

Amkor Xerox Limited

Chairman's Statement
Directors' Report and Accounts
For the year ended 31 October 1975

RANK XEROX

Rank Xerox Limited

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Rank Xerox Limited

Directors

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.)

- P. A. Allaire (U.S.A.)
- J. Buckingham-Burr
- J. C. Delafon
- Russell W. Evans M.C.
- A. J. Greiner
- C. R. P. Hamilton C.M.G.
- M. A. Hynes
- D. T. Kearns (U.S.A.)
- Archie R. McCardell (U.S.A.)
- James P. O'Neill (U.S.A.)
- H. Orr-Ewing
- G. H. Peregrine
- F. J. Pipp (U.S.A.)
- D. R. Portman
- P. Ranque
- D. E. Riley (U.S.A.)
- Harry Smith
- 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

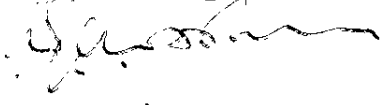
Peat, Marwick, Mitchell & Co.

Rank Xerox Limited

Directors' Report

Certified to be a true copy of the report of the directors accompanying the balance sheet dated January 15, 1976


Director


Secretary

1 Accounts

The Directors present the Balance Sheet of the Company and Consolidated Balance Sheet at 31 October 1975, 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	77,379
From which were deducted Transfers to Non-Distributable Reserves	3,488
	<hr/> 73,891
<i>Deduct:</i> Amount not dealt with in the Accounts of Rank Xerox Limited	37,482
	<hr/> 36,409
<i>*Add:</i> Balance brought forward, after restatement	63,567
	<hr/> 99,976
Leaving the amount dealt with in the Accounts of Rank Xerox Limited Out of which the Directors have declared and paid an interim dividend of £15,410,000 and propose a final dividend of £10,000,000 on 'A', 'B', 'C', 'D' and 'E' Shares	25,410
	<hr/> £74,566

*See Note 1 on Deferred Pre-Production Expenditure 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 and in July 1975 the decision was taken to withdraw from the mainframe computer business.

Directors' Report

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. W. F. Glavin, Mr. J. Buckingham-Burr, Mr. J. C. Delafon, Mr. Russell W. Evans, Mr. Joseph B. Flavin, Mr. A. J. Greiner, Mr. C. R. P. Hamilton, Mr. M. A. Hynes, Mr. Archie R. McCardell, Mr. H. Orr-Ewing, Mr. G. H. Peregrine, Mr. D. R. Portman, Mr. P. Ranque and Mr. D. E. Riley.

The following were appointed to the Board during the year:

Dr. D. T. N. Williamson—on 10 December 1974, Mr. James P. O'Neill—on 17 June 1975, Mr. P. A. Allaire—on 24 June 1975, Mr. F. J. Pipp—on 25 September 1975, Mr. Harry Smith—on 17 October 1975.

The following who were Directors on 1 November 1974 resigned as Directors on the dates indicated:

Dr. F. A. L. Winternitz—on 9 December 1974, Mr. Raymond A. Hay—on 5 February 1975, Mr. G. R. Dowson—on 18 September 1975, Mr. F. Wickstead—on 31 October 1975.

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

Mr. Joseph B. Flavin resigned as a Director on 14 November 1975.
Mr. D. T. Kearns was appointed a Director on 9 December 1975.

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 Limited		Xerox Corporation		
		'E' Shares of £1 each*		Common Shares par value \$1.00 Holding	Class 'B' Shares par value*** \$1.00	Options**
C. Peter McColough	(a)	—	54,071	56,250	—	\$5,200
	(b)	—	55,534	37,500	—	\$5,200
J. M. Thomas	(a)	4,150	100	—	—	—
	(b)	4,150	100	—	—	—
W. F. Glavin	(a)	—	—	20,400	10,000	—
	(b)	—	—	12,000	10,000	—
P. A. Allaire	(a)	—	240	9,965	—	—
	(b)	—	240	8,490	—	—
J. Buckingham-Burr	(a)	1,350	—	—	—	—
	(b)	1,350	—	—	—	—
Joseph B. Flavin	(a)	—	35	33,750	16,625	\$ 100
	(b)	—	35	22,500	20,525	\$ 100
A. J. Greiner	(a)	1,000	—	—	—	—
	(b)	1,000	—	—	—	—
M. A. Hynes	(a)	—	—	—	—	—
	(b)	—	20	—	—	—

		Rank Xerox Limited	Xerox Corporation			8% Convertible Subordinated Debentures due 1995****
			'E' Shares of £1 each*	Common Shares par value \$1.00 Holding	Options**	
Archie R. McCardell	(a)	—	50	57,750	23,743	\$600
	(b)	—	25	37,500	23,768	\$600
James P. O'Neill	(a)	—	—	16,250	16,725	—
	(b)	—	—	16,250	17,850	—
H. Orr-Ewing	(a)	1,350	—	—	—	—
	(b)	1,350	—	—	—	—
G. H. Peregrine	(a)	850	—	—	—	—
	(b)	850	—	—	—	—
F. J. Pipp	(a)	—	—	13,500	3,000	—
	(b)	—	—	13,500	3,000	—
D. R. Portman	(a)	1,350	—	—	—	—
	(b)	1,350	—	—	—	—
D. E. Riley	(a)	—	80	3,561	—	—
	(b)	—	80	2,261	—	—

(a) Holding at 31 October 1975

(b) Holding at 1 November 1974 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. At 31 October 1975 Mr. Russell W. Evans, Mr. Joseph B. Flavin and Mr. W. F. Glavin were the Trustees of the Scheme and a total of 43,075 'E' Shares was held on behalf of the Trustees at that date following issues of shares to participants in the Scheme (1 November 1974—40,000 'E' Shares). Since 31 October 1975 Mr. D. T. Kearns has become a Trustee in place of Mr. Joseph B. Flavin.

**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 at the rate of \$92 principal amount for each share.

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 1974 or later date of appointment as a Director.

Directors' Report

6 Share Capital

During the year under review, 6,875 'E' Shares of £1 each were issued for the purposes of the Executive Share Purchase Scheme. Of this total, 2,725 'E' Shares were issued to the Trustees of the Rank Xerox Share Purchase Scheme; the remaining 4,150 '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 6,875 'E' Shares was £615,160.

7 Fixed Assets

The additions to Fixed Assets of the Company and its Subsidiaries during the year under review amounted to £163,609,000, the principal categories being:

	£000's
Equipment on or for Rental	135,992
Factories, Warehouses, Offices and Plant in the United Kingdom	13,089
Factories, Warehouses, Offices and Plant Overseas	14,588

8 Exports

The Company exported goods from the United Kingdom in the year to 31 October 1975 to the value of £68,650,000 (1974—£75,879,000). In addition royalties, dividends and other income receivable by the Group from overseas amounted to £54,424,000 (1974—£33,321,000).

