

# RANK XEROX

Rank Xerox Limited

Chairman's Statement

Directors' Report and Accounts

For the year ended 31 October 1974

# RANK XEROX

## Rank Xerox Limited

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# RANK XEROX LIMITED

Addendum to Chairman's Statement for 1974, P 11  
"Government Enquiries":

Objections to various aspects of the provisional agreement were filed with the Federal Trade Commission during the 60-day public comment period. The Commission on this date (13 February 1975) has not accepted the provisional order. It is not possible to predict whether an agreement settling the proceedings will be finally accepted by the Commission.

13 February 1975

# Rank Xerox Limited

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## Directors

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### Joint Presidents

C. Peter McColough (U.S.A.)  
Sir John Davis

### Chairman and Chief Executive

J. M. Thomas

### Managing Director and Chief Operations Executive

W. F. Glavin (U.S.A.)

J. Buckingham-Burr  
J. C. Delafon  
Graham R. Dowson  
Russell W. Evans  
Joseph B. Flavin (U.S.A.)  
A. J. Greiner  
C. R. P. Hamilton C.M.G.  
Raymond A. Hay (U.S.A.)  
M. A. Hynes  
Archie R. McCardell (U.S.A.)  
H. Orr-Ewing  
G. H. Peregrine  
D. R. Portman  
P. Ranque  
D. E. Riley (U.S.A.)  
F. Wickstead O.B.E.  
D. T. N. Williamson F.R.S.

### Secretary and Registered Office

M. J. H. Marshall  
Rank Xerox House  
338 Euston Road  
London NW1 3BH

### Bankers

National Westminster Bank Limited

### Auditors and Consultant Accountants

Peat, Marwick, Mitchell & Co

# Rank Xerox Limited

## Directors' Report

### 1 Accounts

The Directors present the Balance Sheet of the Company and Consolidated Balance Sheet at 31 October 1974, and Consolidated Profit and Loss Account and Consolidated Statement of Source and Application of Funds for the year ended on that date.

	£000's
The Surplus for the year after providing for Depreciation, Interest, Taxation, the Extraordinary Item and excluding Minority Interests was	87,782
From which were deducted Transfers to Non-Distributable Reserves	7,522
	<hr/> 80,260
<i>Deduct:</i> Amount not dealt with in the Accounts of Rank Xerox Limited	46,038
	<hr/> 34,222
<i>*Add:</i> Balance brought forward	45,703
	<hr/> 79,925
Leaving the amount dealt with in the Accounts of Rank Xerox Limited Out of which the Directors have declared and paid Dividends on 'A', 'B', 'C', 'D' and 'E' Shares	14,000
	<hr/>
Leaving an amount to be carried forward in the Accounts of Rank Xerox Limited	<u>£65,925</u>

*\*See Note 1 on Unrealised Intra-Group Profits within the Notes to the Accounts.*

### 2 Principal Activity

The principal activity of the Company and its Subsidiaries during the year under review was the manufacture and marketing of xerographic equipment and ancillary supplies throughout the world outside North, Central and South America and certain related territories.

### 3 Turnover and Profit

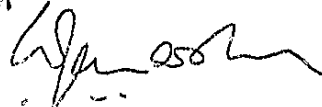
The Group's Turnover and Profit before Taxation for the year under review were mainly derived from the manufacture and marketing of xerographic equipment and ancillary supplies; the figures relating to the computer activities were relatively small.

Certified to be a true copy  
of the report of the directors  
accompanying the balance sheet  
dated January 17, 1975

Director



Secretary



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**4 Directors**

The following were Directors of the Company throughout the year under review:

Mr. C. Peter McColough, Sir John Davis, Mr. J. M. Thomas, Mr. J. Buckingham-Burr, Mr. J. C. Delafon, Mr. Graham R. Dowson, Mr. Joseph B. Flavin, Mr. A. J. Greiner, Mr. C. R. P. Hamilton, Mr. Raymond A. Hay, Mr. Archie R. McCardell, Mr. H. Orr-Ewing, Mr. G. H. Peregrine, Mr. D. R. Portman, Mr. P. Ranque and Dr. F. A. L. Winternitz.

The following were appointed to the Board during the year:

Mr. R. W. Evans—on 27 November 1973, Mr. D. E. Riley and Mr. F. Wickstead—on 4 December 1973, Mr. M. A. Hynes—on 19 March 1974, Mr. W. F. Glavin—on 1 May 1974.

The following who were Directors on 1 November 1973 resigned as Directors on the dates indicated:

Mr. M. A. E. Hughes—on 5 December 1973, Mr. A. Park—on 31 December 1973, Mr. J. P. Collis—on 8 March 1974, Mr. R. M. Pippitt—on 30 April 1974, Mr. G. L. Dennis and Mr. H. E. R. Shand—on 31 October 1974.

Since the end of the year under review, the following changes have taken place in the Board of Directors:

Dr. F. A. L. Winternitz resigned as a Director on 9 December 1974. Dr. D. T. N. Williamson was appointed a Director on 10 December 1974.

**5 Directors' Interests**

The interests of the Directors (including family interests) in the shares in or debentures of the Company and of Xerox Corporation, the Company's Holding Company, are set out below:

		Rank Xerox	Xerox Corporation		Class 'B' Shares par value*** \$1.00	6% Convertible Subordinated Debentures due 1995****
		Limited	Common Shares par value \$1.00 Holding	Options**		
	'E' Shares of £1 each*					
C. Peter McColough	(a)	—	55,534	37,500	—	\$5,200
	(b)	—	57,174	37,500	—	\$5,200
J. M. Thomas	(a)	4,150	100	—	—	—
	(b)	4,150	—	—	—	—
W. F. Glavin	(a)	—	—	12,000	10,000	—
	(b)	—	—	12,000	10,000	—
J. Buckingham-Burr	(a)	1,350	—	—	—	—
	(b)	1,350	—	—	—	—
Joseph B. Flavin	(a)	—	35	22,500	20,525	\$ 100
	(b)	—	35	22,500	20,525	\$ 100
A. J. Greiner	(a)	1,000	—	—	—	—
	(b)	1,000	—	—	—	—
Raymond A. Hay	(a)	—	1,268	22,500	20,150	\$2,500
	(b)	—	1,268	22,500	20,525	\$2,500
M. A. Hynes	(a)	—	20	—	—	—
	(b)	—	20	—	—	—

	Rank Xerox Limited	Xerox Corporation		Class 'B' Shares par value*** \$1.00	6% Convertible Subordinated Debentures due 1995****
	'E' Shares of £1 each*	Common Shares par value \$1.00 Holding	Options**		
Archie R. McCardell (a)	—	—	37,500	23,768	\$600
(b)	—	—	37,500	23,768	\$600
H. Orr-Ewing (a)	1,350	—	—	—	—
(b)	1,350	—	—	—	—
G. H. Peregrine (a)	850	—	—	—	—
(b)	850	—	—	—	—
D. R. Portman (a)	1,350	—	—	—	—
(b)	1,350	—	—	—	—
D. E. Riley (a)	—	80	2,261	—	—
(b)	—	80	2,261	—	—
F. Wickstead (a)	2,000	—	7,000	—	—
(b)	2,000	—	7,000	—	—

(a) Holding at 31 October 1974  
 (b) Holding at 1 November 1973 or later date of appointment as a Director.

\*The Company has a Share Purchase Scheme for the provision by the Company and participating subsidiaries of financial assistance for the subscription and sale to their employees (including executive Directors) of fully paid 'E' Shares in the Company to be held by and eventually sold to the Trustees of the Scheme. Mr. G. R. Dowson, Mr. W. F. Glavin and Mr. Raymond A. Hay are the Trustees of the Scheme and are interested by virtue of their trusteeship only in the total of 40,000 'E' Shares issued to participants in the Scheme at 31 October 1974 (1 November 1973—32,950 'E' Shares).

\*\*Xerox Corporation has in force certain Employees' Stock Option Plans in respect of its Common Stock under which employees are granted options to acquire Shares of Common Stock at a price per Share not less than 100% of the fair market value of the Common Stock on the day the option is granted. Such options may be qualified or non-qualified, the distinction being material for US Federal Income Tax purposes, and may be granted concurrently or separately. The Plans also make provision for the grant, in conjunction with options, of stock appreciation rights under which, in lieu of acquiring Shares of Common Stock under a related option, a reduced number of Shares may be acquired without payment. The maximum number of Shares issuable to each Director under outstanding options and stock appreciation rights is shown in the table. Qualified and non-qualified options and stock appreciation rights which are granted concurrently will be proportionately reduced in relation to the options or rights which are exercised. Options may be exercised in tranches defined therein. If not so exercised, qualified options expire five years, and non-qualified options expire ten years, after the date on which they were granted.

