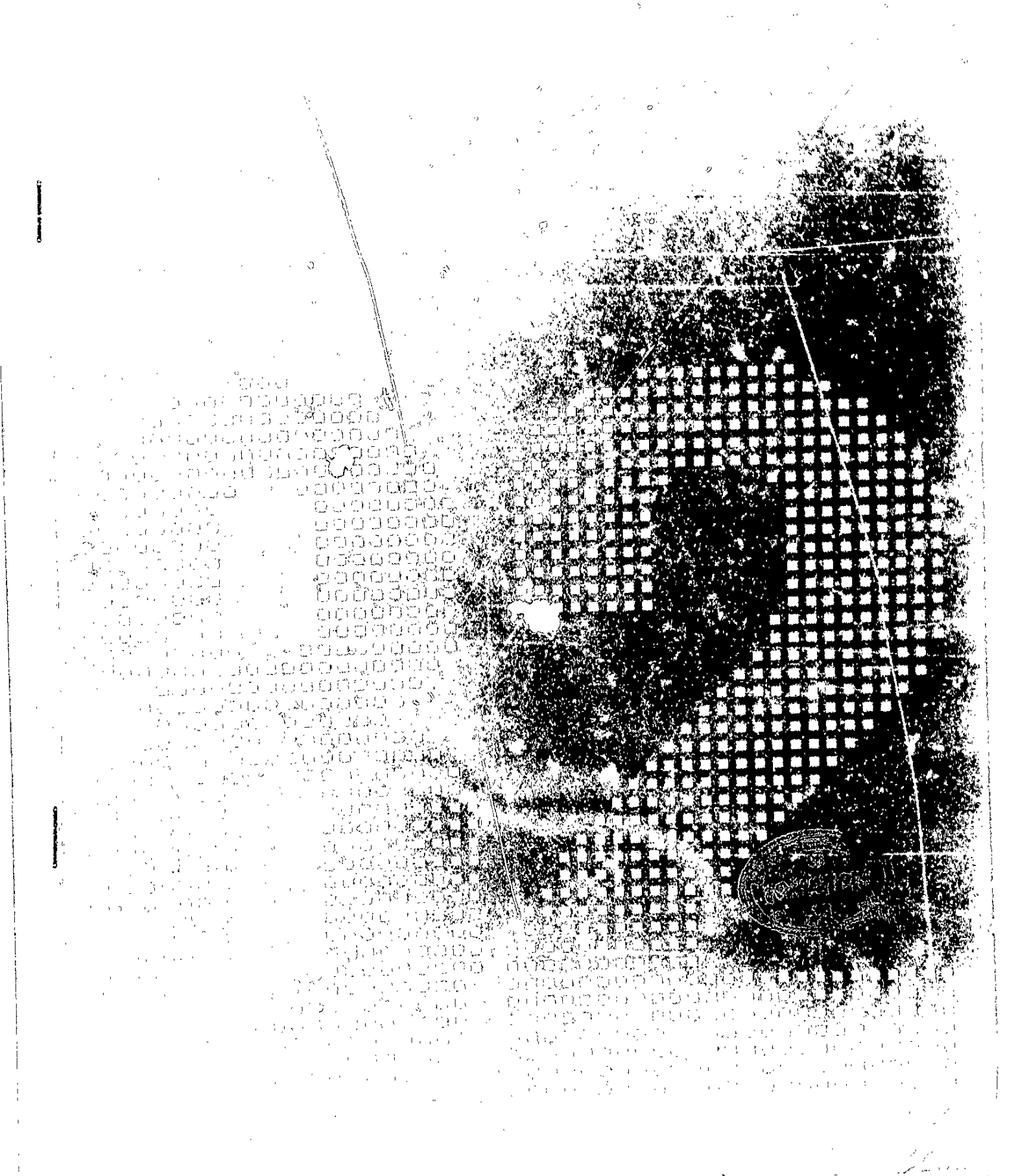
Rank Xerox Limited Directors' Report & Financial Statements to 31 October 1982



Rank Xerox Limited

Directors

Joint Presidents
C Peter McColough*
Sir John Davis, D.Tech.

Chairman
H Orr-Ewing

Managing Director
P A Allaire*

Deputy Managing Director
R E G Magnin

M H Antonini*
H C Debuisser
Russell W Evans, MC, LL.B.
W F Glavin*
L Gonzalez-Camino+
W R Hicks*
R A Holmes*
D P Hornby
D T Kearns*
J R Milligan*
B H Nicholson
G H Peregrine
J B Smith
Harry Smith
W F Souders*
J S Thomas
E H van der Beugel, KCMG

*** USA + Spain**

Secretary and Registered Office
R A Reeve
Rank Xerox House
338 Euston Road
London NW1 3BH

Bankers
National Westminster Bank PLC

Auditors and Consultant Accountants
Peat, Marwick, Mitchell & Co.

Rank Xerox Limited

Contents

The report was typed and edited on a Xerox 860 Information Processing System. It was composed using the Xerox Integrated Composition System (X1CS) and printed on a Xerox 9700 electronic Printer.

Rank Xerox Limited

Directors' Report

1 Financial Statements

The Directors present the balance sheet of the Company and consolidated balance sheet at 31 October 1982, together with the consolidated profit and loss account and consolidated statement of source and application of funds for the year ended on that date.

The financial results for the year are as follows:

	£m
Surplus for the year after providing for depreciation, interest, taxation and excluding outside shareholders' interests	51.9
less Transfers to non-distributable reserves	10.5
	41.4
less Amount not dealt with in the Accounts of Rank Xerox Limited	53.7
	(12.3)
add Balance brought forward	82.9
	70.6
less Interim Dividends of £10.1m declared and paid on the 'D' Shares and proposed interim and final dividends of £6.4m on the 'B', 'D' and 'E' Shares (Note 7)	16.5
Balance carried forward	54.1

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, and the marketing of office information systems 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, and the marketing of office information systems and ancillary supplies.