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	11,861	42,778
Employees outside the United Kingdom	18,208	100,047
	<u>30,069</u>	<u>142,825</u>

10 Charitable and Political Contributions

During the year the Group made charitable donations of £291,000 including £46,000 made within the United Kingdom. No political contributions were made by the Group during the year.

11 Monopolies and Mergers Commission

The Monopolies and Mergers Commission has not yet completed its inquiry into the supply in the United Kingdom of Indirect Electrostatic Reprographic Equipment. As stated in the Directors' Reports on the Accounts for the years ended 31 October 1973 and 31 October 1974, this inquiry is being carried out following a reference to the Commission made in August 1973 by the Department of Trade and Industry. The Company is continuing to supply both written and oral evidence to, and to co-operate fully with the Commission.

12 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

15 January 1976

Chairman's Statement

Turnover for the year was £614 million, a 27% growth over the 1974 figure of £482 million. After making an extraordinary provision of £9 million to account for the Company's withdrawal from the computer mainframe business, pretax profits were £152 million, a reduction of 6½% compared with the previous year's restated result of £163 million.

Turnover increased in line with our traditional rate of growth but the reduced profit performance reflects both the impact of inflation on our costs and the adverse effect of lower manufacturing activity arising from reduced market demand. In these circumstances, in preparing the year end accounts, it was necessary to make additional charges against profit in respect particularly of stock valuation. Without these charges, and the provision for withdrawal from the computer mainframe business, profit would have shown a small growth over 1974. Although the Company was unable to sustain the profit growth of earlier years, this performance still represents a creditable achievement when viewed against the background of the adverse business conditions now prevailing worldwide.

The Market

Usage of machines has held up well, but demand for new machines was affected by the economic recession and increasing competition.

Although outside the period under review, mention should be made of a major change in our marketing policy. In November 1975, we announced in the United Kingdom that a wide range of products would be made available for sale as an alternative to rental. This alternative was introduced in other markets in January 1976 and will broaden our business by winning new customers who prefer to purchase rather than to lease.

Products

Initial deliveries of the Xerox 9200 duplicating system were made to customers in the United Kingdom and it was introduced in the Federal Republic of Germany and France in the Autumn. This is the most productive xerographic machine yet made, and promises to be the most significant product the Company has launched since Xerox announced the original plain paper office copier in 1959. The Xerox 9200 produces 7,200 copies an hour from any type of original to standards comparable with offset litho and provides the capability within a single system of meeting all the requirements of a print room.

The new Xerox 800 electronic system was also launched in the Autumn. This is a significant addition to the Company's developing ability to provide complete information handling systems. The Xerox 800 prints at a speed of 350 words a minute from information stored on magnetic tape or cards; interchangeable print wheels of various type faces and spacing are available. The machine is complementary to our range of copying, duplicating and facsimile transmission products. It is currently marketed in the United Kingdom, France and the Federal Republic of Germany, and will be introduced in some of the other countries in which we operate during 1976.

The Xerox 4000 family and Xerox 3100 mobile copier continue to make a substantial contribution to turnover. These machines have gone into new markets during the year and have been very well received. The Xerox 4500 is now firmly established throughout the E.E.C. countries as well as in Sweden and Switzerland, while the Xerox 3100 is now marketed in all Rank Xerox territories.

The Xerox 6500 colour copier has been installed in a number of copy bureaux and in some customer locations.

Manufacturing and Supply

The most distressing aspect of the worldwide recession has been its effect on our manufacturing and supply. In the present economic climate, reduced demand for

Chairman's Statement

our products has forced the production units to operate well below capacity. To meet this situation, a voluntary redundancy scheme was introduced and accepted by some 460 employees of the Company at our Mitcheldean plant. The workload at all our locations is under constant review and we are making every endeavour to minimise the impact of the present conditions on our employees.

Eastern Export Operations

This side of our business has made good progress during the year. In October we were awarded the largest single order, worth £5 million, ever placed by the Soviet authorities for a range of Rank Xerox copiers, high-speed duplicators, microfilm printers and spares. The Xerox 3100 was introduced in the Soviet Union, Czechoslovakia, Bulgaria, Poland and the German Democratic Republic.

Following official accreditation, the Company was able to open its own office in Moscow, and was the first British organisation to open a showroom in Bulgaria.

In September, Britain's Secretary of State for Trade, the Rt. Hon. Peter Shore, M.P., launched the Rank Xerox mobile showroom. This exhibit, which carries a range of our machines, will travel throughout the Eastern European countries.

Directors

The year has seen a number of changes in the Board of the Company. Mr. Joseph B. Flavin resigned from our Board on his election as Chairman, President and Chief Executive Officer of the Singer Company. Mr. Flavin played a key role in the growth of our operations and we wish him every success in his new appointment.

We welcome Mr. David T. Kearns, Xerox Group Vice-President who is now responsible for Rank Xerox Operations.

Dr. D. Theodore Williamson, F.R.S., was appointed Group Director, Engineering and succeeded Dr. F. A. L. Winternitz, who was appointed Vice-President, Research and Development of Xerox Corporation.

Mr. James P. O'Neill joined the Board: he is Senior Vice-President of Xerox Corporation and also its Chief Staff Officer. We also welcome two other colleagues from Xerox Corporation to our Board: Mr. Paul Allaire returns to Rank Xerox as Chief Staff Officer; and Mr. Frank Pipp comes to us as Group Director, Manufacturing and Supply Operations. We also welcome Mr. Harry Smith, who has been Chairman and Chief Executive of Bridon Ltd. (formerly British Ropes Ltd.) since 1958. He is a member of the Board of The Rank Organisation Ltd. and a Deputy Chairman of the Steetley Co. Ltd.

Mr. Raymond A. Hay resigned to become President and Chief Operating Officer of the L.T.V. Corporation, and Mr. Graham Dowson resigned at the end of September.

Finally, Mr. Fred Wickstead, O.B.E. retired after a long and distinguished career in The Rank Organisation, Rank Xerox and Xerox Corporation, spanning some 28 years. He made an inestimable contribution to our success and it is fitting that shortly before his retirement he was awarded the Dutch Oranje Nassau order for the work he had done in connection with the plant in Venray, Holland.

Queen's Award to Industry

The Company was honoured to receive again The Queen's Award to Industry for export achievement, the fourth occasion we have won this coveted award. Exports

for the year ended June 1974 amounted to £74 million, an increase of some 11% over the previous twelve months. In the past ten years the Company has made a contribution of some £400 million in exports to Britain's balance of payments.

Social Policy

The Company has been able to support a wide range of organisations and events in the furtherance of its policy of social involvement. The Social Service Leave Scheme continued and employees are currently involved in such diverse programmes as help for adult illiterates in the East End of London, and a survey concerning the incidence and treatment of leprosy in Sierra Leone.