\*\*\*The Shares of Class 'B' Stock are issued to certain key executives of Xerox Corporation under a Restricted Stock Purchase Plan. They are identical with the Shares of Common Stock in all respects as to voting, dividend and liquidation rights, except that the Shares of Class 'B' Stock do not have pre-emptive rights as to any class of Xerox Corporation securities.

\*\*\*\*The Debentures have been convertible into Xerox Common stock since 1 December 1970.

Apart from the interests set out or indicated above, no Director at the end of the year was interested in the shares in or debentures of the Company or of Xerox Corporation either at the end of the year or at 1 November 1973 or later date of appointment as a Director.

**6 Share Capital**

During the year under review, 10,150 'E' Shares of £1 each were issued for the purposes of the Executive Share Purchase Scheme. Of this total, 7,050 'E' Shares were issued to the Trustees of the Rank Xerox Share Purchase Scheme; the remaining 3,100 'E' Shares were issued to National Westminster Jersey Trust Company Limited as Trustees of a Discretionary Settlement established in Jersey, Channel Islands, for employees of those subsidiary companies in respect of which it was not possible to implement the Share Purchase Scheme. The total consideration for the issue of the 10,150 'E' Shares was £699,640.

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**7 Fixed Assets**

The additions to Fixed Assets of the Company and its Subsidiaries during the year under review amounted to £183,146,000, the principal categories being:

	£000's
Equipment on or for rental	152,620
Factories, Warehouses, Offices and Plant in the United Kingdom	12,225
Factories, Warehouses, Offices and Plant Overseas	18,301

**8 Exports**

The Company exported goods from the United Kingdom in the year to 31 October 1974 to the value of £75,879,000 (1973—£70,686,000). In addition royalties, dividends and other income receivable by the Group from overseas amounted to £33,321,000 (1973—£33,638,000).

**9 Employees**

The average weekly numbers of persons employed by the Company and its Subsidiaries during the year under review and their aggregate remuneration for the year were as follows:

	Average Number	Aggregate Remuneration £000's
Employees in the United Kingdom	11,443	34,079
Employees outside the United Kingdom	17,166	78,454
	<u>28,629</u>	<u>£112,533</u>

**10 Charitable and Political Contributions**

During the year the Group made charitable donations of £279,000 including £90,000 made within the United Kingdom. No political contributions were made by the Group during the year.

**11 Subsidiary Companies**

Rank Xerox (Nigeria) Limited was incorporated in the Federal Republic of Nigeria on 8 March 1974. The Company holds 60% of the issued share capital of this new subsidiary.

On 31 October 1974, the Company acquired from Xerox Corporation the whole of the issued share capital of University Microfilms Limited, a company incorporated in England.

During the course of the year, the business of the Rank Xerox Development Laboratory was transferred to Xerox Research (U.K.) Limited, a wholly-owned English subsidiary of Xerox Corporation, and the manufacturing assets at Venray in the Netherlands previously owned by Rank Xerox (Nederland) BV, were transferred by that company to Rank Xerox Manufacturing (Nederland) BV, owned by Rank Xerox Holding BV, a Dutch company owned jointly by Xerox Corporation and The Rank Organisation Group.

**12 Monopolies Commission**

The Reference to the Monopolies Commission by the Department of Trade and Industry of the supply in the United Kingdom of indirect electrostatic reprographic equipment, mentioned in paragraph 12 of the Directors' Report on the Accounts for the year ended 31 October 1973, is still going on and the Company is continuing to provide evidence to, and to co-operate fully with the Commission in connection with the Reference.

**13 Auditors**

Messrs. Peat, Marwick, Mitchell & Co. have signified their willingness to continue in office as Auditors.


By Order of the Board,  
M. J. H. Marshall,  
Secretary

17 January 1975



# Rank Xerox Limited

## Chairman's Statement



Despite adverse economic conditions in many of our markets, we achieved a turnover of £482.3 million this year, a growth of 30.2% over the 1973 figure of £370.3 million. Pretax profits rose by 14.7% from £139.3 million last year to £159.8 million. These results are indicative of the Company's concerted effort to maintain a satisfactory rate of growth.

Turnover and profits expressed in sterling in 1974 were helped by the effects of currency changes. If these are excluded, growth of profits before taxation would approximate to 11%.

It should be noted that these results reflect the decision made during the year to restructure the European manufacturing operations. Operating companies, subsidiaries of Rank Xerox Holding B.V., were established to own the factory in Lille, France and the factory planned for Aachen, Germany. A separate subsidiary of Rank Xerox Holding B.V., was also established to acquire, with effect from 1 November 1973, the manufacturing assets at Venray in the Netherlands from Rank Xerox's Dutch subsidiary. (Rank Xerox Holding B.V., registered in Holland, is owned by Xerox Corporation and The Rank Organisation.)

This restructuring of the European manufacturing operations did not result in a substantial change in the year-to-year profit growth of Rank Xerox Limited.

### New Products

In the Autumn of 1973, the Xerox 3100 mobile copier was announced and quickly established its position in our main markets.

In April 1974, the Xerox 4500 copier/duplicator made its European debut at a number of exhibitions and, like the Xerox 3100, met with a favourable response. The Xerox 4500 combines the best features of the Xerox 4000 with an automatic sorting capability previously only available on our higher output machines. An early introduction of the Xerox 4500 is planned for Europe and for certain of our other markets.

The Xerox 6500 colour copier was also demonstrated at a number of international exhibitions. Both as a breakthrough into copying in colour and as a major technological advance in its own right, this machine aroused considerable interest. A limited number of Xerox 6500's will be made available in Europe in the coming year.

### Manufacturing Interests

Our British factories, at Mitcheldean and Welwyn Garden City, were able to maintain almost full production throughout the period of the energy crisis which affected the country, particularly at the beginning of the year. It is greatly to the credit of the workforce and our suppliers that, in the year as a whole, production was higher than in 1973.

The Mitcheldean factory extended its capability not only to cope with increasing demands for machines already in production but to accommodate the production of a new machine which is to be launched in a number of markets in the coming year.

The construction of new facilities at Welwyn Garden City kept to schedule and the Technical Service and Supply Group took possession of their new International Supply Centre. Their previous premises, at Denham, were taken over by the UK marketing company.

In Spain, production of toner and brushes began at a new factory in Coslada near Madrid.

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Production of the Rank Xerox Holding B.V. group was expanded through the completion of the new assembly plant at Lille and extension of the Venray factory, notably to meet our marketing subsidiaries' requirements for the Xerox 3100 mobile copier.

#### Research and Development

In line with Xerox Corporation's research and development activities throughout the world it was decided to transfer the business of the Rank Xerox Development Laboratory to Xerox Research (U.K.) Limited, a wholly owned subsidiary of Xerox Corporation.

A start has been made in the construction of the new engineering centre at Milton Keynes in the U.K. Occupation will commence in 1975. The new centre will provide Rank Xerox and Xerox Corporation with a modern engineering facility where research, technological developments, product design for worldwide manufacturing and the study of advanced manufacturing development will proceed side by side.

#### Activities in Eastern Europe

Technical delegations were exchanged with the Soviet Union pursuant to the 1973 agreement to explore the possibilities of industrial co-operation. Discussions were most constructive. It was particularly pleasing that Rank Xerox Eastern Export Operations received official accreditation in the Soviet Union, enabling us to open an office in that country.

#### People's Republic of China

There was an encouraging beginning to our trade with the People's Republic of China. Following the successful exhibition of our products at Peking, a range of Rank Xerox machines was shipped and is in operation. Our dealings with representatives of the People's Republic continue on a satisfactory basis.

#### Data Systems Group

The Data Systems Group significantly increased its scope. Two more computers were introduced to the market—the Xerox 550 and the Xerox 560—following the 1973 launch of the Xerox 530. In addition, a new computer systems engineering facility was set up.

#### Fuji Xerox Co., Ltd.

Positive action by Fuji Xerox in their manufacturing and marketing operations minimised the effect of Japan's difficult economic situation on the company's performance. Nevertheless, a combination of the energy crisis, inflation and a softening in market conditions had their effect.