4 Directors

The Directors shown opposite are in office at the date of this report.

Since 1 November 1981 the following changes in the Board occurred:

Mr. J P O'Neill - resigned on 27 January 1982
Mr. D L Stephenson - resigned on 21 May 1982
Mr. J B Smith - appointed on 21 September 1982

Mr. R E G Magnin was appointed Deputy Managing Director on 1 January 1983.

The remaining Directors served throughout the year under review.

5 Directors' Interests
The only interests of the Directors (including family interests) in the shares or debentures of the Company and Xerox Corporation, its holding company, are set out below:

		Rank Xerox Limited 'E' Shares £1 each *	Xerox Corporation Common Stock par value $1.00 Holding	Xerox Corporation Common Stock par value $1.00 Options	Xerox Corporation Class 'B' Stock par value $1.00	Xerox Corporation 6% Convertible Subordinated Debentures due 1995
P A Allaire	a	-	1,222	25,589	-	-
	b	-	500	18,911	-	-
M H Antonini	a	-	2,388	28,871	-	-
	b	-	1,505	18,454	-	-
W F Glavin	a	-	3,535	40,855	8,500	-
	b	-	2,450	34,182	8,500	-
W R Hicks	a	-	500	13,846	-	-
	b	-	-	9,046	-	-
R A Holmes	a	-	-	15,825	-	-
	b	-	-	11,025	-	-
D P Hornby	a	-	360	14,725	-	-
	b	-	-	11,285	-	-
D T Kearns	a	-	6,538	83,168	9,250	-
	b	-	4,476	60,630	9,250	-
C Peter McColough	a	-	22,842	67,507	-	$3,200
	b	-	23,935	87,545	-	$4,000
J R Milligan	a	-	940	8,364	-	-
	b	-	564	4,940	-	-
H Orr-Ewing	a	-	-	-	-	-
	b	135	-	-	-	-
G H Peregrine	a	60	-	-	-	-
	b	85	-	-	-	-
W F Souders	a	-	4,960	63,562	5,600	-
	b	-	3,502	59,120	5,600	-
J S Thomas	a	55	-	-	-	-
	b	110	-	-	-	-
E H van der Beugel	a	-	100	-	-	-
	b	-	100	-	-	-

a Holding at 31 October 1982

b Holding at 1 November 1981

*The Company has a Share Purchase Scheme for the provision by the Company and certain 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 1982 Mr. P A Allaire, Mr. Russell W. Evans and Mr. D T Kearns were the Trustees of the Scheme and 55,155 'E' Shares were held by the Trustees at that date (1 November 1981 - 53,125 'E' Shares).

Apart from the interests set out above, no other Director at the year end was interested in the shares or debentures of the Company or Xerox Corporation at the end of the year, or at 1 November 1981.

6 Fixed Assets
The additions to fixed assets of the Company and its subsidiaries during the year under review amounted to £198.1m, the principal categories being:

	£m
Equipment on or for rental	167.8
Factories, warehouses, offices and plant in the United Kingdom	7.6
Factories, warehouses, offices and plant overseas	22.7

Land and buildings are included in the balance sheet at net book values (Note 8 to the financial statements). The Directors are of the opinion that at 31 October 1982 the aggregate of the open market values of land and buildings exceeded net book values by approximately £50.3m for the Group and £5.1m for the Company.

7 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 £m
Employees in the United Kingdom	11,317	120.8
Employees outside the United Kingdom	22,032	241.0
	33,349	361.8

8 Charitable and Political Contributions
During the year the Group made charitable donations of £0.6m including £0.3m made within the United Kingdom.

No political contributions were made by the Group during the year.

9 South Africa
A report on the Group's employment policy and practices in South Africa is available on request.

10. Disabled Persons
Rank Xerox's policy concerning the employment of disabled people is:

a When recruiting, the Company gives full consideration to job applicants who are disabled. Candidates are selected on the basis of their ability to do the job. Where disabled people have the necessary aptitudes and abilities, every possible consideration is given to their applications including the provision of special training and/or facilities.

b If an employee of the Company becomes disabled, all possible steps are taken for appropriate training, including the provision of facilities to enable the employee to perform his or her existing job, or an alternative job appropriate to the aptitudes and abilities of the individual concerned.

c The Company encourages employees to fulfil their potential through training, career development and promotion. This policy applies to disabled people for whom further necessary training or facilities are provided to meet their particular needs.

11 Auditors
Peat, Marwick, Mitchell & Co., having signified their willingness to continue in office as auditors, will be proposed for re-appointment as auditors at the Annual General Meeting.

By Order of the Board
R A Reeve,
Secretary

24 January 1983

Rank Xerox Limited and Subsidiaries

Consolidated Profit and Loss Account

For the year ended 31 October 1982

	1982 £m	1981 £m
Turnover (Note 3)	1,329.3	1,251.7
Trading Profit before charging Depreciation (Note 4)	228.6	318.0
Depreciation - Rental Equipment (Note 8)	136.2	121.8
- Other (Note 8)	28.7	27.3
	164.9	149.1
	63.7	168.9
Interest Receivable (Note 5)	23.4	11.5
	87.1	180.4
Interest Payable (Note 5)	30.4	23.1
Profit before Taxation of Rank Xerox Limited and Subsidiaries	56.7	157.3
Share of Profit before Taxation of Associated Companies (Note 10)	31.7	26.5
Profit before Taxation	88.4	183.8
Taxation based thereon:		
Rank Xerox Limited and Subsidiaries (Note 6)	15.2	50.4
Associated Companies	18.7	14.8
	33.9	65.2
Profit after Taxation	54.5	118.6
Outside Shareholders' Interests in Subsidiaries' Profits	2.6	1.7
Profit after Taxation attributable to the Shareholders of Rank Xerox Limited	51.9	116.9
Dividends (Note 7)	16.5	42.0
Retained Earnings for the Year (Note 13)	35.4	74.9