Rank Xerox continued to support the European Architectural Heritage Year campaign, which reached its culmination in a congress in Amsterdam in October. The series of five magazines "European Heritage" and the film "Janus" both sponsored by the Company received favourable recognition throughout Europe.

We have continued to make charitable donations, covering a wide range of activities and causes, in most of the territories in which we are represented. Including support given to European Architectural Heritage Year, donations amounted to some £375,000.

Fuji Xerox Co. Ltd.

In the year under review, serious difficulties continued to affect the Japanese economy. These had an adverse impact on Fuji Xerox profitability. Fuji Xerox still achieved an increased turnover of 19% from £102.2 million to £122.1 million, although pretax profits declined from £18.8 million to £12.7 million. This reduction in sterling terms is due primarily to the fact that movements in foreign currency rates, which had a favourable impact on the 1974 results, were unfavourable in 1975. In fact, Fuji Xerox pretax earnings, expressed in Japanese Yen, increased moderately over the previous year.

During the year, two new products—the Xerox 4500 and the Xerox 3100—were introduced to the Japanese and other Fuji Xerox markets, and were well received.

Rank Xerox Data Systems

In July, Xerox Corporation announced its withdrawal from the mainframe computer business and, in parallel, it was announced that Rank Xerox Data Systems would similarly withdraw. Where possible employees of Rank Xerox Data Systems were absorbed into Rank Xerox, while others will continue to be employed to meet current commitments to customers under existing lease, purchase and service agreements.

In December, Honeywell Information Systems Inc. and Xerox Corporation signed an agreement enabling Honeywell to provide maintenance and marketing support services to Xerox mainframe computer customers in the United States. We expect to sign a comparable agreement early in 1976.

Government Enquiries

The Company continued to co-operate fully with the United Kingdom Monopolies and Mergers Commission in the Commission's investigation of the supply of "indirect electrostatic reprographic equipment". It is anticipated that the Commission's Report will be published in the first half of 1976.

Chairman's Statement

Rank Xerox A.B., our subsidiary in Sweden, provided information to the Swedish National Price and Cartel Office in connection with their report on the reprographic industry. The report was published in October and is now being studied by government officials to determine whether any action may be indicated.

The U.S. Federal Trade Commission terminated its anti-trust proceedings against Xerox Corporation in August when it approved a consent order based on terms worked out by Xerox Corporation and the F.T.C. staff. The order in no way affects the ownership relationship of Xerox to either Rank Xerox or Fuji Xerox, but both have undertaken to be bound, in effect, by the provisions on patent licensing, giving third parties worldwide access to Xerox patented technology in the office copying field.

Outlook


After the economic blizzard of 1975, what of 1976? Although the outlook for the United Kingdom economy remains depressing, I am encouraged by forecast improvements in some other countries in which we operate. We must exercise continued vigilance in the costs area in the face of inflation and I am satisfied that this need is recognised throughout the organisation.

However, we must not be exclusively concerned with our short-term considerations. We will continue to introduce new products and we have every confidence that they will quickly establish widespread market acceptance to provide a springboard for expansion in the future, particularly as world economies recover.

I have already referred to government enquiries. There are many other areas of commercial activity where governments and other bodies are seeking to control and intervene in business and related policies. This trend is reflected in the growing movement by national governments and international agencies to frame wide-ranging legislation which will cover the activities of multinational corporations. These are among the new challenges which we must face and we will try to meet them as a responsible international citizen.

Rank Xerox People

There is one constant factor in our organisation of great value; I refer to the 33,000 members of the Company on whom our success depends. I would like to express my sincere thanks and gratitude for their continued loyalty, enthusiasm and support during the past year.



Rank Xerox Limited and Subsidiaries
Consolidated Profit and Loss Account
for the Year ended 31 October 1975

	Schedule Reference	£000's	£000's	1974 £000's	£000's
Turnover	A		613,598		482,357
Trading Profit before charging depreciation			258,334		227,104
Depreciation—Rental Equipment		73,075		54,271	
—Other		7,720		6,399	
			80,795		60,670
Interest Receivable	B		177,539		166,434
			5,558		3,931
Interest Payable	C		183,107		171,365
			27,911		21,803
Profit before Taxation and Extraordinary Item of Rank Xerox Limited and Subsidiaries			155,196		148,582
Share of Profit before Taxation of Associated Company (Note 9)			6,339		9,377
Profit before Taxation and Extraordinary Item Taxation based thereon:			161,535		157,939
Rank Xerox Limited and Subsidiaries	D	74,109		67,821	
Associated Company		4,302		3,580	
			78,411		71,401
Profit after Taxation before Extraordinary Item Extraordinary Item			83,124		86,536
Losses arising on Withdrawal from Computer Mainframe Business (net of taxation relief £4,182,000) (Note 3)			4,996		—
Profit on Sale of Manufacturing Division of Subsidiary (net of taxation £2,836,000) (Notes 2 & 3)			—		2,219
Profit after Taxation and Extraordinary Item Profit attributable to Minority Interests			78,128		88,757
			749		885
Profit after Taxation attributable to the Shareholders of Rank Xerox Limited of which £36,409,000 (1974—£31,864,000) has been dealt with in the accounts of Rank Xerox Limited Dividends on 'A', 'B', 'C', 'D' and 'E' Shares (Note 6)	E		77,379		87,872
Retained Earnings for the Year			25,410		14,000
Transfers to Non-Distributable Reserves:			51,969		73,872
Rank Xerox Limited and Subsidiaries		3,049		2,697	
Share of profit retained by Associated Company		439		4,825	
			3,488		7,522
Unappropriated Earnings at 1 November 1974			48,481		66,350
As previously reported		172,845		106,585	
Prior year adjustment—Development Expenditure (Note 1)		(3,214)		(3,304)	
			169,631		103,281
Unappropriated Earnings at 31 October 1975			£218,112		£169,631

The schedules on page 15 and the notes on pages 22 to 29 form part of the accounts.

