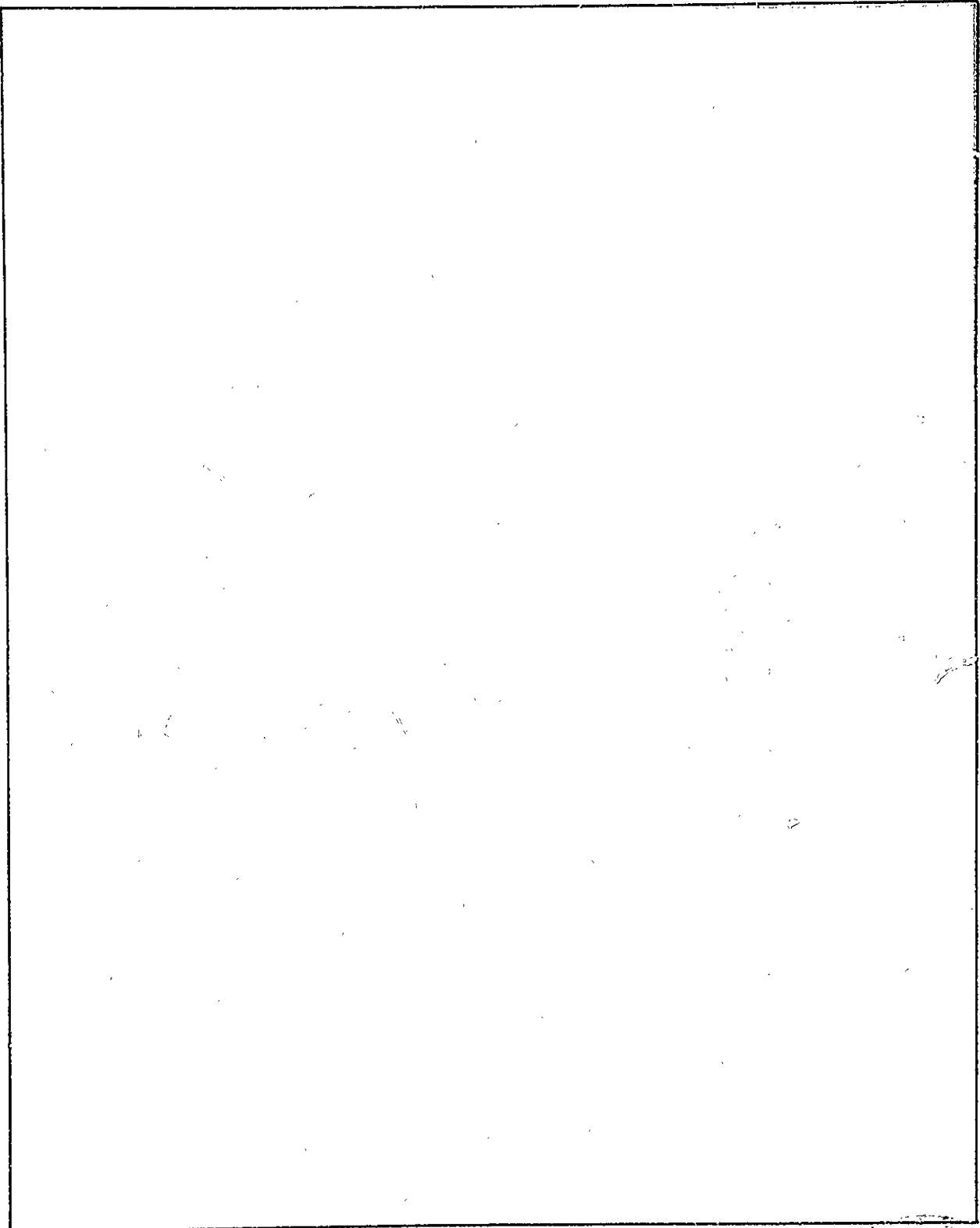
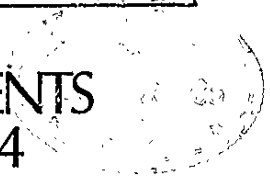


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**RANK XEROX LIMITED  
DIRECTORS' REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 1984**



Rank Xerox Limited  
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Directors

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Chairman  
H Orr-Ewing

Managing Director  
R E G Magnin

P A Allaire \*  
H C Debuissier  
J H Duerden  
M B Gifford  
W F Glavin \*  
L Gonzalez-Camino ‡  
R A Holmes \*  
D P Hornby  
D T Kearns \*

C P McColough \*  
J R Milligan \*  
B H Nicholson  
R F Reiser \*  
J S Thomas  
D A Thompson  
E H van der Beugel, KCMG  
D M Yates

\* 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.