The notes on pages 8 to 19 form part of the financial statements

Rank Xerox Limited and Subsidiaries

Balance Sheets

At 31 October 1982

	Group 1982 £m	Group 1981 £m	Company 1982 £m	Company 1981 £m
ASSETS EMPLOYED				
Rental Equipment (Note 8)	344.8	401.3	0.6	0.7
Land, Buildings, Equipment and Vehicles (Note 8)	196.9	200.0	38.4	41.3
Total Fixed Assets	541.7	601.3	39.0	42.0
Current Assets	642.2	548.0	192.6	168.1
less Current Liabilities	468.4	404.8	149.0	92.7
Net Current Assets (Note 9)	173.8	143.2	43.6	75.4
Associated and Subsidiary Companies (Note 10)	85.7	74.9	4.1	3.7
Other Assets (Note 11)	74.7	74.6	7.4	6.8
	875.9	894.0	94.1	127.9
FINANCED BY				
Issued Share Capital and Premium (Note 12)	32.9	32.9	32.9	32.9
Reserves (Note 13)	672.2	671.7	54.1	82.1
Total Shareholders' Equity	705.1	704.6	87.0	115.0
Outside Shareholders' Interests in Subsidiaries	11.0	9.9	-	-
Deferred Taxation (Note 6)	17.8	49.9	(13.0)	(6.2)
Long Term Loans (Note 14)	102.2	91.1	19.9	19.1
Other Non-current Liabilities (Note 15)	39.8	38.5	0.2	-
	875.9	894.0	94.1	127.9

Hamish Orr-Ewing
Chairman

Paul Allaire
Managing Director

Approved by the Board of Directors on 24 January 1983

The notes on pages 8 to 19 form part of the financial statements

Rank Xerox Limited and Subsidiaries

Consolidated Statement of Source and Application of Funds

For the year ended 31 October 1982

	1982 £m	1981 £m
SOURCE OF FUNDS		
Funds from Operations		
Profit before Taxation of the Group	88.4	183.8
less Profit before Taxation Retained in Associated Companies	29.5	24.1
	58.9	159.7
add Charges which do not require funds:		
Depreciation	164.9	149.1
Other	2.8	7.1
Total Funds from Operations	226.6	315.9
Other Sources		
Disposal of Fixed Assets at Net Book Value	49.0	82.0
Reduction of Net Investment in Sales-type Leases	11.4	-
Additional Long Term Loans	57.9	46.0
Additional Non-current Liabilities	1.3	7.5
Currency Translation (see opposite)	(7.9)	(14.0)
	338.3	437.4
APPLICATION OF FUNDS		
Additions to Fixed Assets:		
Rental Equipment	167.8	200.9
Land, Buildings, Equipment and Vehicles	30.3	28.3
	198.1	229.2
Net Investment in Sales-type Leases	-	49.8
Reduction of Long Term Loans	40.7	36.0
Taxation Paid	49.9	69.2
Dividends Paid	22.0	38.0
Other	16.1	2.8
	326.8	425.0
Increase in Working Capital	11.5	12.4

The notes on pages 8 to 19 form part of the financial statements

	1982 £m	1981 £m
ANALYSIS OF CHANGE IN WORKING CAPITAL		
Increase in Stocks and Stores	29.2	4.3
Increase in Debtors and Prepayments	26.2	65.8
Increase in amounts due to Xerox Corporation and fellow Subsidiaries	(15.9)	(3.4)
Decrease in amounts due to Rank Xerox Holding BV and Subsidiaries	13.6	3.6
Increase in Creditors, Provisions and Accrued Expenses	(24.1)	(40.3)
Increase in Long Term Loans repayable within one year	(7.0)	(13.8)
	22.0	16.2
Increase/(Decrease) in Net Liquid Funds:		
Short Term Deposits, Bank Balances and Cash	35.1	(10.2)
Bank Overdrafts and Acceptances	(45.6)	6.4
	(10.5)	(3.8)
Increase in Working Capital	11.5	12.4
Currency Translation comprises:		
Movement on Currency Translation Account	(34.9)	30.9
less Relating to Associated Companies	0.3	(8.7)
	(34.6)	22.2
Arising on Translation of Fixed Assets	43.8	(30.9)
Arising on Translation of Long Term Loans	(6.1)	2.0
Arising on Translation of Current and Deferred Taxation	(11.0)	(7.3)
	(7.9)	(14.0)

The balances of £(7.9)m and £(14.0)m for 1982 and 1981 respectively represent the aggregate effect on working capital and profit before taxation of changes in exchange rates during the year.

Figures in £ millions (except where otherwise indicated)

1 Principles of Consolidation and Accounting Policies
A summary of the major accounting policies followed by the Group in preparation of these financial statements is set out below.

a Accounting Conventions
The financial statements are prepared under the historical cost convention, and, in accordance with the provisions of Schedule 2 to the Companies Act 1981, are prepared in compliance with Sections 149A and 152A of, and Schedule 8A to, the Companies Act 1948.

b Basis of Consolidation
The financial statements incorporate the financial statements of Rank Xerox Limited and its subsidiaries, after elimination of intra-group transactions and the profits thereon.

c Translation of Foreign Currencies
The Group has adopted Statement of Financial Accounting Standards No. 52 issued by the United States Financial Accounting Standards Board relating to the translation of foreign currencies.

i Assets and liabilities of the reporting entities that are denominated in non-local currencies have been translated into the currency of the reporting entity at rates approximating to the mid-market rates ruling at 31 October 1982. The gains and losses arising together with exchange gains and losses on trading transactions are dealt with in the respective profit and loss accounts.

ii Balance sheets of reporting entities that are denominated in foreign currencies are translated into Sterling at rates approximating to mid-market rates ruling at 31 October 1982 for consolidation. Profit and loss items are translated at rates approximating to the rates ruling when the transactions occurred and unrealised profits on intra-group transfers are eliminated at the rates ruling when such profits arose. Translation differences, which principally represent the gain or loss arising on overseas net assets as a result of changes in exchange rates during the year, are dealt with in the currency translation account.

d Deferred Taxation
This 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 certain provisions on stocks and debtors, over the corresponding cumulative amounts charged in the financial statements, together with tax on the profits recognised on sales-type leases in advance of receipt of rental income. Offset against this is the taxation on unrealised intra-group profits referred to in Notes 1h and 6b below.