Under these difficult conditions, Fuji Xerox still increased its turnover by 26% to £102.2 million. Pre-tax profits at £18.8 million were almost 30% above the 1973 figure. As was the case last year, profits, expressed in sterling, benefited from favourable movements in foreign currency rates. Fuji Xerox results were also helped by a sustained demand for the 2200 copier and by a good level of customer acceptance for the 4000 copier/duplicator which was introduced to the Japanese market in 1973.



Fuji Xerox established Korea Xerox in August as a joint venture to cater for demand arising from South Korea's fast developing industrial and commercial sector.

#### **New Companies**

The founding of our first West African company, Rank Xerox (Nigeria) Limited, was a further element in the year's expansion. With the support of our partners, Henry Stephens & Sons Limited, this young organisation made an energetic start in a market which shows considerable promise.

From Xerox Corporation we acquired the whole of the issued share capital of University Microfilms Limited. This British-based organisation provides a wide-ranging microfilm service and markets microfilm readers and other equipment.

#### **Directors**

The year saw a further exchange in personnel between Rank Xerox and Xerox Corporation. In May, Robert M. Pippitt, who had been Rank Xerox Managing Director since 1972, returned to Xerox as Senior Vice President and Senior Staff Officer. In his place we welcomed William F. Glavin from Xerox Corporation where he held the positions of Group Vice President and President of the Business Development Group.

Since the end of the financial year our Group Director, Engineering, Dr. Frederick A. L. Winternitz, has been appointed Vice President, Research and Development in Xerox and Dr. D. Theodore N. Williamson, F.R.S., has succeeded him in Rank Xerox.

Finally, I was invited to join the Board of Xerox Corporation, an invitation which I was delighted to accept.

Gerald L. Dennis, Group Director, Personnel and Organisation, resigned to take up a post outside the Company and J. P. Collis also resigned on accepting an appointment outside The Rank Organisation whose interests he represented on the Rank Xerox Board. Harry E. R. Shand, Group Director, Finance, retired after a long and distinguished career with the Company in which he made a particularly valuable contribution to our growth and success.

Michael A. Hynes joined the Board as Group Director, Planning, Information and Control.

We have continued our policy of strengthening the Boards of our Operating Companies by appointing non-executive directors. All of them enjoy considerable respect in their countries and elsewhere and we are gaining very real benefits from their knowledge and experience.

#### **Social Policy**

Sensitive to our obligations of corporate citizenship around the world and to the aspirations of our employees, the Company continued to give its support to a variety of events and organisations.

The Social Service Leave Scheme enabled Rank Xerox people to help in causes as diverse as famine relief in Ethiopia, aid for the homeless young in the U.K., care for disturbed and disabled children in Germany and for drug addicts in Finland.

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Charitable donations were made in virtually every country in which we are directly represented. Including support given to European Architectural Heritage Year, donations amounted to some £350,000.

Our work in support of European Architectural Heritage Year (sponsored by the Council of Europe and which officially commenced on 1 January 1975) made excellent progress. Two issues of the magazine 'European Heritage', sponsored by the Company, were published and three further issues are in the course of production. A major contribution comprised the sponsorship of a film. This has now been completed and distributed to all national committees.

#### Government Enquiries

The Company continued to co-operate fully with the U.K. Monopolies and Mergers Commission in its investigation of the supply of 'indirect electrostatic reprographic equipment'. The Commission recently defined those aspects of our business in the United Kingdom which it wished to consider from a public interest standpoint and a reply is being compiled.

Rank Xerox AB, our Swedish subsidiary, is among the forty companies in receipt of a request for information from Sweden's National Price and Cartel Office. This is in connection with an investigation into the supply of copying machines for office use and covering equipment incorporating all reprographic processes.

The U.S. Federal Trade Commission, which filed a complaint against Xerox Corporation in January 1973, has provisionally accepted a Consent Order settling the case. The proposed Consent Order was placed upon the public record for comment for a 60-day period which ended on 14 January 1975. The Federal Trade Commission has 30 days from that date either to accept or to reject the proposed Consent Order.

Rank Xerox and Fuji Xerox undertook to be bound in effect by the proposed provisions on patent licensing, giving third parties worldwide access to Xerox patented technology in the office copying field.

#### Outlook

Uncertainties in the world's economic situation, increasing costs and a softening in market conditions are combining to place our profits under pressure and it is difficult to make an accurate prediction of events. However, the Company remains strong and I am confident that 1975 will be a good year for Rank Xerox.

The Company is fortunate in the skills, enthusiasm and dedication of its people and I must express my thanks to all Rank Xerox staff, wherever they are located, for their fine performance and my confidence in their continued support in the coming year.



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**Rank Xerox Limited and Subsidiaries**  
**Consolidated Profit and Loss Account**  
**for the Year Ended 31 October 1974**

	Schedule Reference	1973			
		£000's	£000's	£000's	£000's
<b>Turnover</b>	<b>A</b>		<b>482,357</b>		<b>370,341</b>
<b>Trading Profit before charging depreciation</b>			<b>229,599</b>		<b>192,608</b>
Depreciation—Rental Equipment		54,952		43,148	
—Other		6,399		5,502	
			<b>61,351</b>		<b>48,650</b>
Interest Receivable	<b>B</b>		<b>168,248</b>		<b>143,958</b>
			<b>3,931</b>		<b>1,464</b>
Interest Payable	<b>C</b>		<b>172,179</b>		<b>145,422</b>
			<b>21,803</b>		<b>13,346</b>
<b>Profit before Taxation and Extraordinary Item of Rank Xerox Limited and Subsidiaries</b>			<b>150,376</b>		<b>132,076</b>
<b>Share of Profit before Taxation of Associated Company (Note 8)</b>			<b>9,377</b>		<b>7,245</b>
<b>Profit before Taxation and Extraordinary Item Taxation based thereon:</b>			<b>159,753</b>		<b>139,321</b>
Rank Xerox Limited and Subsidiaries	<b>D</b>	69,014		63,931	
Associated Company		3,580		3,168	
			<b>72,594</b>		<b>67,099</b>
<b>Profit before Extraordinary Item</b>			<b>87,159</b>		<b>72,222</b>
<b>Extraordinary Item</b>					
Profit on Sale of Manufacturing Division of Subsidiary (net of taxation £2,180,000) (Note 2)			<b>1,508</b>		—
<b>Profit after Extraordinary Item</b>			<b>88,667</b>		<b>72,222</b>
Profit attributable to Minority Interests			<b>885</b>		<b>563</b>
<b>Profit attributable to the Shareholders of Rank Xerox Limited</b>			<b>87,782</b>		<b>71,659</b>
of which £34,222,000 (1973—£49,359,000) has been dealt with in the accounts of Rank Xerox Limited					
Dividends paid on 'A', 'B', 'C', 'D' and 'E' Shares (Note 5)			<b>14,000</b>		<b>23,711</b>
<b>Retained Earnings for the Year</b>			<b>73,782</b>		<b>47,948</b>
Transfers to Non-Distributable Reserves:					
Rank Xerox Limited and Subsidiaries		2,697		4,618	
Share of profit retained by Associated Company		4,825		3,275	
			<b>7,522</b>		<b>7,893</b>
<b>Unappropriated Earnings at 1 November 1973</b>			<b>66,260</b>		<b>40,055</b>
			<b>106,585</b>		<b>66,530</b>
<b>Unappropriated Earnings at 31 October 1974</b>			<b>£172,845</b>		<b>£106,585</b>

The schedules on page 13 and the notes on pages 20 to 25 form part of the accounts.