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# Rank Xerox Limited

## Directors' Report

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### 1. Financial Statements

The Directors present the balance sheet of the Company and consolidated balance sheet as at 31 October 1984, 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 profit of the Group on ordinary activities after taxation and outside shareholders' interests was £77.0m.

An interim dividend of £7.2m on the 'D' Shares of the Company was paid on 31 October 1984.

Final and special dividends of £11.2m. in total are proposed on the 'B', 'D' and 'E' Shares (note 10 to the financial statements).

Transfers to reserves were £58.6m of which £18.7m was transferred to non-distributable reserves (note 20 to the financial statements).

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### 2. Principal Activities

The principal activities of the Company and its subsidiaries during the year were the manufacture and marketing of xerographic equipment, office information products and systems and ancillary supplies throughout the world outside North, Central and South America and certain related territories.

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### 3. Business Review

Total net placements of copiers and duplicators rose by 18 per cent, reflecting the success of the 10 Series machines launched in April 1983. Alternative distribution channels - including joint ventures and concessionaires set up in the United Kingdom and France respectively - were part of the Company's strategy to widen market coverage at the low volume end more cost-effectively.

The Systems Business Division had an excellent year, with a substantial revenue increase.

During the year, the average number of employees fell by 1,454 to 29,577. International Headquarters has been reorganised to streamline operations, and a new Central Resources Group has been set up to provide support services in the United Kingdom.

In November, the factory at Mitcheldean became one of three winners of the first British Quality Award, and it also received the Sword of Honour for its excellent safety record.

During the year, Modi Xerox Limited, the Indian joint venture company formed in association with the Modi Group of companies, offered 20 per cent of its shares to the Indian public in an issue which was oversubscribed.

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### 4. Directors

The Directors shown on page 1 are in office at the date of this Report.

Since 1 November 1983 the following changes in the Board occurred:

Mr. J.B. Smith	- resigned on 1 December 1983
Mr. R.W. Evans	- resigned on 5 December 1983
Mr. W.F. Souders	- resigned on 15 January 1984
Mr. M.H. Antonini	- resigned on 1 January 1985
Mr. R.F. Reiser	- appointed on 1 January 1985

The remaining Directors served throughout the year.

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#### 5. Tangible Fixed Assets

The additions to tangible fixed assets of the Company and its subsidiaries during the year amounted to £313.1m., the principal categories being:

	£m
Equipment on or for rental	280.3
Factories, warehouses, offices and plant in the United Kingdom	15.3
Factories, warehouses, offices and plant overseas	17.5

Land and buildings are included in the balance sheet at net book values (note 12 to the financial statements). The Directors are of the opinion that at 31 October 1984 the aggregate of the open market values of land and buildings exceeded net book values by approximately £27.3m. for the Group, and net book values of land and buildings exceeded open market values by £10.3m. for the Company.

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#### 6. Research and Development

During the year the Company undertook research and development into new copier products for the mid-volume sector.

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#### 7. Charitable and Political Contributions

During the year the Group made charitable donations of £0.8m., including £0.4m. made within the United Kingdom. No political contributions were made by the Group during the year.

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#### 8. South Africa

A report on the employment policies and practices of the Company's South African subsidiary is available on request.

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#### 9. Employment Policies

##### *a Disabled Persons*

Rank Xerox's policy covering the employment of disabled people is:-

i. 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 application, including the provision of special training and/or facilities.

ii. 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.

iii. 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.

##### *b Employee Involvement*

Throughout the Company and the Rank Xerox Group there is close consultation between management and employees on matters of common interest. The practice varies between countries depending on the customs and legal structure in each location. The Company endeavours to keep its employees well informed about the performance and progress of the business, and to develop the use of problem solving groups of employees who participate in its operational processes.