Rank Xerox Limited and Subsidiaries

Schedules to Consolidated Profit and Loss Account

	£000's	1974 \$000's
A Turnover consists of equipment rentals, sales of goods and services, and includes royalties amounting to £6,296,000 (1974—£5,705,000)		
B Interest Receivable	953	395
Short Term Deposits and Bank	3,319	3,396
Rank Xerox Holding B.V. and Subsidiaries	1,266	540
Other		
	<u>£9,568</u>	<u>£9,331</u>
C Interest Payable	2,263	1,198
Loans other than from banks not fully repayable within 5 years	25,648	20,605
Bank loans and other Loans repayable within 5 years		
	<u>£27,911</u>	<u>£21,803</u>
D Taxation		
United Kingdom:		
Corporation Tax at 52% (1974—52%)	2,881	1,228
Current (£48,844,000 before double taxation relief: 1974—£28,759,000)	3,116	13,780
Deferred		
	<u>5,997</u>	<u>15,008</u>
Overseas:	57,412	44,720
Current	12,411	10,327
Deferred	(1,711)	(2,234)
Prior Year Adjustments		
	<u>£74,109</u>	<u>£67,821</u>
E Dividends	5,309	14,000
Interim—paid	10,191	—
since paid	10,000	—
Final—proposed		
	<u>£25,410</u>	<u>£14,000</u>
F Remuneration of Directors of Rank Xerox Limited (pursuant to Section 196, Companies Act 1948)	727	649
Emoluments for services as Executives	4	—
Pension to former Director	2	3
Pension to widow of former Director		
Compensation for loss of office paid to former Director	—	4
Rank Xerox Limited	—	45
Subsidiaries		
	<u>£ 733</u>	<u>£ 701</u>
G Remuneration of Auditors	129	74
Rank Xerox Limited (includes £20,000 in respect of prior year: 1974 £ Nil)	304	229
Subsidiaries (includes £27,000 in respect of prior year: 1974 £7,000)		
	<u>£ 433</u>	<u>£ 303</u>

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Rank Xerox Limited and Subsidiaries
Consolidated Balance Sheet
at 31 October 1975

	£000's	£000's	31 October 1974	
	£000's	£000's	£000's	£000's
Issued Share Capital of Rank Xerox Limited (Note 4)				
'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		7,452	
'D' Shares of £1 each	3,741		3,741	
'E' Shares of £1 each	56		49	
	<u> </u>	26,081	<u> </u>	20,074
Share Premium Account (Note 5)		2,923		2,315
Retained Profits (Note 6)				
Non-Distributable Reserves	19,563		16,514	
Non-Distributable Earnings relating to Associated Company (Note 6)	16,194		15,755	
Unappropriated Earnings	218,112		169,631	
	<u> </u>	253,869	<u> </u>	201,900
Total Equity attributable to the Shareholders of Rank Xerox Limited		282,873		230,289
Minority Interests		4,536		3,801
Loan Capital and Borrowed Money (Note 7)				
Not fully repayable within five years:				
7½% Guaranteed Unsecured Loan Stock 1986/1991	1,265		4,375	
7½% Subordinated Unsecured Loan Notes 1992:				
Xerox Corporation	1,800		1,800	
The Rank Organisation Limited and Subsidiary	1,200		1,200	
	<u> </u>		<u> </u>	
	3,000		3,000	
Commercial Loan	10,947		—	
Unsecured Bank Loans	11,836		9,582	
Secured Indebtedness of Subsidiaries	4,065		6,166	
Other Loans and Advances	454		387	
Loan from Fellow Subsidiary	21,700		—	
	<u> </u>		<u> </u>	
	53,267		23,510	
Fully repayable within five years:				
Bank Loans and Acceptance Credits	130,613		136,644	
Commercial Loan	7,500		—	
Acceptance Credits	26,036		30,679	
Secured Indebtedness of Subsidiaries	2,396		808	
Other Loans and Advances	706		33	
Loans from Xerox Corporation	8,510		856	
	<u> </u>		<u> </u>	
	229,028		192,530	
Less Repayable within one year				
Parallel Commercial Loan	57,556		91,290	
	<u> </u>		<u> </u>	
	65,056		91,290	
	<u> </u>	163,972	<u> </u>	101,240
Taxation				
Non-Current United Kingdom Corporation Tax	—		97	
Deferred Taxation (Note 1)	73,338		64,428	
	<u> </u>		<u> </u>	
	73,338		64,525	
Less Taxation on Unrealised Intra-Group Profits (Note 1)	29,719		22,556	
	<u> </u>	43,619	<u> </u>	41,969
		<u>£495,000</u>		<u>£377,299</u>

Consolidated Balance Sheet at 31 October 1975

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

	£000's	£000's	31 October 1974	
			£000's	£000's
Fixed Assets (Notes 1 and 8)				
Land, Buildings and Plant	111,833		90,613	
Equipment on or for rental including £17,333,000 (1974—£20,500,000) in respect of equipment in course of manufacture	303,668		253,584	
Tools, Jigs and Machine Fixtures	9,172		5,494	
	<u> </u>	424,673	<u> </u>	349,691
Associated Company (Note 9)				
Share of Net Assets	22,461		22,022	
Advances	4,054		3,653	
	<u> </u>	26,515	<u> </u>	25,675
Amounts due by Rank Xerox Holding B.V. and Subsidiaries (Note 2)		36,540		45,675
Loans for the Purchase of 'E' Shares (Note 11)		3,209		2,355
Current Assets				
Stocks and Stores (Note 1)	64,287		41,864	
Amounts due by Fellow Subsidiaries	1,661		3,310	
Debtors and Prepayments (Note 12)	187,084		149,334	
Short Term Deposits, Bank Balances and Cash	27,472		25,050	
	<u> </u>		<u> </u>	
	280,504		220,058	
Deduct: Current Liabilities and Provisions				
Amounts due to Xerox Corporation	7,841		6,884	
Amounts due to Rank Xerox Holding B.V. and Subsidiaries (Note 2)	61,256		81,320	
Creditors and Accrued Expenses	86,773		65,688	
Loan Capital and Borrowed Money repayable within one year	57,556		91,290	
Taxation	49,407		25,049	
Dividends	20,101		—	
	<u> </u>		<u> </u>	
	282,934	(2,430)	270,231	(50,173)
Deferred Pre-Production Expenditure (Note 1)		6,493		4,076
		<u> </u>	<u> </u>	
		£495,000		£377,299

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

Rank Xerox Limited

Balance Sheet

at 31 October 1975

	£000's	£000's	£000's	31 October 1974 £000's	£000's
	Authorised	Issued and Fully Paid			
Share Capital (Note 4)					
'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	56		49	
	<u>£27,000</u>		26,081	<u>26,074</u>	
Share Premium Account (Note 5)			2,923		2,315
Unappropriated Earnings (Note 6)			74,566		63,987
			<u>103,570</u>		<u>91,956</u>
Loan Capital and Borrowed Money (Note 7)					
Not fully repayable within five years:					
7½% Guaranteed Unsecured Loan Stock 1986/1991		1,265		4,375	
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	
Commercial Loan		10,947		—	
Unsecured Bank Loans		11,229		7,611	
Loan from Fellow Subsidiary		21,700		—	
		<u>48,141</u>		<u>14,986</u>	
Fully repayable within five years:					
Bank Loans and Overdrafts		88,988		113,685	
Commercial Loan		7,500		—	
Acceptance Credits		21,000		26,000	
Loans from Xerox Corporation		8,356		856	
		<u>173,985</u>		<u>155,527</u>	
Less Repayable within one year					
Parallel Commercial Loan		34,348		63,524	
		<u>7,500</u>		<u>—</u>	
		41,848		63,524	
			132,137	<u>92,003</u>	
Taxation					
Non-Current United Kingdom Corporation Tax		—		7	
Deferred Taxation (Note 1)		3,879		23,504	
			3,879	<u>23,511</u>	
			<u>£239,586</u>	<u>£207,470</u>	

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

Balance Sheet at 31 October 1975

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.