# Rank Xerox Limited and Subsidiaries

## Schedules to Consolidated Profit and Loss Account

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	£000's	1973 £000's
<b>A Turnover</b> consists of equipment rentals, sales of goods and services, and includes royalties amounting to £5,705,000 (1973—£3,790,000)		
<b>B Interest Receivable</b>		
Short Term Deposits and Bank	995	1,088
Rank Xerox Holding B.V. and Subsidiaries	2,396	—
Other	540	376
	<u>£3,931</u>	<u>£1,464</u>
<b>C Interest Payable</b>		
Loans other than from banks not fully repayable within 5 years	1,198	1,189
Bank loans and other Loans repayable within 5 years	20,605	12,157
	<u>£21,803</u>	<u>£13,346</u>
<b>D Taxation</b>		
United Kingdom:		
Corporation Tax at 52% (1973—45.83%)	1,228	8,023
Current (£28,759,000 before double taxation relief: 1973—£40,969,000)	15,073	8,391
Deferred	16,301	16,414
	—	5,950
Less: Relief for deemed A.C.T. Current	—	2,300
Deferred	—	8,250
	16,301	8,164
Overseas:		
Current	44,720	38,820
Deferred	10,227	12,231
Rate Changes	1,276	4,756
Prior Year Adjustments	(3,510)	(40)
	<u>£69,014</u>	<u>£63,931</u>
<p>Rate changes represent the amounts necessary to increase the U.K. deferred taxation account from 50% (balance at 1 November 1973) to 52%, and the charge for the year to 31 October 1973 from 45.83% to 47%.</p>		
<b>E Remuneration of Directors of Rank Xerox Limited</b> (pursuant to Section 196, Companies Act 1948)		
Emoluments for services as Executives	561	418
Pension to widow of former Director	3	2
Compensation for loss of office paid to former Director	4	—
Rank Xerox Limited	45	—
Subsidiaries	—	—
	<u>£613</u>	<u>£420</u>
<b>F Remuneration of Auditors</b>		
Rank Xerox Limited	74	65
Subsidiaries	229	209
	<u>£303</u>	<u>£274</u>

**Rank Xerox Limited and Subsidiaries**  
**Consolidated Balance Sheet**  
**at 31 October 1974**

	£000's	£000's	31 October 1973	
	£000's	£000's	£000's	£000's
<b>Issued Share Capital of Rank Xerox Limited (Note 3)</b>				
'A' Shares of £1 each	7,401		7,401	
'B' Shares of £1 each	7,401		7,401	
'C' Shares of £1 each	7,482		7,482	
'D' Shares of £1 each	3,741		3,741	
'E' Shares of £1 each	49		39	
	<u>26,074</u>		<u>26,064</u>	
<b>Share Premium Account (Note 4)</b>		2,315		1,626
<b>Retained Profits (Note 5)</b>				
Non-Distributable Reserves	16,514		13,817	
Non-Distributable Earnings relating to Associated Company (Note 8)	15,755		10,930	
Unappropriated Earnings	172,845		106,585	
	<u>205,114</u>		<u>131,332</u>	
<b>Total Equity attributable to the Shareholders of Rank Xerox Limited</b>		<u>233,503</u>		<u>159,022</u>
<b>Minority Interests</b>		3,801		2,813
<b>Loan Capital and Borrowed Money (Note 6)</b>				
Not fully repayable within five years:				
7½% Guaranteed Unsecured Loan Stock 1986/1991	4,375		4,475	
7½% Subordinated Unsecured Loan Notes 1992:				
Xerox Corporation	1,800		1,800	
The Rank Organisation Limited and Subsidiary	1,200		1,200	
	3,000		3,000	
Unsecured Bank Loans	9,582		32,723	
Secured Indebtedness of Subsidiaries	6,166		6,810	
Other Loans and Advances	387		317	
	<u>23,510</u>		<u>47,325</u>	
Fully repayable within five years:				
Bank Loans and Overdrafts	136,644		105,484	
Acceptance Credits	30,679		12,524	
Secured Indebtedness of Subsidiaries	808		595	
Other Loans and Advances	33		8	
Loans from Xerox Corporation	856			
	<u>192,530</u>		<u>165,936</u>	
Less Repayable within one year	91,290		79,367	
	<u>101,240</u>		<u>86,569</u>	
<b>Taxation</b>				
Non-Current United Kingdom Corporation Tax	97		3,526	
Deferred Taxation (Note 1)	66,856		48,338	
	<u>66,953</u>		<u>51,864</u>	
Less Taxation on Unrealised Intra-Group Profits (Note 1)	21,198		25,246	
	<u>45,755</u>		<u>26,618</u>	
		<u>£384,299</u>		<u>£275,022</u>

Consolidated Balance Sheet at 31 October 1974

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WJB

	£000's	£000's	31 October 1973	
			£000's	£000's
<b>Fixed Assets (Notes 1 and 7)</b>				
Land, Buildings and Plant	90,613		71,220	
Equipment on or for rental including £20,500,000 (1973—£24,306,000) in respect of equipment in course of manufacture	255,988		177,063	
Tools, Jigs and Machine Fixtures	5,494		5,021	
	<u>          </u>	<b>352,095</b>	<u>          </u>	<b>253,304</b>
<b>Associated Company (Note 8)</b>				
Share of Net Assets	22,022		13,660	
Advances	3,653		3,653	
	<u>          </u>	<b>25,675</b>	<u>          </u>	<b>17,313</b>
<b>Amounts due by Rank Xerox Holding B.V. and Subsidiaries (Note 2)</b>		<b>45,675</b>		<b>—</b>
<b>Loans for the Purchase of 'E' Shares (Note 10)</b>		<b>2,355</b>		<b>1,756</b>
<b>Current Assets</b>				
Stocks and Stores (Note 1)	41,864		26,396	
Amounts due by Fellow Subsidiaries	3,310		358	
Debtors and Prepayments (Note 11)	149,234		113,584	
Short Term Deposits, Bank Balances and Cash (Note 12)	25,650		22,575	
	<u>          </u>		<u>          </u>	
	<b>220,058</b>		<b>162,913</b>	
<b>Deduct: Current Liabilities and Provisions</b>				
Amounts due to Xerox Corporation	6,884		3,068	
Amounts due to Rank Xerox Holding B.V. and Subsidiaries (Note 2)	81,320		—	
Creditors and Accrued Expenses	65,688		55,083	
Loan Capital and Borrowed Money repayable within one year	91,290		79,367	
Taxation	25,049		31,410	
	<u>          </u>		<u>          </u>	
	<b>270,231</b>	<b>(50,173)</b>	<b>168,928</b>	<b>(6,015)</b>
<b>Deferred Development Expenditure (Note 1)</b>		<b>8,672</b>		<b>8,664</b>
		<u>          </u>	<u>          </u>	<u>          </u>
		<b>£384,299</b>		<b>£275,022</b>

J. M. Thomas }  
M. A. Hynes } Directors

The notes relating to this Balance Sheet which appear on pages 20 to 25 form part of the accounts.



Certified to be a true copy  
of every balance sheet laid before  
the Company in general meeting  
during the period to which this  
return relates (including every  
document required by law to be  
annexed to the balance sheet) and  
of the report of the auditors  
thereon.

Director

Secretary

**Rank Xerox Limited**  
**Balance Sheet**  
**at 31 October 1974**

	£000's Authorised	£000's Issued and Fully Paid	31 October 1973	
			£000's	£000's
<b>Share Capital</b> (Note 3)				
'A' Shares of £1 each	7,645	7,401	7,401	
'B' Shares of £1 each	7,645	7,401	7,401	
'C' Shares of £1 each	7,767	7,482	7,482	
'D' Shares of £1 each	3,883	3,741	3,741	
'E' Shares of £1 each	60	49	39	
	<u>£27,000</u>		<u>26,074</u>	<u>26,064</u>
<b>Share Premium Account</b> (Note 4)			2,315	1,626
<b>Unappropriated Earnings</b> (Note 5)			65,925	45,703
			<u>94,314</u>	<u>73,393</u>
<b>Loan Capital and Borrowed Money</b> (Note 6)				
Not fully repayable within five years:				
7½% Guaranteed Unsecured Loan Stock 1986/1991		4,375	4,475	
7½% Subordinated Unsecured Loan Notes 1992: Xerox Corporation		1,800	1,800	
The Rank Organisation Limited and Subsidiary		1,200	1,200	
		3,000	3,000	
		7,611	25,168	
<b>Unsecured Bank Loans</b>				
		14,986	32,643	
Fully repayable within five years:				
Bank Loans and Overdrafts		113,685	66,585	
Acceptance Credits		26,000	11,000	
Loans from Xerox Corporation		856	—	
		155,527	110,228	
		63,524	44,393	
<b>Less Repayable within one year</b>				
			92,003	65,835
<b>Taxation</b>				
Non-Current United Kingdom Corporation Tax		7	3,500	
Deferred Taxation (Note 1)		26,058	21,997	
			26,065	25,497
			<u>£212,382</u>	<u>£164,725</u>