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Rank Xerox Limited  
Directors' Report

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

By order of the Board  
R A Reeve  
Secretary

28 January 1985

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# Rank Xerox Limited and Subsidiaries

Financial Statements for the year ended 31 October 1984.

These financial statements cover the year ended 31 October 1984. Two sets of financial statements were prepared in 1983, covering the 362 day period ended 28 October 1983 and the 3 day period ended 31 October 1983. Comparative figures are presented on a memorandum basis for the 365 day period ended 31 October 1983.

Rank Xerox Limited and Subsidiaries  
**Consolidated Profit and Loss Account**

For the year ended 31 October 1984

	1984 £m	1983 £m
Turnover (Note 3)	1789.7	1462.3
Cost of Revenue (Note 4)	<u>1119.3</u>	<u>807.9</u>
<b>Gross Profit</b>	<b>679.4</b>	<b>654.4</b>
Distribution Costs (Note 5)	369.2	337.9
Administrative Expenses (Note 6)	206.4	224.9
Income from Shares in Associated Companies (Note 13)	(54.9)	(40.7)
Other Interest Receivable and Similar Income (Note 7)	(24.8)	(28.3)
Interest Payable and Similar Charges (Note 7)	38.7	33.1
Xerox Corporation Charges (Note 8)	<u>32.6</u>	<u>50.0</u>
	<u>567.2</u>	<u>576.9</u>
<b>Profit on Ordinary Activities before Taxation</b>	<b>112.2</b>	<b>77.5</b>
Tax on Profit on Ordinary Activities (Note 9)	<u>34.7</u>	<u>33.4</u>
<b>Profit on Ordinary Activities After Taxation</b>	<b>77.5</b>	<b>44.1</b>
Dividends Paid and Proposed (Note 10)	18.4	16.1
Outside Shareholders' Interests	<u>0.5</u>	<u>(1.0)</u>
<b>Retained Profit for the Year (Note 20)</b>	<u><b>58.6</b></u>	<u><b>29.0</b></u>

The notes on pages 10 to 26 form part of the financial statements

# Balance Sheets

At 31 October 1984

	Group 31 October 1984 £m	Group 31 October 1983 £m	Company 31 October 1984 £m	Company 31 October 1983 £m
<b>Fixed Assets:</b>				
Intangible Assets (Note 11)	0.2	0.3	-	0.1
Tangible Assets (Note 12)	580.5	515.4	25.3	17.9
Investments (Note 13)	<u>177.4</u>	<u>133.1</u>	<u>70.4</u>	<u>67.5</u>
	758.1	648.8	95.7	85.5
<b>Current Assets:</b>				
Stocks (Note 14)	262.5	221.5	106.3	113.8
Debtors (Note 15)	578.0	481.7	100.1	103.4
Cash at Bank and In Hand	<u>56.0</u>	<u>114.0</u>	-	<u>85.2</u>
	896.5	817.2	206.4	302.4
Creditors: Amounts falling due within one year (Note 16)	<u>554.1</u>	<u>469.7</u>	<u>171.4</u>	<u>229.4</u>
Net Current Assets	<u>342.4</u>	<u>347.5</u>	<u>35.0</u>	<u>73.0</u>
<b>Total Assets less Current Liabilities</b>	<b>1100.5</b>	<b>996.3</b>	<b>130.7</b>	<b>158.5</b>
Creditors: Amounts falling due after more than one year (Note 17)	159.4	159.8	24.5	26.8
Provisions for Liabilities and Charges (Note 18)	<u>52.1</u>	<u>54.1</u>	<u>(12.6)</u>	<u>(17.1)</u>
	<u>889.0</u>	<u>782.4</u>	<u>118.8</u>	<u>148.8</u>
<b>Capital and Reserves:</b>				
Called Up Share Capital (Note 19)	29.9	29.9	29.9	29.9
Share Premium Account (Note 19)	3.0	3.0	3.0	3.0
Other Reserves (Note 20)	174.8	107.3	1.1	0.3
Profit and Loss Account (Note 20)	<u>670.9</u>	<u>631.0</u>	<u>84.8</u>	<u>115.6</u>
	878.6	771.2	118.8	148.8
Outside Shareholders' Interests	<u>10.4</u>	<u>11.2</u>	-	-
	<u>889.0</u>	<u>782.4</u>	<u>118.8</u>	<u>148.8</u>