Under Statement of Standard Accounting Practice No. 15 issued by the United Kingdom Accounting Standards Committee, deferred taxation should not be provided when the tax effects of timing differences can be demonstrated with reasonable probability to continue in the future. It is considered that in the environment of a changing machine rental/outright sales mix in which the Group operates, it would be neither realistic nor prudent to use forecasts of future rental/sales activity for accounting purposes.

The Group also has a large deferred tax asset comprising tax on unrealised intra-group profits which also relates to rental assets and which it is considered should be retained. Deferred tax provisions on other items are not significant and will be retained.

Accordingly, deferred tax continues to be provided in full on all timing differences between profits as computed for taxation purposes and profits as stated in the financial statements.

e Fixed Assets
These are carried 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	40-50 years
Leasehold Land and Buildings	Term of lease
Plant and Machinery	12-13 years
Fixtures and Fittings	10-20 years
Vehicles	3-5 years
Rental Equipment	4-5 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.

f Tools, Jigs and Machine Fixtures
Expenditure is deferred and recovered generally as part of the manufacturing cost of a predetermined number of related machines and spare parts. Machines are manufactured both for sale and for capitalisation as rental equipment within the Group.

g Pension Costs
These 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.

h Unrealised Intra-Group Profits
These 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 and outright sale equipment when realised and as regards rental 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.

i Development Expenditure
Expenditure on product development is written off to profit and loss account as incurred.

j Deferred Pre-Production Expenditure
The policy followed in accounting for pre-production expenditure was 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. An increasing percentage of 1975 and subsequent years' expenditure has been charged directly against profit and the deferred amount is amortised over a five year period on a straight line basis. From 1 November 1980 all such expenditure has been written off as incurred.

k Stocks and Stores
These 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.

1 Principles of Consolidation and Accounting Policies (continued)

i Leasing Arrangements

The Group has adopted capital lease accounting procedures in compliance with Statement of Financial Accounting Standards No. 13 issued by the United States Financial Accounting Standards Board.

As lessor: assets leased to customers under agreements classified as sales-type leases are recorded as sales using the present value of the minimum lease payments computed at the interest rates implicit in the leases. The cost or carrying values of the leased assets are charged against income at the time of sales recognition, and interest is recognised subsequently to provide an approximately constant rate of return on the net investment in the leases. The net investment in sales-type leases is included in other assets or current assets as appropriate.

As lessee: assets held under capital leases are capitalised in the financial statements at the lower of (a) the present value of rental payments at the beginning of the lease term and (b) market value at that date, adjusted for depreciation (on a straight line basis) at rates intended to write off the capitalised amount over the term of the lease. The corresponding liabilities are included in long term loans or current liabilities as appropriate.

2 Transactions with Rank Xerox Holding BV and Subsidiaries

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

These consolidated financial statements 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 BV Group.

3 Turnover

This consists of equipment rentals, sales of machines, supplies and services, and includes royalties amounting to £21.1m (1981 - £16.9m). Also included are sales to the associated companies in respect of which appropriate unrealised profit adjustments (Note 1h) have been made.

4 Trading Profit

Trading profit is stated after taking the following into account:

a Xerox Corporation Charges

With effect from 1 November 1976, the Company has been charged with a proportion of Xerox Corporation's research and development and corporate overhead costs in order to reflect the benefits that the Rank Xerox Limited Group receives from these activities. These charges for the year to 31 October 1982 were £54.0m (1981 - £42.5m).

b Redundancy Costs

An exceptional amount of £27.1m (1981 - £2.8m) was charged to profit and loss account during the year in respect of costs incurred under redundancy programmes.

5 Interest

a Interest Receivable	1982	1981
Short term deposits and banks	8.0	2.3
Sales-type leases	12.9	5.9
Rank Xerox Holding BV and subsidiaries	0.2	0.4
Other	2.3	2.9
	23.4	11.5

b Interest Payable	1982	1981
Loans other than from banks not fully repayable within five years	1.1	0.9
Bank loans and other loans repayable within five years (including capital leases)	29.3	22.2
	30.4	23.1

Figures in £ millions (except where otherwise indicated)

6 Taxation

	1982	1981
a Provision for the Year		
United Kingdom:		
Corporation tax at 52%(1981 - 52%)		
Current (£33.7m before double taxation relief: 1981 - £55.1m)	6.8	26.1
Deferred	(13.7)	1.6
Release of deferred taxation relating to prior years' UK stock relief	-	(26.5)
	(6.9)	1.2
Overseas:		
Current	32.0	39.4
Deferred	(1.9)	10.7
Prior year adjustments:		
Current	(6.6)	(2.1)
Deferred	(1.4)	1.2
	15.2	50.4

The tax charge for 1982 has been reduced by £4.1m (1981 - £5.5m) in respect of stock relief for which no provision for deferred taxation is required. In addition, the tax charge has been reduced by a release of £3.7m arising from a reappraisal by the Directors of the manner in which the Group releases investment tax credits to the profit and loss account.

b Deferred taxation	Group 1982	Group 1981	Company 1982	Company 1981
The amount shown in the balance sheet comprises:				
Deferred taxation	110.1	129.1	1.8	0.8
less Advance Corporation Tax	(14.8)	(7.0)	(14.8)	(7.0)
less Taxation on unrealised intra-group profits (Note 1h)	(77.5)	(72.2)	-	-
	17.8	49.9	(13.0)	(6.2)
The deferred taxation balance at 31 October comprises:				
Timing differences:				
Fixed assets	112.9	125.5	16.2	16.1
Sales-type leases	23.7	19.4	-	-
Other (including tax loss offsets)	(26.5)	(15.8)	(14.4)	(15.3)
	110.1	129.1	1.8	0.8

Advance Corporation Tax is recoverable in the future against deferred taxation liabilities which have been provided for either by the Company or its UK subsidiaries.