J. M. Thomas  
M. A. Hynes

} Directors



# Rank Xerox Limited and Subsidiaries

## Consolidated Statement of Source and Application of Funds

	Year Ended 31 October 1974 £000's	Year Ended 31 October 1973 £000's
<b>Source of Funds</b>		
<b>Operations:</b>		
Profit after Taxation attributable to the Shareholders of Rank Xerox Limited	87,782	71,659
Less Retained by Associated Company	4,825	3,275
	<u>82,957</u>	<u>68,384</u>
<b>Charges Not Requiring Funds:</b>		
Depreciation	61,351	48,650
Tooling Expenditure written off	1,769	1,547
Development Expenditure written off	2,500	2,799
Deferred Taxation	18,518	23,078
Non-Current United Kingdom Corporation Tax	97	3,526
Minority Interests	885	563
	<u>168,077</u>	<u>148,547</u>
<b>Total Funds from Operations</b>	699	577
Proceeds from Share Issue	137	965
Minority Subscription for Shares in Subsidiary	28,208	19,461
Additional Loan Capital and Borrowed Money	25,294	3,414
Disposals of Fixed Assets	3,602	—
Disposals of Development Expenditure	<u>£226,017</u>	<u>£172,964</u>
<b>Total Funds Received</b>		
<b>Application of Funds</b>		
Additions to Fixed Assets:	30,526	22,715
Land, Buildings and Plant	152,620	85,951
Equipment on or for Rental	4,059	3,787
Tools, Jigs and Machine Fixtures	34	—
Dividends payable to Minority Shareholders	14,000	23,711
Dividends	3,537	—
Additional Investment in Associated Company	599	644
Loans for the Purchase of 'E' Shares	—	7,011
Additional Deferred Expenditure:	(4,048)	6,008
Taxation on Unrealised Intra-Group Profits	6,110	1,515
Development Expenditure	13,537	4,900
Reduction of Loan Capital and Borrowed Money	3,526	—
Reduction of Non-Current United Kingdom Corporation Tax	45,675	—
Amounts due by Rank Xerox Holding B.V. and Subsidiaries	<u>£270,175</u>	<u>£156,242</u>
<b>Total Application of Funds</b>		
<b>Increase/(Decrease) in Net Current Assets</b>	<u>£(44,158)</u>	<u>£16,722</u>

Consolidated Statement of Source and Application of Funds

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	Year Ended 31 October 1974 £000's	Year Ended 31 October 1973 £000's
<b>Analysis of Increase/(Decrease) in Net Current Assets</b>		
Current Assets—Increase/(Decrease):		
Stocks and Stores	15,468	3,032
Amounts due by Fellow Subsidiaries	2,952	353
Debtors and Prepayments	35,650	35,380
Short Term Deposits, Bank Balances and Cash	3,075	(7,000)
	<u>£57,145</u>	<u>£31,765</u>
Current Liabilities and Provisions—		
Increase/(Decrease):		
Amounts due to Xerox Corporation	3,816	(5,493)
Amounts due to Rank Xerox Holding B.V. and Subsidiaries	81,320	—
Creditors and Accrued Expenses	10,605	15,373
Loan Capital and Borrowed Money repayable within one year	11,923	61,284
Taxation	(6,361)	(6,121)
Dividends	—	(50,000)
	<u>£101,303</u>	<u>£15,043</u>
<b>Increase/(Decrease) in Net Current Assets</b>	<u>£(44,158)</u>	<u>£16,722</u>
<b>Impact on above Statement of the Sale of the Manufacturing Division of Subsidiary</b>		
Net Book Value of Net Assets sold:	£000's	£000's
Fixed Assets	17,283	
Development Expenditure	3,507	
Stocks and Stores	3,692	
Debtors	953	
Amounts due by Rank Xerox Limited and Subsidiaries	45,703	
	<u>71,138</u>	
Loan Capital and Borrowed Money (repayable within one year—£9,248,000)	21,338	
Creditors	6,138	
Amounts due to Xerox Corporation	1,675	
	<u>29,151</u>	
Profit on sale before taxation	41,987	
	<u>3,688</u>	
Amount due by Rank Xerox Holding B.V. and Subsidiaries	<u>£45,675</u>	

This Statement should be read in conjunction with the accounts, and the notes to the accounts which appear on pages 20 to 25.

# Rank Xerox Limited and Subsidiaries

## Notes to the Accounts

### 1 Principles of Consolidation and Accounting Policies

A summary of the major accounting policies followed by the Group in preparation of the accompanying accounts is set forth below.

#### Basis of Consolidation

The consolidated accounts and the consolidated statement of source and application of funds incorporate the accounts of Rank Xerox Limited and its subsidiaries, after elimination of intra-group transactions and the profits thereon.

#### Conversion of Overseas Accounts

The accounts of overseas subsidiaries, branches, and the associated company are converted into sterling at exchange rates applied as follows:

- (a) Current assets (other than stocks and stores) and current liabilities at rates approximating to the mid-market rates ruling at 31 October 1974.
- (b) Stocks and stores and non-current assets and liabilities (including fixed assets and related depreciation) at rates ruling at the time the assets were acquired or the liabilities incurred.
- (c) Profit and Loss Items at rates applicable to the periods to which they relate.

Exchange differences resulting from the foregoing procedures are charged or credited to Profit and Loss Account.

Deferred Taxation principally represents tax, provided on the liability basis, on the net excess of the cumulative deductions which have been claimed for fiscal purposes for depreciation of rental equipment and other fixed assets, for development expenditure and for provisions on stocks and debtors, over the corresponding cumulative amounts charged in the accounts.

Fixed Assets are carried in the accounts at cost adjusted for depreciation (on a straight line basis) at rates intended to write off the cost over the estimated useful lives of the respective assets, which for this purpose are in the main taken as follows:

Freehold Buildings	50 years
Leasehold Land and Buildings	Term of lease
Plant and Machinery	13 years
Fixtures and Fittings	20 years
Vehicles	3-5 years
Rental Equipment:	
New Build	4-5 years
Remodelled	4 years

Freehold Land is not depreciated.

The cost of rental equipment in course of manufacture consists of direct materials and labour, together with an appropriate proportion of overheads.

Development Expenditure, including pre-production costs, is deferred and recovered generally as part of the manufacturing cost of a predetermined number of related machines. Substantially all of the machines manufactured are capitalised as rental equipment within the Group.

#### Tools, Jigs and Machine Fixtures

Expenditure is dealt with in a similar manner to Development Expenditure.

Unrealised Intra-Group Profits arise on sales of equipment and supplies by certain companies to other companies. Such profits, and taxation attributable thereto, are dealt with in the Profit and Loss Account as regards supplies when realised and as regards equipment evenly over the estimated useful life of such equipment. Accordingly, the unrealised element of profit has been deducted in arriving at the value at which such equipment and supplies are carried in the Consolidated Balance Sheet and taxation paid or payable on such profit has been carried forward. Previous treatment of unrealised intra-group profits by way of provision in the accounts of the Company has been discontinued and the consequent restatement of comparatives changes the Unappropriated Earnings brought forward in the Company.

Stocks and Stores are stated at the lower of cost and net realisable value on bases consistent with the previous year. Cost includes, where appropriate, a proportion of overheads.

### 2 Restructure of European Manufacturing Operations

With effect from 1 November 1973, Rank Xerox (Nederland) B.V. sold the assets of its manufacturing division at Venray, Holland, to Rank Xerox Manufacturing (Nederland) B.V., a subsidiary of Rank Xerox Holding B.V. The latter is a Dutch company directly owned by Xerox Corporation and The Rank Organisation Group. This transaction followed a decision to restructure the European manufacturing operations.

The profit on the sale, after overseas taxation of £2,180,000, was £1,508,000, which has been brought into profit and loss account as an extraordinary item.

Under the transfer agreement the purchase price of £45,675,000 is receivable in five equal annual instalments of £9,135,000. The first instalment, due on 31 October 1974, was replaced by the undertaking of a loan obligation due by Rank Xerox Holding B.V.

The amounts due to Rank Xerox Holding B.V. and subsidiaries of £81,320,000, shown under current liabilities in the consolidated balance sheet, include amounts owing in respect of the supply of rental equipment to Rank Xerox Limited and its subsidiaries of which some £12,000,000 is in practice payable from one to two years after 31 October 1974.