Hamish Orr-Ewing  
Chairman, Rank Xerox Limited

Roland Magnin  
Managing Director, Rank Xerox Limited

Approved by the Board of Directors on 28 January 1985

The notes on pages 10 to 26 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 1984

	1984 £m	1983 £m
<b>SOURCE OF FUNDS</b>		
<b>Funds from Operations</b>		
Profit on Ordinary Activities before Taxation	112.2	77.5
<i>less</i> Profit before Taxation Retained by Associated Companies	<u>51.5</u>	<u>37.8</u>
	60.7	39.7
<i>add</i> Depreciation and Other Items not involving the movement of funds:	<u>188.5</u>	<u>151.8</u>
<b>Total Funds from Operations</b>	<b>249.2</b>	<b>191.5</b>
<b>Other Sources</b>		
Disposal of Fixed Assets at Net Book Value	95.1	95.9
Additional Creditors falling due after more than one year	<u>-</u>	<u>57.6</u>
	<u>344.3</u>	<u>345.0</u>
<b>APPLICATION OF FUNDS</b>		
Additions to Fixed Assets	316.4	222.5
Decrease in Creditors falling due after more than one year	0.4	-
Taxation Paid	23.3	29.9
Dividends Paid	<u>18.5</u>	<u>14.7</u>
	<u>358.6</u>	<u>267.1</u>
<b>Increase/(Decrease) in Working Capital</b>	<u>(14.3)</u>	<u>77.9</u>

The notes on pages 10 to 26 form part of the financial statements

	1984 £m	1983 £m
<b>ANALYSIS OF CHANGE IN WORKING CAPITAL</b>		
Increase in Stocks	44.0	49.3
Increase in Debtors	96.8	35.8
Increase in Creditors falling due within one year	<u>(58.7)</u>	<u>(42.7)</u>
	<u>78.6</u>	<u>42.4</u>
<b>Increase/(Decrease) in Net Liquid Funds:</b>		
Cash at Bank and In Hand	(58.0)	20.0
Bank Overdrafts and Acceptances	<u>(34.9)</u>	<u>14.6</u>
	<u>(92.9)</u>	<u>35.5</u>
<b>Increase/(Decrease) in Working Capital</b>	<u>(14.3)</u>	<u>77.9</u>

The currency impacts arising from the translation to current rates of exchange of the opening balances on fixed assets and current and deferred taxation, and those relating to the Group's associated companies, have been eliminated from the movements shown in the above statement.

The notes on pages 10 to 26 form part of the financial statements

# Rank Xerox Limited and Subsidiaries

## Notes to Financial Statements

Figures in £ millions (except where otherwise indicated)

### 1. Principles of consolidation and accounting policies.

The Group's major accounting policies are summarised below.

#### a Accounting Convention

The financial statements are prepared under the historical cost accounting rules.

#### 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. There is no material difference, so far as the Group's financial statements are concerned, between the requirements of this Statement and those of Statement of Standard Accounting Practice No. 20, issued in 1983 by the United Kingdom Accounting Standards Committee.

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 1984. The gains and losses arising together with exchange gains and losses on trading transactions are dealt with in the respective profit and loss accounts.

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 1984 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, 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 1g and 18c 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 equipment rental/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 has a large deferred tax asset comprising tax on unrealised intra-group profits which principally 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 Tangible 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	40-100 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	2-5 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.

Expenditure on tools, jigs and machine fixtures is deferred and recovered as part of the manufacturing cost of a predetermined volume of equipment and spare parts. (Equipment for this purpose includes both products intended for resale and products intended for capitalisation as rental equipment within the Group.)

#### f Pension Costs

The Group operates various schemes in its overseas subsidiaries and a contributory scheme covering the employees of the Company and its United Kingdom subsidiaries. The latter scheme is independent of the Group's finances and is fully funded, its assets being administered by trustees.

