st October 1991*	18.5	16.7	267.4	60.9	363.5
Currency translation adjustment	0.4	0.4	1.7	3.2	5.7
Disposals	(0.3)	(0.8)	(51.6)	(6.3)	(59.0)
Depreciation for year	7.7	6.4	76.1	21.2	111.4
Provision for loss on disposal	(0.1)	0.2	(0.5)	0.8	0.4
Transfers including to current assets	(1.8)	0.6	(0.7)	—	(1.9)
Revaluation adjustments (Note (a))	(0.8)	(2.0)	—	—	(2.8)
Depreciation at 31st October 1992	23.6	21.5	292.4	79.8	417.3
Net book amount at 31st October 1991	865.9	518.0	364.3	73.6	1,821.8
Net book amount at 31st October 1992	830.6	357.6	347.2	84.9	1,620.3

(a) The property valuation at 31st October 1992 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. Of the net revaluation adjustments of £140.4m, £112.6m has been taken to revaluation reserve and £27.8m to profit and loss account.

(b) The net book amount of land and buildings includes £802.0m (1991 £789.2m) in respect of assets carried at valuation. The total amount of land and buildings as determined under the historical cost accounting rules was cost £1,074.1m (1991 £1,059.4m), accumulated depreciation £92.2m (1991 £83.2m) and net book amount £981.9m (1991 £976.2m).

(c) Land and buildings with a net book amount of £550.2m (1991 £1,212.7m) are not depreciated. The net book amount of leasehold land and buildings at 31st October 1992 includes £148.4m (1991 £210.4m) in respect of leases with less than 50 years to run. The net book amount of tangible assets includes £6.7m (1991 £6.5m) interest capitalised.

(d) The net book amount of plant and machinery includes £10.8m (1991 £13.9m) in respect of assets in the course of construction.

(e) The net book amount of plant and machinery includes £12.7m (1991 £NIL) in respect of assets held under finance leases. The depreciation charge in respect of these assets was £1.0m (1991 £NIL).

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

Notes to the Accounts

10 COMMITMENTS

Future capital expenditure

At 31st October 1992 commitments for capital expenditure amounted to £20.7m (1991 £37.9m) for the Group and £0.1m (1991 £NIL) for the Company. Expenditure authorised by the Directors but not contracted amounted to £71.3m (1991 £81.5m) for the Group and £0.1m (1991 £NIL) for the Company.

Group rental commitments over periods of leases

The commitment at 31st October 1992 to make payments on operating leases in the year to 31st October 1993 was:

	Land and buildings		Plant and machinery	
	1992	1991	1992	1991
	£m	£m	£m	£m
Leases expiring in one year	1.2	0.9	1.0	1.4
Leases expiring in two to five years	3.1	2.9	4.6	4.9
Leases expiring in more than five years	25.0	22.7	0.1	0.2
	<u>29.3</u>	<u>26.5</u>	<u>5.7</u>	<u>6.5</u>

Forward foreign exchange contracts

At 31st October 1992 contracts in the ordinary course of business for the Group were £115.0m (1991 £118.8m) and for the Company £NIL (1991 £NIL).

11 INVESTMENTS

	Note	Group		Company	
		1992	1991	1992	1991
		£m	£m	£m	£m
Subsidiary undertakings	12	—	—	3,321.7	2,841.1
Associated undertakings	13	765.7	636.1	—	—
		<u>765.7</u>	<u>636.1</u>	<u>3,321.7</u>	<u>2,841.1</u>

12 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	Shares at valuation	Shares at cost	Loans and advances	Provisions	Net book amount
	£m	£m	£m	£m	£m
Balances at 31st October 1991	155.3	1,767.7	1,014.6	(96.5)	2,841.1
Additions	—	760.0	539.6	(23.3)	1,376.3
Disposals/repayments	—	(484.0)	(347.7)	36.0	(795.7)
Balances at 31st October 1992	<u>155.3</u>	<u>2,043.7</u>	<u>1,206.5</u>	<u>(83.8)</u>	<u>3,321.7</u>

The shares shown at valuation were valued by the Directors in 1990. The historic cost of such shares is £3.3m.

Of the loans and advances to subsidiary undertakings £52.1m (1991 £46.3m) has been subordinated to other creditors as an alternative to increasing the share capital of certain subsidiary undertakings.

Details of principal subsidiary undertakings are given on pages 42 and 43.