- 3 **Issued Share Capital.** The total issued share capital of the Company was increased during the year by £10,150 on the issue of 10,150 'E' Shares of £1 each under the terms of the Rank Xerox Share Purchase Scheme, and a discretionary settlement of which National Westminster Jersey Trust Company Limited are trustees.
- 4 **Share Premium Account.** The 10,150 'E' Shares referred to in note 3 above were issued at a premium of £67.93 per share. In the event of a winding up of the Company, the share premium of £2,315,000 is wholly attributable to the 'E' Shareholders.
- 5 **Retained Profits**

- (a) The profits of the Group and the Company for the year ended 31 October 1974 have been allocated between the 'A', 'B', 'C' and 'D' Shareholders and the dividends have been allocated between the 'A', 'B', 'C' and 'D' Shareholders in accordance with the provisions of the Company's Articles of Association as follows:

	£000's				£000's
(i) <b>The Group</b>					159,753
Profit before Taxation					3,688
Add: Extraordinary Item (before charging tax of £2,180,000)					<u>163,441</u>
Deduct: Outside Shareholders' share of Subsidiaries' profits (before charging taxation of £475,000)			1,360		
Transfers to Non-Distributable Reserves			<u>2,697</u>		<u>4,057</u>
Profit before Taxation attributable to Rank Xerox Limited including share of profit retained by Associated Company					<u>£159,384</u>
<b>Unappropriated Earnings</b>	<b>'A'</b>	<b>'B'</b>	<b>'C'</b>	<b>'D'</b>	<b>Total</b>
	£000's	£000's	£000's	£000's	£000's
Profit before Taxation as above	3,701	3,701	101,321	50,661	159,384
Deduct: Taxation thereon (excluding the figure of £475,000 referred to above but including taxation on Extraordinary Item of £2,180,000)	1,725	1,725	47,233	23,616	74,299
Share of profit after taxation retained by Associated Company	<u>112</u>	<u>112</u>	<u>3,067</u>	<u>1,534</u>	<u>4,825</u>
	1,864	1,864	51,021	25,511	80,260
Unappropriated Earnings at 1 November 1973	4,628	4,628	64,886	32,443	106,585
	<u>6,492</u>	<u>6,492</u>	<u>115,907</u>	<u>57,954</u>	<u>186,845</u>
Deduct: Dividends					
'A', 'B', 'C' and 'D' Shares	490	490	8,677	4,338	13,995
'E' Shares	—	—	3	2	5
	<u>490</u>	<u>490</u>	<u>8,680</u>	<u>4,340</u>	<u>14,000</u>
Unappropriated Earnings at 31 October 1974	<u>£6,002</u>	<u>£6,002</u>	<u>£107,227</u>	<u>£53,614</u>	<u>£172,845</u>
<b>Non-Distributable Reserves</b>					
At 1 November 1973			9,211	4,606	13,817
Transfers as above			<u>1,798</u>	<u>899</u>	<u>2,697</u>
At 31 October 1974			<u>£11,009</u>	<u>£5,505</u>	<u>£16,514</u>

	'A'	'B'	'C'	'D'	Total
	£000's	£000's	£000's	£000's	£000's
Non-Distributable Earnings relating to Associated Company	368	363	6,796	3,328	10,930
At 1 November 1973					
Share of profit after taxation for the year retained by Associated Company as above	112	112	3,067	1,534	4,825
At 31 October 1974	<u>£480</u>	<u>£480</u>	<u>£9,863</u>	<u>£4,932</u>	<u>£15,755</u>

(ii) The Company  
The Company's unappropriated earnings have been allocated between Shareholders in accordance with the Articles in the same proportion as the consolidated unappropriated earnings as follows:

	'A'	'B'	'C'	'D'	Total
	£000's	£000's	£000's	£000's	£000's
Unappropriated Earnings at 31 October 1974	<u>2,289</u>	<u>2,289</u>	<u>40,898</u>	<u>20,449</u>	<u>65,925</u>

- (b) In order to obtain accelerated overseas taxation relief, additional sums have been provided in the accounts of certain overseas Subsidiaries in respect of Depreciation of Rental Equipment and Other Fixed Assets, and in respect of Stock and Debtor Provisions.

The additional sums provided for this special purpose have been eliminated from the Group Accounts. The profit after taxation for the year ended 31 October 1974 and retained earnings at that date are accordingly £7,944,000 and £32,995,000 respectively in excess of the aggregate of the relative amounts shown in the accounts of the Subsidiaries concerned, calculated at current rates of exchange.

- (c) No provision has been made for withholding and other taxes that would become payable in the event of distribution of retained profits as reflected in the Group Accounts by certain overseas Subsidiaries and the Associated Company. Such taxes calculated at current rates amount to approximately £13,073,000 and £1,531,000 respectively. These retained profits have been re-invested locally and it is not the Company's intention to initiate any action which would precipitate the payment of these additional taxes.

#### 6 Loan Capital and Borrowed Money

- (a) The 7½% Guaranteed Unsecured Loan Stock 1986/1991 is severally guaranteed as to the payment of Capital and Interest by Xerox Corporation and by The Rank Organisation Limited up to 60% and 40% respectively. As from 15 December 1971, the Company is required to redeem at par £100,000 nominal of the Stock each year by drawings, which can be satisfied by purchase and cancellation of the Stock. The Company may, after 14 December 1986, on giving three months' notice, redeem at par the whole or part of the Stock outstanding. All Stock not previously redeemed is redeemable at par on 15 December 1991. £625,000 nominal of the Stock has been purchased and cancelled at 31 October 1974.
- (b) The 7½% Subordinated Unsecured Loan Notes 1992 are not repayable, without the consent of the Trustees for the 7½% Guaranteed Unsecured Loan Stock 1986/1991, until all monies in respect of Capital and Interest on that Stock have been paid.

- (c) Details of repayment dates and interest rates for the other principal loans not fully repayable within 5 years are as follows:

	Repayment Period	Interest Rate	1974 £000's	1973 £000's
Unsecured Bank Loans Rank Xerox Limited	1981	*12½%	2,152	—
	1978/80	*13.15% (average)	2,092	—
	1979/80	*12.61% (average)	2,092	—
	1979/81	*12½%	1,275	—
	1977/79	—	—	15,000
	1976/79	—	—	10,168
			<u>7,611</u>	<u>25,168</u>
Subsidiaries	1976/80	8½%	1,364	352
	1979/81	*10½%	607	607
	1977/80	—	—	6,596
			<u>£9,582</u>	<u>£32,723</u>
Secured Indebtedness of Subsidiaries	1969/80	6½%	1,894	2,146
	1977/86	9%	1,768	1,740
	1971/96	8½%	1,621	1,696
	1972/78	—	—	501
	Others (none exceeding £500,000)	—	—	883
			<u>£6,166</u>	<u>£6,810</u>

\*Indicates loan for which the interest rate is not fixed. The rate applicable at 31 October 1974 is shown.