Contributions to the Group's schemes are determined on the basis of independent actuarial advice and any relevant local statutory requirements, and the amounts charged to the profit and loss account are designed to reflect the full actuarial cost attributable to the period. Provisions for pensions and similar obligations in certain overseas subsidiaries are reflected in the consolidated balance sheet (note 18).

*g Unrealised Intra-Group Profit*

Profits arising on the sale of equipment and supplies between Group companies, and on similar sales to the associated companies, are deferred in the consolidated balance sheet along with the related taxation paid or payable on them. The unrealised element of profit is deducted from the carrying value of equipment and supplies, while the related taxation is carried forward as a component of the deferred taxation balance (note 18). Deferred profits, and the taxation attributable to them, are recognised in the profit and loss account when realised, in the case of supplies and equipment intended for sale, and, in the case of rental equipment, evenly over its estimated useful life.

*h Development Expenditure*

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

*i Stocks*

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, and, in the case of stock that has been shipped across national boundaries, normally includes import duties, insurance and freight costs up to the point of customs clearance (note 14). Subsequent local carriage costs are normally expensed as incurred.

*j Leasing Arrangements*

The Group has adopted lease accounting policies in compliance with Statement of Financial Accounting Standards No.13 issued by the United States Financial Accounting Standards Board. There is no material difference, so far as the Group's financial statements are concerned, between the requirements of this statement and those of Statement of Standard Accounting Practice no 21, issued in 1984 by the United Kingdom Accounting Standards Committee.

As lessor: assets leased to customers under agreements classified as sales-type leases, which have the economic

substance of a credit sale agreement, are recorded as sales using the present value of the minimum lease payments computed at a commercial rate of interest. The cost or carrying values of the leased assets are charged to cost of revenue (note 4) when the sales are recognised. The difference between the gross value and the present value of minimum lease payments is recognised as interest receivable and similar income (note 7), to provide an approximately constant rate of return on the net investment in the leases. The net investment in sales-type leases, which is reduced over the term of the leases by gross minimum lease payments less interest receivable, is included in trade debtors due within one year or due in more than one year as appropriate.

All other lease agreements with customers are classified as operating leases. Assets leased or intended to be leased under operating leases are classified as rental equipment within tangible fixed assets (note 12) and depreciated over their estimated useful lives. Rentals receivable from customers under operating leases are recognised in the profit and loss account as earned, and associated costs are charged to cost of revenue (note 4) as incurred.

As lessee: assets employed under agreements classified as capital leases, which have the economic substance of a purchase secured by a specific borrowing, are capitalised as tangible fixed assets (note 12). The cost of such assets is recorded at the lower of (a) the present value of the minimum lease payments when the lease begins, and (b) market value at that date. Depreciation is charged on a straight line basis over the lease term, or, if title will ultimately pass to the Group as lessee, the estimated useful life of the asset on bases consistent with note 1e above.

All other leases are classified as operating leases, and the rentals payable under such agreements are charged against profits as incurred.

# Rank Xerox Limited and Subsidiaries

## Notes to Financial Statements

Figures in £ millions (except where otherwise indicated)

### 2. Consolidated financial statements

a These statements reflect the results of a significant volume of transactions, covering equipment, goods and services, between the Rank Xerox Limited Group and the Rank Xerox Holding BV Group. Rank Xerox Holding BV is a Dutch company directly owned by Xerox Corporation and The Rank Organisation Group.

c Supplementary current cost statements, pursuant to Statement of Standard Accounting Practice No. 16 issued by the United Kingdom Accounting Standards Committee, are not presented in these financial statements since, in the opinion of the Directors, this information would not be helpful to the Group's shareholders having regard to the cost of preparation.

b No profit and loss account for Rank Xerox Limited ("The Company") is presented in these statements.

### 3. Turnover

a This consists of revenue earned in the year from the rental and sale of equipment, from the sale of paper and supplies and from the provision of service and maintenance. Turnover includes royalties amounting to £ 1.2m (1983- £ 17.0m), and sales to the Group's associated companies, after adjustments for unrealised profit (note 1g).

b Turnover is analysed by geographic markets as follows:

	1984	1983
Europe	1,610.8	1,267.8
Other	178.9	194.5
Total	<u>1,789.7</u>	<u>1,462.3</u>

The category "Other" includes the Group's operations in Africa, Australasia and South-East Asia.