[Signature]
Director

[Signature]
Secretary

	Secretary		31 October 1974	
	£000's	£000's	£000's	£000's
Fixed Assets (Notes 1 and 8)				
Land, Buildings and Plant	26,891		21,707	
Equipment on or for Rental	6,794		54,479	
Tools, Jigs and Machine Fixtures	9,172		5,494	
		42,857		81,680
Associated Company (Note 9)				
Investment at Cost	6,288		6,288	
Advances	4,054		3,653	
		10,342		9,941
Subsidiaries (Note 10)				
Shares, at cost less provisions	29,273		29,309	
Amounts due by Subsidiaries (excluding dividends)	140,811		86,270	
	170,084		115,579	
Amounts due to Subsidiaries	1,224		1,058	
		168,860		114,521
Loans for the Purchase of 'E' Shares (Note 11)		877		847
Current Assets				
Stocks and Stores (Note 1)	63,464		55,386	
Amounts due by Fellow Subsidiaries	1,535		3,159	
Amounts due by Rank Xerox Holding B.V. and Subsidiaries	13,310		—	
Debtors and Prepayments (Note 12)	19,914		43,891	
Dividends receivable from Subsidiaries	15,984		12,125	
Short Term Deposits, Bank Balances and Cash	491		455	
	114,698		115,016	
Deduct: Current Liabilities and Provisions				
Amounts due to Xerox Corporation	6,780		5,543	
Amounts due to Rank Xerox Holding B.V. and Subsidiaries (Note 2)	—		17,483	
Creditors and Accrued Expenses	29,225		26,511	
Loan Capital and Borrowed Money repayable within one year	34,348		63,524	
Taxation	13,976		5,343	
Dividends	20,101		—	
	104,430		118,409	
		10,268		(3,393)
Deferred Pre-Production Expenditure (Note 1)		6,382		3,874
		<u>£239,586</u>		<u>£207,470</u>

The notes relating to this Balance Sheet which appear on pages 22 to 29 form part of the accounts.

Rank Xerox Limited and Subsidiaries

Consolidated Statement of Source and Application of Funds

	Year Ended 31 October 1975 £000's	Year Ended 31 October 1974 £000's
Source of Funds:		
Operations:		
Profit after Taxation attributable to the Shareholders of Rank Xerox Limited	77,379	87,872
Less Retained by Associated Company	439	4,825
	<u>76,940</u>	<u>83,047</u>
Charges Not Requiring Funds:		
Depreciation (including £1,375,000 for Computer Mainframe Business)	82,170	60,670
Tooling Expenditure written off	1,035	1,769
Deferred Pre-Production Expenditure written off	2,170	1,326
Deferred Taxation	8,910	18,203
Non-Current United Kingdom Corporation Tax	—	97
Minority Interests	749	885
	<u>171,974</u>	<u>165,997</u>
Total Funds from Operations	171,974	165,997
Proceeds from Share Issue	615	699
Minority Subscription for Shares in Subsidiary	—	137
Additional Loan Capital and Borrowed Money	83,366	28,208
Disposals of Fixed Assets	10,135	26,107
Disposals of Deferred Pre-production Expenditure	—	1,968
Reduction in amounts due by Rank Xerox Holding B.V. and Subsidiaries	9,135	—
	<u>£275,225</u>	<u>£223,116</u>
Total Funds Received		
Application of Funds		
Additions to Fixed Assets:		
Land, Buildings and Plant	27,677	30,520
Equipment on or for Rental	135,932	152,620
Tools, Jigs and Machine Fixtures	4,713	4,059
Dividends Payable to Minority Shareholders	14	34
Associated Company—Revaluation of Advances/Additional investment	401	3,537
Loans for the Purchase of 'E' Shares	854	599
Additional Deferred Expenditure:		
Taxation on Unrealised Intra-Group Profits	7,163	(3,826)
Pre-Production Expenditure	4,587	2,987
Reduction of Loan Capital and Borrowed Money	20,634	13,537
Reduction of Non-Current United Kingdom Corporation Tax	97	3,526
Dividends	25,410	14,000
Amounts due by Rank Xerox Holding B.V. and Subsidiaries	—	45,675
	<u>£227,482</u>	<u>£267,274</u>
Total Application of Funds	£227,482	£267,274
Increase/(Decrease) in Net Current Assets	<u>£47,743</u>	<u>£(44,158)</u>

	Year Ended 31 October 1975 £000's	Year Ended 31 October 1974 £000's
Analysis of increase/(Decrease) in Net Current Assets		
Current Assets—Increase/(Decrease)		
Stocks and Stores	22,423	15,468
Amounts due by Fellow Subsidiaries	(1,649)	2,952
Debtors and Prepayments	37,850	35,650
Short Term Deposits, Bank Balances and Cash	1,822	3,075
	<u>£60,446</u>	<u>£57,145</u>
Current Liabilities and Provisions—Increase/(Decrease)		
Amounts due to Xerox Corporation	957	3,816
Amounts due to Rank Xerox Holding B.V. and Subsidiaries	(20,064)	81,320
Creditors and Accrued Expenses	21,085	10,605
Loan Capital and Borrowed Money repayable within one year	(33,734)	11,923
Taxation	24,358	(6,361)
Dividends	20,101	—
	<u>£12,703</u>	<u>£101,303</u>
Increase/(Decrease) in Net Current Assets	<u>£47,743</u>	<u>£(44,158)</u>

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 these 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 1975.
- (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 deferred pre-production 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

The policy followed in accounting for development expenditure has been changed retroactively at 1 November 1974. Such expenditure, previously deferred and recovered generally as part of the manufacturing cost of a predetermined number of related machines, is now written off as incurred. Development expenditure deferred at 31 October 1974, including unamortised costs in rental equipment, (less attributable taxation £3,786,000) amounted to £3,214,000. In restating the results for the year ended 31 October 1974 on the basis of the new policy, the net charge for development in that year has been decreased by £90,000, with the remaining £3,304,000 relating to earlier years charged against retained earnings at 31 October 1973.

Deferred Pre-Production Expenditure

The policy followed in accounting for pre-production expenditure has been modified with effect from 1 November 1974. Such expenditure was previously deferred and recovered generally as part of the manufacturing cost of a predetermined number of related machines. Pre-production expenditure deferred at 31 October 1974 relating to programmes in production at that date continues to be amortised in line with this policy. An increasing percentage of 1975 and future years' expenditure will be charged directly against profit and the deferred amount will be amortised over a five year period on a straight line basis.