7 Dividends

	1982	1981
Interim - paid	7.1	27.1
Interim - since paid	3.0	-
Interim - proposed	6.4	-
Final - proposed*	-	14.9
	16.5	42.0

*A final dividend of £26,295 is proposed on the 'E' Shares.

8 Fixed Assets	Freehold land and buildings	Leasehold land and buildings	Construction in progress	Plant, vehicles and equipment	Total	Rental equipment
a Group						
Cost at 1 November 1981	68.9	42.8	3.4	191.3	306.4	997.4
Additions	0.9	4.3	4.9	20.2	30.3	167.8
Transfers	2.7	0.6	(6.0)	13.3	10.6	(10.6)
Disposals	(0.6)	(1.1)	(0.1)	(17.0)	(18.8)	(168.3)
Currency Translation	(5.1)	(1.1)	(0.2)	(8.3)	(14.7)	(71.7)
Cost at 31 October 1982	66.8	45.5	2.0	199.5	313.8	914.6
Depreciation Provision at 1 November 1981	7.8	13.1	-	85.5	106.4	596.1
Charge for Year	1.1	2.6	-	25.0	28.7	136.2
Transfers	-	0.1	-	(2.0)	(1.9)	1.9
Disposals	-	(0.6)	-	(11.0)	(11.6)	(126.5)
Currency Translation	(0.4)	(0.5)	-	(3.8)	(4.7)	(37.9)
Depreciation Provision at 31 October 1982	8.5	14.7	-	93.7	116.9	569.8
Net Book Value at 31 October 1982	58.3	30.8	2.0	105.8	196.9	344.8
Net Book Value at 31 October 1981	61.1	29.7	3.4	105.8	200.0	401.3
b Company						
Cost at 1 November 1981	0.3	16.2	0.5	54.3	71.3	2.0
Additions	-	1.1	0.6	2.7	4.4	0.3
Transfers	-	-	(0.6)	1.0	0.4	(0.4)
Disposals	(0.1)	(0.4)	-	(3.7)	(4.2)	(0.8)
Currency Translation	-	-	-	-	-	0.1
Cost at 31 October 1982	0.2	16.9	0.5	54.3	71.9	1.8
Depreciation Provision at 1 November 1981	-	2.7	-	27.3	30.0	1.3
Charge for Year	-	0.8	-	5.4	6.2	0.3
Transfers	-	-	-	(0.2)	(0.2)	0.2
Disposals	-	-	-	(2.5)	(2.5)	(0.6)
Currency Translation	-	-	-	-	-	-
Depreciation Provision at 31 October 1982	-	3.5	-	30.0	33.5	1.2
Net Book Value at 31 October 1982	0.2	13.4	0.5	24.3	38.4	0.6
Net Book Value at 31 October 1981	0.3	13.5	0.5	27.0	41.3	0.7

c i Rental equipment includes £21.1m (1981 - £28.0m) in respect of equipment in course of manufacture.

ii Disposals and additions include machines transferred to and from remodelling centres within the Group.

iii The net book value of leasehold land and buildings at 31 October 1982 includes for the Group £28.1m (1981 - £26.9m) and for the Company £12.8m (1981 - £12.6m) in respect of leases with less than 50 years to run.

iv Certain reclassifications to the comparative figures have been made to reflect the current year's presentation.

Figures in £ millions (except where otherwise indicated)

9 Current Assets and Liabilities	Group 1982	Group 1981	Company 1982	Company 1981
a These comprise:				
Current Assets:				
Stocks and stores (Note 9b)	172.2	143.0	97.4	108.3
Due from Rank Xerox Holding BV and subsidiaries	-	-	3.1	4.2
Due from fellow subsidiaries	7.7	4.0	1.9	0.4
Debtors and prepayments	369.2	343.0	29.4	24.3
Dividends receivable from subsidiaries	-	-	23.0	18.7
Short term deposits, bank balances and cash	93.1	58.0	37.8	12.2
	642.2	548.0	192.6	168.1
less Current Liabilities:				
Due to Xerox Corporation	45.6	26.0	35.6	20.6
Due to Rank Xerox Holding BV and subsidiaries	6.6	20.2	-	-
Due to fellow subsidiaries	-	-	2.1	-
Creditors, provisions and accrued expenses	214.1	190.0	57.0	34.2
Long term loans repayable within one year	37.6	30.6	0.3	0.4
Bank overdrafts and acceptances	101.0	55.4	31.6	5.8
Taxation	54.1	67.7	13.0	16.8
Dividends	9.4	14.9	9.4	14.9
	468.4	404.8	149.0	92.7
Net Current Assets	173.8	143.2	43.6	75.4

b Stocks and stores
The principal activity of the Group is the sale and rental of xerographic machines to customers. Machines on and for rental (including those held by the Company) are included in the Group balance sheet as rental equipment, and machines held for sale to customers are included as stocks and stores. Rental machines in course of manufacture are classified as rental equipment.

The principal activity of the Company is the manufacture and sale of machines to subsidiary companies. All of the Company's machine stocks (with the exception of machines on or for rental to the customers of its branch) are included in its own balance sheets as stocks and stores.