## 7 Fixed Assets

	Freehold Land and Buildings £000's	Leasehold Land and Buildings £000's	Con- struction in Progress £000's	Plant, Vehicles and Equipment £000's	Total £000's	Equipment on or for Rental £000's
<b>(a) The Group</b>						
Cost at 1 November 1973	26,693	9,383	4,240	48,103	88,419	347,591
Additions	1,736	3,321	10,449	15,020	30,526	152,620
Transfers	3,416	546	(5,104)	2,318	1,176	(1,176)
Disposals to Rank Xerox Holding B.V.	—	—	(549)	(4,297)	(4,846)	(11,653)
Other Disposals	(41)	(272)	(96)	(4,444)	(4,853)	(8,003)
Exchange Rate Adjustments	369	158	—	875	1,402	15,874
<b>Cost at 31 October 1974</b>	<b>32,173</b>	<b>13,136</b>	<b>8,940</b>	<b>57,575</b>	<b>111,824</b>	<b>495,253</b>
Depreciation Provision at 1 November 1973	1,382	1,845	—	13,972	17,199	170,528
Charge for year	44	636	—	5,719	6,399	54,952
Transfers	—	(3)	—	(359)	(362)	362
Disposals to Rank Xerox Holding B.V.	—	—	—	(947)	(947)	—
Other Disposals	(4)	(188)	—	(2,288)	(2,480)	(2,451)
Exchange Rate Adjustments	369	158	—	875	1,402	15,874
<b>Depreciation Provision at 31 October 1974</b>	<b>1,791</b>	<b>2,448</b>	<b>—</b>	<b>16,972</b>	<b>21,211</b>	<b>239,265</b>
<b>Net Book Value at 31 October 1974</b>	<b>£30,382</b>	<b>£10,688</b>	<b>£8,940</b>	<b>£40,603</b>	<b>£90,613</b>	<b>£255,988</b>
<b>Net Book Value at 31 October 1973</b>	<b>£25,311</b>	<b>£7,538</b>	<b>£4,240</b>	<b>£34,131</b>	<b>£71,220</b>	<b>£177,063</b>
<b>(b) The Company</b>						
Cost at 1 November 1973	2,218	4,747	363	13,117	20,445	71,270
Additions	339	1,754	2,098	4,129	8,320	32,210
Transfers	23	(140)	(73)	269	79	(79)
Disposals	—	(56)	—	(470)	(526)	(2,591)
Exchange Rate Adjustments	—	3	—	9	12	107
<b>Cost at 31 October 1974</b>	<b>2,580</b>	<b>6,308</b>	<b>2,388</b>	<b>17,054</b>	<b>28,330</b>	<b>100,917</b>
Depreciation Provision at 1 November 1973	112	579	—	4,652	5,343	33,625
Charge for year	16	255	—	1,262	1,533	12,764
Transfers	—	—	—	(76)	(76)	76
Disposals	—	(10)	—	(179)	(189)	(376)
Exchange Rate Adjustments	—	3	—	9	12	107
<b>Depreciation Provision at 31 October 1974</b>	<b>128</b>	<b>827</b>	<b>—</b>	<b>5,668</b>	<b>6,623</b>	<b>46,196</b>
<b>Net Book Value at 31 October 1974</b>	<b>£2,452</b>	<b>£5,481</b>	<b>£2,388</b>	<b>£11,386</b>	<b>£21,707</b>	<b>£54,721</b>
<b>Net Book Value at 31 October 1973</b>	<b>£2,106</b>	<b>£4,168</b>	<b>£363</b>	<b>£8,465</b>	<b>£15,102</b>	<b>£37,645</b>

(c) (i) Disposals and additions include machines transferred to and from remodelling centres within the Group.

(ii) As stated in note 1 (b) above, Fixed Assets of overseas subsidiaries and branches are shown at exchange rates ruling at the date of acquisition. Depreciation is shown on a corresponding basis. Cost of and depreciation applicable to disposals are stated at the rates ruling at the time of disposal. In this respect, the exchange rate adjustments shown above represent the release, on a predetermined basis (subject to a maximum of ten years), of the difference between historic and current rates. Thus, where the depreciable life of such assets exceeds ten years, an acceleration of the reduction in depreciation has arisen; this is particularly relevant in the case of Freehold Land and Buildings.

## Notes to the Accounts

(iii) The net book value of Leasehold Land and Buildings at 31 October 1974 includes for the Group £8,345,000 (1973 - £7,077,500) and for the Company £3,455,000 (1973 - £3,983,000) in respect of leases with less than 50 years to run.

(iv) Tools, Jigs and Machine Fixtures are stated at cost less amounts charged to date against the manufacture of equipment. Expenditure on such assets during the period amounted to £4,059,000 for both the Group and the Company.

(v) Equipment in course of manufacture and equipment stocks for resale to subsidiaries and others, previously classified as Rental Equipment, are reflected on the Company Balance Sheet as Stocks and Stores. Comparative figures have been adjusted to reflect this change, as have the opening balances on the above fixed asset movement schedules.

### 8 Associated Company

The Associated Company is Fuji Xerox Co., Ltd. incorporated in Japan, in which the Company owns 50 per cent of the issued ordinary share capital; this investment is included in the Company's Balance Sheet at cost. The Consolidated Balance Sheet reflects the investment at an amount equivalent to the Company's share of the net assets disclosed by the Consolidated Balance Sheet of the Associated Company at October 1974, converted at rates of exchange consistent with the principles stated in note 1.

The Non-Distributable Earnings relating to the Associated Company comprise the Company's share of the profits retained by the Associated Company including amounts capitalised £234,000; no provision has been made for any additional taxation which would arise on the distribution of the retained profits or on the disposal of the investment at the amount at which it is included in the Consolidated Balance Sheet. The dividend receivable from the Associated Company for the year to October 1974 was £972,000.

### 9 Subsidiaries

Details of the principal Subsidiaries are as follows:

	Country of Incorporation	Class of Capital	Percentage of Capital Owned		Total
			Direct	Indirect	
Rank Xerox (U.K.) Limited	England	Ordinary	100%		100%
Rank Xerox (Ireland) Limited	England	Ordinary	100%		100%
Rank Xerox de Espana Limited	England	Ordinary	100%		100%
Rank Xerox Espanola S.A.	Spain	Ordinary	25%	75%	100%
Rank Xerox S.A.	France	Ordinary	100%		100%
Rank Xerox Kenya Limited	Kenya	Ordinary	100%		100%
Rank Xerox (N.Z.) Limited	New Zealand	Ordinary	75%		75%
Rank Xerox (Nigeria) Limited	Nigeria	Ordinary	60%		60%
University Microfilms Limited	England	Pref./Ord.	100%		100%
Rank Xerox (Management) Limited	England	Ordinary	100%		100%
Rank Xerox (Australia) Pty. Limited	Australia	Ordinary		75%	75%
Rank Xerox (Austria) G.m.b.H.	Austria	Ordinary		100%	100%
N.V. Rank Xerox S.A.	Belgium	Ordinary		100%	100%
Rank Xerox A.S.	Denmark	Ordinary		100%	100%
Rank Xerox Oy	Finland	Ordinary		100%	100%
Rank Xerox G.m.b.H.	Germany	Ordinary		100%	100%
Rank Xerox Greece S.A.	Greece	Ordinary		100%	100%
Rank Xerox (Nederland) B.V.	Holland	Ordinary		100%	100%
Rank Xerox Iran Private Co. Limited	Iran	Ordinary		100%	100%
Rank Xerox S.p.A.	Italy	Ordinary		100%	100%
Rank Xerox A.S.	Norway	Ordinary		100%	100%
Rank Xerox (Pty.) Limited	South Africa	Ordinary		100%	100%
Rank Xerox A.B.	Sweden	Ordinary		100%	100%
Rank Xerox A.G.	Switzerland	Ordinary		100%	100%
Rank Xerox Uganda Limited	Uganda	Ordinary		100%	100%
S.D.S. Computers Limited	Israel	Ordinary		100%	100%

In addition Rank Xerox Limited has branches in Hong Kong, Malaysia, Portugal and Singapore.

### 10 Loans for the Purchase of 'E' Shares

The Company and certain Subsidiaries have made loans to the trustees of the Rank Xerox Share Purchase Scheme and to the trustees of the settlement referred to in note 3 above, to enable them to acquire 'E' Shares. These loans do not currently bear interest.

### 11 Debtors and Prepayments include amounts due in respect of loans to Directors of £47,100 for both the Group and the Company (1973 - £62,000 and £52,000 respectively)

### 12 Short-Term Deposits, Bank Balances and Cash include £4,115,000 in the case of the Group and £32,000 in the case of the Company held by Banks to which there are equal or greater amounts due in respect of Borrowed Money.

**13 Contingent Liabilities****(a) The Group**

There are Contingent Liabilities in respect of:

- (i) bills discounted and guarantees amounting to approximately £5,583,000 (1973 - £3,806,000); and  
 (ii) customs and excise duties and taxes, which are under negotiation, relating to certain overseas Subsidiaries.