Tools, Jigs and Machine Fixtures

Expenditure 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.

Pension Costs

Pension costs are provided for generally by charging against profits contributions made for the year to the various schemes operated by the Group. Normal contributions are determined on the basis of actuarial advice taking into account projected retirement salaries. Salary inflation has given rise to an uncovered liability in respect of past service, actuarially estimated in the case of the principal United Kingdom pension scheme at £4.5M in 1975. Additional contributions to make good this deficit will be paid and charged against future profits.

Unrealised Intra-Group Profits arise on sales of equipment and supplies by certain companies to other Group 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.

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 Transactions with Rank Xerox Holding B.V. and Subsidiaries

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. Under the transfer agreement the purchase price of £45,675,000 was receivable in five equal annual instalments of £9,135,000. The second instalment, due on 31 October 1975, 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 £61,256,000 (1974—£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 £3,740,000 (1974—£12,000,000) is in practice payable from one to two years after 31 October 1975.

These accounts reflect the results of a significant volume of transactions in machines, other goods and services between the Rank Xerox Limited Group and the Rank Xerox Holding B.V. Group.

3 Extraordinary Item

In July 1975 it was decided to withdraw from the computer mainframe business. Accordingly, a provision of £4,996,000 net of attributable taxation relief of £4,182,000 was made at that time to cover future losses of this activity, including additional provisions against assets, which has been reflected in the profit and loss account as an extraordinary item.

The profit on sale of the manufacturing division of a subsidiary in 1974 which resulted from the transaction referred to in the first paragraph of Note 2 above has increased by £711,000 to reflect the current accounting policy in relation to development expenditure.

4 Issued Share Capital The total issued share capital of the Company was increased during the year by £6,875 on the issue of 6,875 '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.

5 Share Premium Account. Of the 6,875 'E' Shares referred to in note 4 above 350 were issued at a premium of £67.93 per share and 6,525 at a premium of £89.58 per share. In the event of a winding up of the Company, the share premium account of £2,923,000 is wholly attributable to the 'E' Shareholders.

6 Retained Profits

(a) The profits of the Group and the Company for the year ended 31 October 1975 have been allocated among the 'A', 'B', 'C' and 'D' Shareholders and the dividends have been allocated between the 'A', 'B', 'C', 'D' and 'E' Shareholders in accordance with the provisions of the Company's Articles of Association as follows:

	£000's				
(i) The Group					
Profit before Taxation					161,535
Deduct: Extraordinary Item (before taxation relief of £4,182,000)					9,178
					152,357
Deduct: Outside Shareholders' share of Subsidiaries' profits (before charging taxation of £562,000)					1,311
					151,046
Profit before Taxation attributable to Rank Xerox Limited including share of profit retained by Associated Company					£151,046
Unappropriated Earnings	'A'	'B'	'C'	'D'	Total
	£000's	£000's	£000's	£000's	£000's
Profit before Taxation as above	3,701	3,701	95,763	47,881	151,046
Deduct: Taxation thereon (excluding the figure of £2,000 referred to above but including taxation relief on Extraordinary Item of £4,182,000)	1,805	1,805	46,705	23,352	73,667
Transfers to Non-Distributable Reserves	75	75	1,933	966	3,049
Share of profit after taxation retained by Associated Company	11	11	278	139	439
	1,810	1,810	46,847	23,424	73,891
Unappropriated Earnings at 1 November 1974 (as restated)	6,002	6,002	105,085	52,542	169,631
	7,812	7,812	151,932	75,966	243,522
Deduct: Dividends 'A', 'B', 'C' and 'D' Shares	762	762	15,916	7,958	25,398
'E' Shares	—	—	8	4	12
	762	762	15,924	7,962	25,410
Unappropriated Earnings at 31 October 1975	£7,050	£7,050	£136,008	£68,004	£218,112

Non-Distributable Reserves	'A' £000's	'B' £000's	'C' £000's	'D' £000's	Total £000's
At 1 November 1974	—	—	11,009	5,505	16,514
Transfers as above	75	75	1,933	966	3,049
At 31 October 1975	<u>£75</u>	<u>£75</u>	<u>£12,942</u>	<u>£6,471</u>	<u>£19,563</u>
Non-Distributable Earnings relating to Associated Company					
At 1 November 1974	480	480	9,863	4,932	15,755
Share of profit after taxation for the year retained by Associated Company as above	11	11	278	139	439
At 31 October 1975	<u>£491</u>	<u>£491</u>	<u>£10,141</u>	<u>£5,071</u>	<u>£16,194</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' £000's	'B' £000's	'C' £000's	'D' £000's	Total £000's
Unappropriated Earnings at 31 October 1975	<u>2,410</u>	<u>2,410</u>	<u>46,497</u>	<u>23,249</u>	<u>74,566</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 1975 and retained earnings at that date are accordingly £17,144,000 and £51,815,000 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 £24,608,000 and £1,943,000 respectively. These retained profits have been re-invested locally in trading assets and it is not the Company's intention to initiate any action which would precipitate the payment of these additional taxes.

7 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. £3,735,000 nominal of the Stock has been purchased and cancelled at 31 October 1975.
- (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.

Notes to the Accounts

(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	1975 £000's	1974 £000's
Commercial Loan				
Rank Xerox Limited	1985	*9½%	10,947	—
Unsecured Bank Loans				
Rank Xerox Limited	1979/81	*7½%	1,275	1,275
	1979/81	*9¼% (average)	4,263	2,152
	1980/82	*9.93% (average)	5,691	—
	1978/80	—	—	2,092
	1979/80	—	—	2,092
			11,229	7,611
Subsidiaries	1979/81	*8½%	607	607
	1976/80	—	—	1,364
			11,836	9,582
Secured Indebtedness of Subsidiaries				
	1971/96	8½%	1,545	1,621
	1977/86	9%	1,716	1,768
	1969/80	—	—	1,894
Others (none exceeding £500,000)			804	883
			4,065	6,166
Loan from Fellow Subsidiary				
Rank Xerox Limited	1987	11%	21,700	—

* Indicates loan for which the interest rate is not fixed. The rate applicable at 31 October 1975 is shown.

(d) During the year to 31 October 1975, the Group borrowed amounts totalling £19,700,000 from certain German banks. These loans were outstanding at 31 October 1975, but were repaid after the year end from the proceeds of short term loans to take advantage of lower interest rates.

The total facility under which these loans were made remains available as follows:

	£000's
to 31 August 1979	13,133
30 September 1979	2,814
31 October 1979	3,753
	<u>19,700</u>

In view of the availability of these facilities the loans have not been classified as repayable within one year.