The stocks and stores comprise:	Group 1982	Group 1981	Company 1982	Company 1981
Finished machines	58.4	28.8	25.7	32.7
Consumables, spares and paper	92.9	96.5	30.1	30.4
Raw materials and work in progress	20.9	17.7	41.6	45.2
	172.2	143.0	97.4	108.3

10 Associated and Subsidiary Companies

	Group 1982	Group 1981	Company 1982	Company 1981
a The balance sheet values comprise:				
Associated Companies (Note 10b)				
Investment at cost	-	-	6.6	6.2
Share of net assets	85.7	74.9	-	-
	85.7	74.9	6.6	6.2
Subsidiaries (Note 10d)				
Investment at cost	-	-	34.2	29.7
Due by subsidiaries (excluding dividends)	-	-	93.4	77.1
	-	-	127.6	106.8
Due to subsidiaries	-	-	130.1	109.3
	-	-	(2.5)	(2.5)
	85.7	74.9	4.1	3.7

b Associated Companies
The principal Associated Company is Fuji Xerox Co., Ltd., incorporated in Japan, in which the Company owns 50 per cent of the issued ordinary share capital. The consolidated balance sheet reflects the Company's share of the net assets of Fuji Xerox Co., Ltd., as disclosed by its consolidated balance sheet at October 1982, and the Group's investment at cost in other Associated Companies, translated at rates of exchange consistent with the principles stated in Note 1c.

The non-distributable earnings relating to the Associated Companies referred to in Note 13 comprise the Company's share of the profits retained by Fuji Xerox Co., Ltd. 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 investments at their balance sheet values.

The dividend receivable from Fuji Xerox Co., Ltd. for the year to October 1982 was £2.2m (1981 - £2.4m).

c The summarised financial information set out below is based on the audited consolidated financial statements of Fuji Xerox Co., Ltd. for the years to October 1982 and October 1981.

	1982	1981
Operating results:		
Turnover	549.8	417.9
Depreciation	64.4	62.7
Profit before taxation	63.4	53.0
Financial position:		
Rental equipment and other assets	227.9	229.3
Net current assets/(liabilities)	12.6	(0.1)
	240.5	229.2
Shareholders' equity and long-term liabilities	240.5	229.2

Figures in £ millions (except where otherwise indicated)

10 Associated and Subsidiary Companies (continued)

d Subsidiaries	Country of incorporation	Percentage of ordinary share capital owned Direct	Indirect	Total
Details of the principal subsidiaries are as follows:				
Rank Xerox (Copy Bureaux) Limited	England	-	100	100
Rank Xerox de Espana Limited	England	100	-	100
Rank Xerox Equipment Services Limited	England	100	-	100
Rank Xerox Exports Limited	England	100	-	100
Rank Xerox (Ireland) Limited*	England	100	-	100
Rank Xerox (Management) Limited	England	100	-	100
Rank Xerox (Overseas) Limited	England	100	-	100
Rank Xerox (R & S) Limited	England	-	100	100
Rank Xerox (UK) Limited	England	100	-	100
Rank Xerox (Australia) Pty Limited	Australia	-	75	75
Rank Xerox Austria GmbH	Austria	-	100	100
NV Rank Xerox SA	Belgium	-	100	100
Rank Xerox A/S	Denmark	-	100	100
Rank Xerox Oy	Finland	-	100	100
Office de Transformation Papetiere SA	France	-	100	100
Rank Xerox SA	France	100	-	100
Rank Xerox GmbH	Germany	-	100	100
Rank Xerox Greece SA	Greece	23	77	100
Rank Xerox (Nederland) BV	Holland	-	100	100
Rank Xerox SpA	Italy	-	100	100
Rank Xerox Kenya Limited	Kenya	100	-	100
Rank Xerox New Zealand Limited	New Zealand	75	-	75
Rank Xerox (Nigeria) Limited	Nigeria	60	-	60
Rank Xerox A/S	Norway	-	100	100
Rank Xerox (Proprietary) Limited	South Africa	-	100	100
Rank Xerox Espanola SA	Spain	25	75	100
Rank Xerox AB	Sweden	-	100	100
Rank Xerox AG	Switzerland	-	100	100
Rank Xerox Uganda Limited	Uganda	-	100	100

*Operates in the Republic of Ireland

The Group also has branches operating outside the UK.

The Company has not had control over its subsidiaries in Iran since July 1980 and accordingly the results and net assets of those subsidiaries have not been consolidated. No audited accounts have been received in respect of those subsidiaries since that time.

11 Other Assets

a These comprise:	Group 1982	Group 1981	Company 1982	Company 1981
Tools, jigs and machine fixtures (Note 11b)	1.4	1.0	1.4	1.0
Deferred pre-production expenditure	0.7	1.8	0.6	1.6
Loans for the purchase of 'E' shares (Note 11c)	3.3	3.0	0.8	0.7
Net investment in sales-type leases	47.3	58.7	0.8	1.0
Other long term receivables	22.0	10.1	3.8	2.5
	74.7	74.6	7.4	6.8

b 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 £1.3m (1981 - Nil) for both the Group and the Company.

c Loans for the Purchase of 'E' shares
The Company and certain of its subsidiaries have made loans to the Trustees of the Rank Xerox Share Purchase Scheme and to the National Westminster Jersey Trust Company Limited as trustee of a discretionary settlement to enable them to acquire 'E' shares. These loans do not currently bear interest. The gross amount of the loans outstanding at 31 October 1982 was £11.1m (1981 - £10.1m) for the Group and £8.6m (1981 - £7.8m) for the Company, against which provision has been made amounting to £7.8m (1981 - £7.1m).

12 Share Capital and Premium

a This comprises:	Authorised	Issued and Fully Paid 1982	1981
Share Capital			
'A' shares of £1 each	7.6	7.4	7.4
'B' shares of £1 each	7.6	7.4	7.4
'C' shares of £1 each	7.8	7.5	7.5
'D' shares of £1 each	7.6	7.5	7.5
'E' shares of £1 each	0.1	0.1	0.1
Total share capital	30.7	29.9	29.9
Share premium account		3.0	3.0
		32.9	32.9

b In the event of a winding up of the Company, the Share Premium Account of £3.0m is wholly attributable to the 'E' shareholders.