- (b) The Company** has guaranteed loans and bank overdrafts of Subsidiaries up to a maximum of £12,903,000 (1973 - £40,542,000) of which £8,179,000 was outstanding at 31 October 1974 (1973 - £23,175,000)

**14 Capital Expenditure**

No provision has been made in the accounts for the following capital expenditure, which excludes Rental Equipment:

	The Group		The Company	
	1974 £000's	1973 £000's	1974 £000's	1973 £000's
Expenditure contracted for	7,117	14,349	2,852	6,227
Expenditure authorised but not committed	17,643	22,565	5,785	8,468
	<u>£24,760</u>	<u>£36,914</u>	<u>£8,637</u>	<u>£14,693</u>

**15 Particulars of Directors' Emoluments (pursuant to Section 6, Companies Act 1967)**

	1974	1973
Chairman	£37,816	£37,753
Highest-paid Director	£56,162	£48,263
	Number	Number
All Directors, including above:		
Nil	10	8
Up to £2,500	1	1
£5,001 - £7,500	1	-
£7,501 - £10,000	1	2
£10,001 - £12,500	1	-
£12,501 - £15,000	1	-
£15,001 - £17,500	-	1
£17,501 - £20,000	-	2
£20,001 - £22,500	1	4
£22,501 - £25,000	4	1
£25,001 - £27,500	1	1
£27,501 - £30,000	1	-
£30,001 - £32,500	1	-
£32,501 - £35,000	1	1
£35,001 - £37,500	-	1
£37,501 - £40,000	2	-
£40,001 - £42,500	-	1
£42,501 - £45,000	-	1
£45,001 - £47,500	-	1
£47,501 - £50,000	-	1
£50,001 - £52,500	-	-
£52,501 - £55,000	1	-
£55,001 - £57,500	1	-

**16 Remuneration of Employees of the Company receiving more than £10,000 (pursuant to Section 8, Companies Act 1967)**

	1974	1973
	Number	Number
£10,001 - £12,500	16	3
£12,501 - £15,000	12	7
£15,001 - £17,500	8	1
£17,501 - £20,000	-	1
£20,001 - £22,500	1	1
£22,501 - £25,000	-	1
£25,001 - £27,500	-	1
£27,501 - £30,000	1	-

**17 Holding Company**

The Company's ultimate holding company is Xerox Corporation, which is Incorporated in the United States of America.

# Rank Xerox Limited and Subsidiaries

## Ten Year Financial Review

	1974 October (year) £000's	1973 October (year) £000's
<b>Consolidated Profit and Loss Account</b>		
Turnover	482,357	370,341
Trading Profit before charging Depreciation	229,599	192,608
Depreciation	61,351	48,650
	168,248	143,958
Dividends and Interest Receivable	3,931	1,464
	172,179	145,422
Interest Payable	21,803	13,346
	150,376	132,076
Profit before Taxation of Rank Xerox Limited and Subsidiaries	150,376	132,076
Share of Profit before Taxation of Associated Company	9,377	7,245
	159,753	139,321
Profit before Taxation	159,753	139,321
Taxation	72,594	67,099
	87,159	72,222
Profit after Taxation before Extraordinary Items	87,159	72,222
Extraordinary Items	1,508	—
	88,667	72,222
Profit after Extraordinary Items	88,667	72,222
Profit attributable to Minority Interests	885	563
	87,782	71,659
Profit attributable to the Shareholders of Rank Xerox Limited	87,782	71,659
Dividends	14,000	23,711
	73,782	47,948
Amount Capitalised	—	—
Increase/(Decrease) in Retained Profits	£73,782	£47,948
<b>Consolidated Balance Sheet</b>		
Capital Employed:		
Share Capital	26,074	26,064
Share Premium Account	2,315	1,626
Retained Profits	205,114	131,332
	233,503	159,022
Total Shareholders' Equity	233,503	159,022
Minority Interests	3,801	2,813
Loan Capital and Borrowed Money Repayable after one year	101,240	86,569
Non-Current United Kingdom Corporation Tax	97	3,526
Deferred Taxation	66,856	48,338
Taxation on Unrealised Intra-Group Profits	(21,198)	(25,246)
	£384,299	£275,022
Represented by:		
Fixed Assets	352,095	253,304
Goodwill and Patent Rights	—	—
Associated Company	25,675	17,313
Amounts due by Rank Xerox Holding B.V. and Subsidiaries	45,675	—
Loans for the Purchase of 'E' Shares	2,355	1,756
Net Current Assets/(Liabilities)	(50,173)	(6,015)
Deferred Development Expenditure	8,672	8,664
	£384,299	£275,022

### Notes

1. The figures for the periods from June 1965 to October 1971 have been restated to reflect a change in the definition of Net Current Assets/(Liabilities) which now excludes United Kingdom Tax payable beyond one year and includes Loan Capital and Borrowed Money repayable within one year.

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Memorandum

1972 October (year) £000's	1971 October (year) £000's	1970 October (70 weeks) £000's	1970 October (52 weeks) £000's	1969 June (52 weeks) £000's	1968 June (52 weeks) £000's	1967 June (53 weeks) £000's	1966 June (52 weeks) £000's	1965 June (52 weeks) £000's
268,131	207,132	206,372	163,444	115,275	84,361	61,812	44,353	26,933
143,651	112,521	117,056	92,081	66,301	46,386	31,753	23,311	12,431
37,924	29,275	29,503	22,952	17,697	13,693	10,568	7,014	4,213
105,727	83,246	87,553	69,129	48,604	32,693	21,185	16,297	8,218
1,430	940	1,261	976	643	702	702	311	29
107,157	84,186	88,814	70,105	49,247	33,395	21,887	16,608	8,247
6,133	5,179	5,526	4,216	3,671	3,458	2,974	1,822	1,282
101,024	79,007	83,288	65,889	45,576	29,937	18,913	14,786	6,965
4,565	5,159	4,979	4,111	1,783	—	—	—	—
309	84,166	88,267	70,000	47,359	29,937	18,913	14,786	6,965
30,570	38,400	40,226	32,130	22,178	13,506	8,525	6,449	2,861
53,010	45,766	48,041	37,870	25,181	16,431	10,388	8,337	4,104
—	—	—	—	—	514	(33)	(273)	(49)
55,619	45,766	48,041	37,870	25,181	16,945	10,355	8,064	4,055
165	223	226	160	171	114	71	44	20
—	—	—	£37,710	—	—	—	—	—
55,454	45,543	47,815	—	25,010	16,831	10,284	8,020	4,035
58,000	21,711	22,715	—	12,000	5,000	2,000	652	470
(2,546)	23,832	25,100	—	13,010	11,831	8,284	7,368	3,565
—	—	—	—	2,189	3,063	3,316	1,046	—
£(2,546)	£23,832	£25,100	—	£10,821	£8,768	£4,968	£6,322	£3,565
26,052	26,025	26,025	—	26,025	23,836	20,772	17,456	14,410
1,061	—	—	—	—	—	—	—	—
83,384	85,930	62,098	—	36,998	25,066	16,298	11,330	5,008
110,497	111,955	88,123	—	63,023	48,902	37,070	28,786	19,418
1,285	1,120	897	—	556	386	226	130	87
68,623	45,431	20,405	—	20,708	20,580	20,584	17,157	9,037
4,900	8,900	14,589	—	7,800	5,286	5,137	4,800	3,893
25,260	14,166	8,932	—	6,121	3,760	3,071	1,714	778
(18,235)	(12,040)	(9,512)	—	(6,985)	(6,882)	(7,250)	(6,092)	(4,119)
£192,330	£169,532	£123,434	—	£91,223	£72,032	£58,838	£46,495	£29,094
194,462	154,213	118,356	—	88,073	72,197	60,406	45,527	30,990
—	—	—	—	90	90	90	187	248
14,038	11,848	5,915	—	2,363	427	397	397	397
—	—	—	—	—	—	—	—	—
1,112	—	—	—	—	—	—	—	—
(22,737)	974	(1,918)	—	228	(1,381)	(3,016)	(789)	(3,161)
5,455	2,497	1,081	—	469	699	961	1,173	620
£192,330	£169,532	£123,434	—	£91,223	£72,032	£58,838	£46,495	£29,094

2. The figures for the periods from June 1969 are presented on the equity basis of accounting for the Associated Company (Fuji Xerox Co., Ltd.).

**Report of the Auditors  
to the Members of Rank Xerox Limited**

*[Handwritten initials/signature]*

We have examined the annexed balance sheet and annexed consolidated balance sheet, consolidated profit and loss account and consolidated statement of source and application of funds set out on pages 12 to 25 inclusive.

In our opinion the balance sheet and the consolidated accounts comply with the Companies Acts 1948 and 1967 and together with the consolidated statement of source and application of funds give respectively a true and fair view of the state of the Company's affairs at 31 October 1974 and, so far as concerns members of the Company, a true and fair view of the state of affairs and of the profit of the Group and of the source and application of funds.

London  
17 January 1975

PEAT, MARWICK, MITCHELL & CO.  
Chartered Accountants

Certified to be a true copy  
of every balance sheet laid before  
the Company in general meeting  
during the period to which this  
return relates (including every  
document required by law to be  
annexed to the balance sheet) and  
of the report of the auditors  
thereon.

*[Handwritten signature]*  
Director

*[Handwritten signature]*  
Secretary