(e) The Company has borrowed £7,500,000 from a third party the consideration for which was a dollar loan of an equivalent amount (the Parallel Commercial Loan) the funds for which were provided by a loan from Xerox Corporation.

Although the loans are repayable in 1984, the Company and the third party each has the right in December 1979 to require repayment. In this case Xerox Corporation has the right to require repayment of its loan.

8 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
(a) The Group						
Cost at 1 November 1974	32,173	13,136	8,940	57,575	111,824	493,252
Capitalised Development Expenditure written off	—	—	—	—	—	(5,338)
Opening Cost restated	32,173	13,136	8,940	57,575	111,824	489,915
Additions	448	3,294	10,820	13,115	27,677	135,932
Transfers	7,816	894	(10,573)	5,076	3,213	(3,213)
Other Disposals	(194)	(403)	—	(5,199)	(5,796)	(16,872)
Exchange Rate Adjustments	656	260	—	1,360	2,276	23,431
Cost at 31 October 1975	£40,899	£17,181	£9,187	£71,927	£139,194	£629,193
Depreciation Provision at 1 November 1974	1,791	2,448	—	16,972	21,211	239,265
Depreciation of Capitalised Development Expenditure written off	—	—	—	—	—	(2,934)
Opening Depreciation restated	1,791	2,448	—	16,972	21,211	236,331
Charge for Year	(112)	685	—	7,243	7,816	74,354
Transfers	(1)	20	—	(896)	(877)	877
Other Disposals	(23)	(314)	—	(2,728)	(3,065)	(9,468)
Exchange Rate Adjustments	656	260	—	1,360	2,276	23,431
Depreciation Provision at 31 October 1975	£2,311	£3,099	—	£21,951	£27,361	£325,525
Net Book Value at 31 October 1975	£38,588	£14,082	£9,187	£49,976	£111,833	£303,668
Net Book Value at 31 October 1974 restated	£30,382	£10,688	£8,940	£40,603	£90,613	£253,584
(b) The Company						
Cost at 1 November 1974	2,580	6,308	2,388	17,054	28,330	100,917
Capitalised Development Expenditure written off	—	—	—	—	—	(356)
Opening Cost restated	2,580	6,308	2,388	17,054	28,330	100,561
Additions	45	1,721	3,794	4,732	10,292	4,363
Transfers	—	375	(780)	486	81	(81)
Disposals to Rank Xerox (U.K.) Limited	(1,297)	(1,336)	(33)	(766)	(3,432)	(91,259)
Other Disposals	—	(29)	—	(506)	(535)	(278)
Exchange Rate Adjustments	—	6	—	16	22	184
Cost at 31 October 1975	£1,328	£7,045	£5,369	£21,016	£34,758	£13,490
Depreciation Provision at 1 November 1974	128	827	—	5,668	6,623	46,196
Depreciation of Capitalised Development Expenditure written off	—	—	—	—	—	(114)
Opening Depreciation Provision restated	128	827	—	5,668	6,623	46,082
Charge for Year	20	326	—	2,099	2,445	2,694
Transfers	—	—	—	(144)	(144)	144
Disposals to Rank Xerox (U.K.) Limited	—	(320)	—	(456)	(776)	(42,239)
Other Disposals	—	(12)	—	(291)	(303)	(169)
Exchange Rate Adjustments	—	6	—	16	22	184
Depreciation Provision at 31 October 1975	£148	£827	—	£6,892	£7,867	£6,656
Net Book Value at 31 October 1975	£1,180	£6,218	£5,369	£14,124	£26,891	£6,794
Net Book Value at 31 October 1974 restated	£2,452	£5,481	£2,388	£11,386	£21,707	£54,479

(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.

(iii) The net book value of Leasehold Land and Buildings at 31 October 1975 includes for the Group £6,023,000 (1974—£8,345,000) and for the Company £946,000 (1974—£3,455,000) 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 year amounted to £4,713,000 for both the Group and the Company.

(v) The Depreciation charge in the Group Profit and Loss Accounts excludes £1,279,000 in respect of Equipment on or for Rental and £96,000 in respect of Other Fixed Assets, which is reflected in the losses on withdrawal from Computer Mainframe Business. The comparable figures for the Company are £1,262,000 and £75,000 respectively.

9 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 1975, 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 1975 was £1,598,000.

The charge for depreciation in respect of additions to Rental Equipment after October 1974 has been calculated on a declining balance method. The result of adopting this method in 1975 was to reduce the share of profits attributable to the Group by £345,000 after related taxation of £551,000.

10 Subsidiaries

Details of the principal Subsidiaries are as follows:

	Country of Incorporation	Class of Capital	Percentage of Capital Owned		
			Direct	Indirect	Total
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	Ord./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.

11 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 4 above, to enable them to acquire 'E' Shares. These loans do not currently bear interest.

Notes to the Accounts

12 Debtors and Prepayments include amounts due in respect of loans to Officers of the Company amounting to £445,000 (1974—£47,000).

13 Contingent Liabilities

- (a) The Group
There are Contingent Liabilities in respect of bills discounted, guarantees and others amounting to approximately £3,780,000 (1974 — £5,583,000);
- (b) The Company has guaranteed loans and bank overdrafts of Subsidiaries up to a maximum of £19,400,000 (1974 — £12,903,000) of which £8,508,000 was outstanding at 31 October 1975 (1974 — £8,179,000).

14 Capital Expenditure

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

	The Group		The Company	
	1975	1974	1975	1974
	£000's	£000's	£000's	£000's
Expenditure contracted for	5,130	7,117	1,539	2,852
Expenditure authorised but not committed	11,957	17,643	3,056	5,785
	<u>£17,087</u>	<u>£24,760</u>	<u>£4,595</u>	<u>£8,637</u>

15 Particulars of Directors' Emoluments and Remuneration of Employees

(a) Directors' Emoluments (pursuant to Section 6, Companies' Act 1967)

	1975	1974
Chairman	£37,968	£37,816
Highest-paid Director	£74,030	£56,162
All Directors, including above:	Number	Number
Nil	10	9
Up to £2,500	—	1
£2,501 — £5,000	—	—
£5,001 — £7,500	—	1
£12,501 — £15,000	—	—
£15,001 — £17,500	1	—
£17,501 — £20,000	—	1
£20,001 — £22,500	—	5
£22,501 — £25,000	3	1
£25,001 — £27,500	1	1
£27,501 — £30,000	—	1
£30,001 — £32,500	1	2
£32,501 — £35,000	2	2
£37,501 — £40,000	1	1
£40,001 — £42,500	1	—
£50,001 — £52,500	1	—
£52,501 — £55,000	—	1
£55,001 — £57,500	1	—
£67,501 — £70,000	—	—
£72,501 — £75,000	1	—

(b) Remuneration of Employees receiving more than £10,000 (pursuant to Section 8, Companies Act 1967)