13 Reserves

a Movements in reserves	Unappropriated earnings	Non-distributable reserves Group companies	Associated Companies	Total Group	Unappropriated earnings Company
Retained earnings					
At 1 November 1981	592.2	54.6	63.8	710.6	82.9
Profit/(loss) retained	35.4	-	-	35.4	(28.8)
Transfers	(10.5)	(0.3)	10.8	-	-
At 31 October 1982	617.1	54.3	74.6	746.0	54.1
Currency translation account					
At 1 November 1981 (Note 1c)				(38.9)	(0.8)
Movement in year				(34.9)	0.8
At 31 October 1982				(73.8)	-
				672.2	54.1

b The retained earnings at 31 October 1982 have been allocated in accordance with the provisions of the Company's Articles of Association as follows:

'A' shares reserves	13.5	0.6	1.3	15.4	1.2
'B' shares reserves	13.5	0.6	1.3	15.4	1.2
General reserves	590.1	53.1	72.0	715.2	51.7
	617.1	54.3	74.6	746.0	54.1

c The Group profit after taxation includes a loss of £12.3m (1981 - Profit of £35.2m) attributable to the shareholders of Rank Xerox Limited which has been included in the financial statements of the Company.

Figures in £ millions (except where otherwise indicated)

13 Reserves (continued)

d The retained earnings for the year are as follows:

	1982	1981
The Company	(28.8)	(6.8)
Subsidiaries	53.4	72.4
Associated Companies	10.8	9.3
	35.4	74.9

e In order to obtain accelerated overseas taxation relief, additional sums have been provided in the financial statements 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 financial statements. The profit after taxation for the year ended 31 October 1982 and retained earnings at that date are accordingly £0.6m and £52.8m respectively greater than the aggregate of the relative amounts shown in the financial statements of the subsidiaries concerned, calculated at current rates of exchange.

f 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 consolidated financial statements by certain overseas subsidiaries and the Associated Companies. 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.

14 Long Term Loans

a These comprise:

	Group 1982	Group 1981	Company 1982	Company 1981
Not fully repayable within 5 years:				
Secured	5.0	6.2	-	-
Unsecured - Banks	0.8	1.1	-	-
- Other (Note 14d)	4.0	4.0	0.7	0.7
Xerox Corporation and Subsidiary	1.8	23.5	1.8	1.8
Subsidiary of The Rank Organisation Plc	1.2	1.2	1.2	1.2
	12.8	36.0	3.7	3.7
Fully repayable within 5 years:				
Secured	0.4	0.4	-	-
Unsecured - Banks	29.6	27.8	-	-
- Other	64.8	47.9	14.0	12.8
Xerox Corporation and Subsidiary	21.5	-	-	-
	116.3	76.1	14.0	12.8
	129.1	112.1	17.7	16.5
Liabilities under capital leases	10.7	9.6	2.5	3.0
	139.8	121.7	20.2	19.5
less Repayable within 1 year	37.6	30.6	0.3	0.4
	102.2	91.1	19.9	19.1

b Repayment periods from the balance sheet date (excluding capital leases) are as follows:	Group 1982	Group 1981	Company 1982	Company 1981
1 year	35.9	29.1	-	-
2 years	20.9	20.3	-	-
3 years	24.8	6.2	14.0	-
4 years	14.5	21.2	-	12.8
5 years	25.9	5.1	-	-
6 to 10 years	5.8	25.0	3.7	0.7
Thereafter	1.3	5.2	-	3.0
	129.1	112.1	17.7	16.5

	Average interest rate (Group 1982)	Group 1982	Group 1981	Company 1982	Company 1981
c Loans are denominated in the following currencies:					
Not fully repayable within 5 years:					
Sterling	7.8%	4.7	26.5	3.7	3.7
Other currencies	10.5%	8.1	9.5	-	-
		12.8	36.0	3.7	3.7
Fully repayable within 5 years, and capital leases:					
Sterling	10.0%	78.4	45.2	16.5	15.8
US dollars	15.3%	2.4	2.1	-	-
French francs	14.9%	18.2	21.4	-	-
Other currencies	16.4%	28.0	17.0	-	-
		139.8	121.7	20.2	19.5

d Loans not fully repayable within 5 years include, in the category "Unsecured - Other" the Company's 7½% Guaranteed Unsecured Loan Stock 1986/1991, of which £0.7m (1981 - £0.7m) was outstanding at 31 October 1982. The stock is severally guaranteed as to the payment of capital and interest by Xerox Corporation and by The Rank Organisation Plc as to 60% and 40% respectively. Since 15 December 1971, the Company has been required to redeem at par £0.1m nominal of the stock each year by drawings, which can be satisfied by purchase and cancellation of the stock. No stock was purchased in the year under review nor were any drawings made, since sufficient stock to meet the redemption requirements had previously been purchased and cancelled.

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. £4.3m nominal stock has been purchased and cancelled at 31 October 1982.

e The Company's 7½% Subordinated Unsecured Loan Notes 1992, of which £3.0m (1981 - £3.0m) was outstanding at 31 October 1982, are not repayable without the consent of the Trustees of the 7½% Guaranteed Unsecured Loan Stock 1986/1991, and until all monies in respect of capital and interest on that stock have been paid.

15 Other Non-current Liabilities

Other non-current liabilities of £39.8m (1981 - £38.5m) include £30.4m in respect of long term pension liabilities (1981 - £28.5m).

Figures in £ millions (except where otherwise indicated)

16 Remuneration of Directors and Employees

a Remuneration of directors of Rank Xerox Limited (pursuant to Section 196, Companies Act 1948).

	1982 £000's	1981 £000's
Emoluments for services as executives	1,337	1,175
Pensions to former directors*	-	56
	1,337	1,231

*Represents special contribution to fund pension obligations to two former directors.