	1975	1974
	Number	Number
£10,001 — £12,500	54	28
£12,501 — £15,000	28	14
£15,001 — £17,500	14	10
£17,501 — £20,000	15	1
£20,001 — £22,500	3	2
£22,501 — £25,000	2	2
£25,001 — £27,500	1	1
£27,501 — £30,000	3	1
£30,001 — £32,500	1	2
£32,501 — £35,000	1	—
£35,001 — £37,501	1	—
£37,501 — £40,000	1	—
£40,001 — £42,500	1	—
£42,501 — £45,000	1	—
£45,001 — £47,500	1	—

(c) The particulars of Directors' Emoluments and Remuneration of Employees set out above include amounts paid to (i) Directors whose responsibilities as executives of overseas subsidiaries were undertaken outside the United Kingdom and (ii) Directors and others who remain in the employment of Xerox Corporation or Overseas Subsidiaries of the Company but who are on secondment to the Company. In both cases, the remuneration reflects salaries and other benefits in accordance with the levels prevalent in the executives' home countries.

16 Holding Company

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

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

We have examined the accounts set out on pages 14 to 29. In our opinion, they give a true and fair view of the state of affairs of the company and of the group at 31 October 1975 and of the profit and source and application of funds of the group for the year to that date and comply with the Companies Acts 1948 and 1967.

London
15 January 1976

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

Rank Xerox Limited and Subsidiaries

Ten Year Financial Review

	1975 October (year) £000's	1974 October (year) £000's
Consolidated Profit and Loss Account		
Turnover	613,598	482,357
Trading Profit before charging Depreciation	258,334	227,104
Depreciation	80,795	60,670
	177,539	166,434
Interest and Dividends Receivable	5,568	3,931
	183,107	170,365
Interest Payable	27,911	21,803
Profit before Taxation of Rank Xerox Limited and Subsidiaries	155,196	148,562
Share of Profit before Taxation of Associated Company	6,339	9,377
Profit before Taxation	161,535	157,939
Taxation	78,411	71,401
Profit after Taxation before Extraordinary Items	83,124	86,538
Extraordinary Items	(4,996)	2,219
Profit after Extraordinary Items	78,128	88,757
Profit attributable to Minority Interests	749	885
Profit attributable to the Shareholders of Rank Xerox Limited	77,379	87,872
Dividends *	25,410	14,000
	51,969	73,872
Amount Capitalised	—	—
Increase (Decrease) in Retained Profits	£51,969	£73,872
Consolidated Balance Sheet		
Capital Employed:		
Share Capital	26,081	26,074
Share Premium Account	2,923	2,315
Retained Profits	253,869	201,900
Total Shareholders' Equity	282,873	230,289
Minority Interests	4,536	3,801
Loan Capital and Borrowed Money Repayable after one year	163,972	101,240
Non-Current United Kingdom Corporation Tax	—	97
Deferred Taxation	73,338	64,428
Taxation on Unrealised Intra-Group Profits	(29,719)	(22,556)
	£495,000	£377,299
Represented by:		
Fixed Assets	424,673	349,691
Goodwill and Patent Rights	—	—
Associated Company	26,515	25,675
Amounts due by Rank Xerox Holding B.V. and Subsidiaries	36,540	45,675
Loans for the Purchase of 'E' Shares	3,209	2,355
Net Current Assets/(Liabilities)	(2,430)	(50,173)
Deferred Development Expenditure	6,493	4,076
	£495,000	£377,299

Notes

- The figures for the periods from June 1966 have been restated to reflect the retro active accounting policy changes adopted from November 1974 with regard to Development and Deferred Pre-Production Expenditure.
- The figures for the periods from June 1966 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.
- The figures for the periods from June 1969 are presented on the equity basis of accounting for the Associated Company (Fuji Xerox Co., Ltd.).

Memorandum								
1973 October (year) £000's	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
370,341	268,131	207,132	206,372	163,444	115,275	84,361	61,812	44,353
190,118 48,045	141,680 37,446	111,169 28,847	116,289 29,163	91,511 22,699	65,939 17,475	45,905 13,609	31,832 10,510	22,554 6,997
142,073 1,464	104,234 1,430	82,322 940	87,126 1,261	68,812 976	48,464 643	32,296 702	21,322 702	15,557 311
143,537 13,346	105,664 6,133	83,262 5,179	88,387 5,526	69,788 4,216	49,107 3,671	32,998 3,458	22,024 2,974	15,868 1,822
130,191 7,245	99,531 4,565	78,083 5,159	82,861 4,979	65,572 4,111	45,436 1,783	29,540 —	19,050 —	14,046 —
137,436 65,772	104,096 49,319	83,242 38,086	87,840 40,090	69,683 32,029	47,219 22,073	29,540 13,304	19,050 8,618	14,046 6,099
71,664 —	54,777 —	45,156 —	47,750 —	37,654 —	25,146 —	16,236 514	10,432 (33)	7,947 (273)
71,664 563	54,777 165	45,156 223	47,750 226	37,654 160	25,146 171	16,750 114	10,399 71	7,674 44
71,101 23,711	54,612 58,000	44,933 21,711	47,524 22,715	£37,494	24,975 12,000	16,636 5,000	10,328 2,000	7,630 652
47,390 —	(3,388) —	23,222 —	24,809 —	—	12,975 2,189	11,636 3,063	8,328 3,316	6,978 1,046
£47,390	£(3,388)	£23,222	£24,809	—	£10,786	£8,573	£5,012	£5,932
26,064 1,626 128,028	26,052 1,061 80,638	26,025 — 84,026	26,025 — 60,804	—	26,025 — 35,995	23,836 — 24,098	20,772 — 15,525	17,456 — 10,513
155,718 2,813 86,569 3,526 46,225 (26,382)	107,751 1,285 68,623 4,900 24,042 (18,939)	110,051 1,120 45,431 8,900 13,486 (12,631)	86,829 897 20,405 14,589 8,589 (10,126)	—	62,020 556 20,708 — 5,910 (7,595)	47,934 386 20,580 5,286 3,463 (7,301)	36,297 226 20,584 5,137 2,687 (7,380)	27,969 130 17,157 4,800 1,207 (6,192)
£268,469	£187,662	£166,357	£121,183	—	£89,399	£70,348	£57,551	£45,071
251,032 — 17,313 — 1,756 (6,015) 4,383	192,701 — 14,038 — 1,112 (22,737) 2,548	152,736 — 11,848 — — 974 799	116,911 — 5,915 — — (1,918) 275	—	86,718 90 2,363 — — — 228	71,212 90 427 — — (1,381) —	60,980 90 397 — — (3,016) —	45,276 187 397 — — (789) —
£268,469	£187,662	£166,357	£121,183	—	£89,399	£70,348	£57,551	£45,071