Emoluments for the purposes of Section 6, Companies Act 1967 were:

	1982 £	1981 £
Chairman	89,650	80,990
Highest paid director	188,413	167,929
Other directors:	Number	Number
Nil	7	6
Up to £5,000	1	-
£5,001-£10,000	-	5
£10,001-£15,000	4	-
£25,001-£30,000	-	1
£30,001-£35,000	2	-
£35,001-£40,000	-	1
£60,001-£65,000	-	2
£65,001-£70,000	2	-
£70,001-£75,000	-	1
£75,001-£80,000	-	1
£85,001-£90,000	-	1
£90,001-£95,000	1	-
£100,001-£105,000	-	1
£105,001-£110,000	1	-
£120,001-£125,000	1	1
£125,001-£130,000	1	1
£135,001-£140,000	2	-

b Directors' emoluments set out opposite, including those of the highest paid director, include amounts paid to directors who remain in the employment of Xerox Corporation or overseas subsidiaries of the Company but who are on secondment to the Company. The remuneration reflects salaries and other benefits in accordance with the levels prevalent in the executives' home countries together with such allowances and benefits as are appropriate while they are on assignment, and also reflects the translation of home country currencies into £ Sterling.

c Certain directors on assignment in the United Kingdom occupy, without payment, furnished residential properties owned by the Company under tenancy arrangements which exist for the duration of their assignments. Mr. P A Allaire and Mr. D P Hornby are directors on assignment from Xerox Corporation and the estimated annual rental value of each of the properties occupied by them is £26,000. Mr. R E G Magnin is a director on assignment from Rank Xerox SA and the estimated annual rental value of the property currently occupied by him is £22,100.

d Remuneration of employees, excluding directors, receiving more than £30,000 (pursuant to Section 8, Companies Act 1967).

	1982 Number	1981 Number
£30,001-£35,000	23	11
£35,001-£40,000	7	5
£40,001-£45,000	5	3
£45,001-£50,000	-	2
£50,001-£55,000	4	1
£60,001-£65,000	1	-
£85,001-£90,000	-	1

17 Remuneration of Auditors

	1982 £000's	1981 £000's
Rank Xerox Limited	215	199
Subsidiaries	560	498
	775	697

18 Contingent Liabilities

a The Group

There are contingent liabilities arising in the normal course of business in respect of bills discounted, guarantees and others amounting to approximately £22.8m (1981 - £14.0m).

b The Company

The Company has guaranteed loans and bank overdrafts of subsidiaries up to a maximum £41.6m (1981 - £51.7m), of which £26.4m was outstanding at 31 October 1982 (1981 - £33.1m).

19 Capital Expenditure

No provision has been made in the financial statements for the following capital expenditure, which excludes rental equipment:

	Group		Company	
	1982	1981	1982	1981
Expenditure contracted for	3.3	2.6	1.8	0.8
Expenditure authorised but not committed	5.1	8.9	2.2	3.3
	8.4	11.5	4.0	4.1

20 Current Cost Accounts

Supplementary current cost statements pursuant to Statement of Standard Accounting Practice No. 16 are included with the combined financial statements of Rank Xerox Limited and other companies jointly owned by Xerox Corporation and The Rank Organisation Plc, including Rank Xerox Holding BV, which are available on request. Current cost statements are not presented here for Rank Xerox Limited and its subsidiaries as it is considered that it would not be helpful to provide a statement of the impact of price changes so far as it concerns Rank Xerox Limited and its subsidiary companies alone in view of the substantial volume of supplies of rental equipment and stocks from companies within the Rank Xerox Holding BV Group of companies to Rank Xerox Limited and its subsidiary companies.

21 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 audited the financial statements on Pages 4 to 19 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared on the basis of the accounting policies set out on Pages 8 and 9, give a true and fair view of the state of affairs of the Company and the Group at 31 October 1982 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 to 1981.

Peat, Marwick, Mitchell & Co.
Chartered Accountants
London

24 January 1983

Rank Xerox Limited and Subsidiaries

Five Year Financial Review

Consolidated Profit and Loss Account	1982 £m	1981 £m	1980 £m	1979 £m	1978 £m
Turnover	1,329.3	1,251.7	1,239.1	1,180.6	1,032.3
Trading profit before charging depreciation	228.6	318.0	341.8	368.0	377.0
Depreciation	164.9	149.1	162.1	156.5	146.6
	63.7	168.9	179.7	211.5	230.4
Interest receivable	23.4	11.5	14.8	11.7	8.2
	87.1	180.4	194.5	223.2	238.6
Interest payable	30.4	23.1	23.4	23.0	23.2
Profit before taxation of Rank Xerox Limited and subsidiaries	56.7	157.3	171.1	200.2	215.4
Share of profit before taxation of Associated Companies	31.7	26.5	19.4	32.2	22.4
Profit before taxation	88.4	183.8	190.5	232.4	237.8
Taxation	33.9	65.2	98.5	110.8	115.6
Profit after taxation	54.5	118.6	92.0	121.6	122.2
Outside shareholders' interest in subsidiaries' profits	2.6	1.7	0.5	0.3	1.8
Profit attributable to the shareholders of Rank Xerox Limited	51.9	116.9	91.5	121.3	120.4
Dividends	16.5	42.0	26.3	37.1	40.1
	35.4	74.9	65.2	84.2	80.3
Prior year adjustment: Currency translation	-	-	(11.8)	-	-
Retained earnings for the year	35.4	74.9	53.4	84.2	80.3
Consolidated Balance Sheet					
Assets employed:					
Fixed assets	541.7	601.3	572.3	624.8	563.3
Net current assets	173.8	143.2	123.3	98.6	97.4
Associated Companies	85.7	74.9	56.9	53.4	34.6
Other assets	74.7	74.6	29.9	20.6	22.8
	875.9	894.0	782.4	797.4	718.1
Financed by:					
Share capital and premium	32.9	32.9	32.9	32.9	32.9
Reserves	672.2	671.7	565.9	582.3	498.1
Total shareholders' equity	705.1	704.6	598.8	615.2	531.0
Outside shareholders' interest in subsidiaries	11.0	9.9	9.0	8.9	9.3
Deferred taxation	17.8	49.9	64.5	50.0	44.9
Long term loans	102.2	91.1	79.1	91.9	110.4
Other non-current liabilities	39.8	38.5	31.0	31.4	22.5
	875.9	894.0	782.4	797.4	718.1

Note: The figures for 1980 have been restated for the effects of currency translation in accordance with US Accounting Standard FAS-52.