### 4. Cost of revenue

The prescribed format for the profit and loss account in the Companies Acts uses the term "Cost of Sales". The Group's turnover, as described in note 3 above, contains significant income from equipment rentals

and service contracts, and, in the opinion of the Directors, is more meaningfully described by the term "Cost of Revenue".

### 5. Distribution costs

These include staff costs and overheads attributable to distribution centres in the Group's manufacturing

locations, and salaries, commissions, support costs and other marketing expenses related to the Group's salesforce.

### 6. Administrative expenses

Administrative expenses are stated after taking into account foreign exchange impacts on transactions

(note 1c) which in 1984 represented a loss of £ 3.6m (1983 - loss of £ 5.2m), and costs of £ 4.0m (1983 - £ 18.6m) in respect of redundancy programmes.

## 7. Interest

a Other interest receivable and similar income comprises:		1984	1983	b Interest payable and similar charges comprises:		1984	1983
Short term deposits and banks		4.0	8.0	Loans, other than from banks, not fully repayable within five years		3.7	1.8
Sales-type leases and credit sale agreements		16.9	16.0	Bank loans and other loans repayable within five years		32.6	30.0
Rank Xerox Holding BV and subsidiaries		2.5	1.1	Capital leases		2.4	1.3
Other sources		1.4	3.2			<u>38.7</u>	<u>33.1</u>
		<u>24.8</u>	<u>28.3</u>				

## 8. Xerox Corporation charges

Since 1 November 1976, the Company has been charged with a proportion of research and development and corporate overhead expenses incurred by its ultimate holding company, Xerox Corporation. These

charges reflect the benefits that the Rank Xerox Limited Group receives from these activities, and amounted to £32.6m for the year ended 31 October 1984 (1983 - £50.0m).

## 9. Taxation

a Tax on profit on ordinary activities comprises:		1984	1983	b The Group provision for the year is calculated as follows:		1984	1983
Rank Xerox Limited and subsidiaries (note 9b)		2.6	10.7	United Kingdom Corporation tax			
Associated companies		32.1	22.7	- Current tax at 47% (1983 - 52%) (£13.8m before double taxation relief: 1983 - £19.1m)		2.8	1.8
		<u>34.7</u>	<u>33.4</u>	- Deferred		3.3	(6.0)
						6.1	(4.2)
				Overseas:			
				- Current		20.4	21.2
				- Deferred		(5.3)	(4.9)
				Prior year adjustments:			
				- Current		(6.3)	(3.1)
				- Deferred - rate change		(10.8)	-
				- other		(1.5)	1.7
						<u>2.6</u>	<u>10.7</u>

The tax charge for 1984 was reduced by £2.3m (1983 - £5.0m) owing to stock relief for which no deferred taxation provision is required.

The deferred tax rate change element of the prior year adjustments represents the restatement of the opening deferred tax liability to account for the changes in tax rates introduced by the United Kingdom Finance Act 1984.

Rank Xerox Limited and Subsidiaries  
Notes to Financial Statements

Figures in £ millions (except where otherwise indicated)

10. Dividends paid and proposed	1984	1983
Interim - paid	7.2	5.9
Special - proposed	1.5	5.0
Final - proposed*	<u>9.7</u>	<u>5.8</u>
	<u>18.4</u>	<u>16.1</u>

\*Includes a final dividend of £29,333 (1983 - £25,753) on the 'E' shares.

11. Fixed assets - intangible assets

a These comprise:	Group 1984	Group 1983	Company 1984	Company 1983
Deferred pre-production expenditure (note 11b)	-	0.1	-	0.1
Goodwill (note 11c)	<u>0.2</u>	<u>0.2</u>	-	-
	<u>0.2</u>	<u>0.3</u>	-	<u>0.1</u>

b Deferred pre-production expenditure has been expensed as incurred since 1 November 1980. The movements on this account during the year were as follows:

Balance at 1 November 1983	0.1	0.7	0.1	0.6
Amounts written off	<u>0.1</u>	<u>0.6</u>	<u>0.1</u>	<u>0.5</u>
Balance at 31 October 1984	<u>-</u>	<u>0.1</u>	<u>-</u>	<u>0.1</u>

c Goodwill represents the excess of the cost of acquiring subsidiary companies over their net asset value at the time of joining the Group. Goodwill is amortised over a ten year period, in accordance with Xerox Corporation policy. The movements on this account during the year were as follows:

Balance at 1 November 1983	0.2	0.3	-	-
Amounts written off	<u>-</u>	<u>0.1</u>	<u>-</u>	<u>-</u>
Balance at 31 October 1984	<u>0.2</u>	<u>0.2</u>	<u>-</u>	<u>-</u>

## 12. Fixed assets - tangible assets

	Land and Buildings	Plant and Machinery	Fixtures, Fittings, Tools and Equipment	Assets in course of construction	Rental Equipment	Total
<i>a Group</i>						
Cost:						
At 1 November 1983	119.5	59.2	157.3	1.8	840.9	1,178.7
Additions	5.9	6.6	18.0	2.9	280.3	313.1
Transfers	0.5	1.0	7.4	(2.4)	(6.5)	-
Disposals	(3.1)	(3.2)	(15.0)	(0.1)	(317.0)	(338.4)
Currency translation	6.3	0.9	6.6	0.2	46.7	60.7
At 31 October 1984	<u>129.1</u>	<u>64.5</u>	<u>174.3</u>	<u>1.8</u>	<u>844.4</u>	<u>1,214.1</u>
Depreciation provision:						
At 1 November 1983	26.4	32.6	74.6	-	529.7	663.3
Charge for period	4.4	4.5	26.4	-	141.3	176.6
Transfers	-	-	(6.9)	-	6.9	-
Disposals	(1.2)	(2.4)	(10.6)	-	(230.0)	(244.2)
Currency translation	1.3	0.8	2.8	-	33.0	37.9
At 31 October 1984	<u>30.9</u>	<u>35.5</u>	<u>86.3</u>	<u>-</u>	<u>480.9</u>	<u>633.6</u>
Net book value:						
At 31 October 1984	<u>98.2</u>	<u>29.0</u>	<u>88.0</u>	<u>1.8</u>	<u>363.5</u>	<u>580.5</u>
At 31 October 1983	<u>93.1</u>	<u>26.6</u>	<u>82.7</u>	<u>1.8</u>	<u>311.2</u>	<u>515.4</u>
<i>b Company</i>						
Cost:						
At 1 November 1983	16.5	1.7	10.0	1.0	1.3	30.5
Additions	1.0	3.2	4.8	0.4	2.7	12.1
Transfers	0.2	0.6	0.7	(1.2)	(0.3)	-
Disposals	(0.8)	(0.4)	(2.8)	-	(0.6)	(4.6)
Currency translation	-	-	-	-	0.3	0.3
At 31 October 1984	<u>16.9</u>	<u>5.1</u>	<u>12.7</u>	<u>0.2</u>	<u>3.4</u>	<u>38.3</u>
Depreciation provision:						
At 1 November 1983	3.5	1.7	6.4	-	1.0	12.6
Charge for period	0.6	0.4	2.2	-	0.4	3.6
Transfers	-	-	0.1	-	(0.1)	-
Disposals	(0.3)	(0.2)	(2.4)	-	(0.2)	(3.1)
Currency translation	-	-	-	-	(0.1)	(0.1)
At 31 October 1984	<u>3.8</u>	<u>1.9</u>	<u>6.3</u>	<u>-</u>	<u>1.0</u>	<u>13.0</u>
Net book value:						
At 31 October 1984	<u>13.1</u>	<u>3.2</u>	<u>6.4</u>	<u>0.2</u>	<u>2.4</u>	<u>25.3</u>
At 31 October 1983	<u>13.0</u>	<u>-</u>	<u>3.6</u>	<u>1.0</u>	<u>0.3</u>	<u>17.9</u>

c i Rental equipment consists of xerographic and other equipment on or available for rental to customers under operating leases. In view of the material amounts involved, it has been disclosed separately.

ii Rental equipment includes £27.3m (1983 - £12.3m) representing equipment in the course of manufacture.

iii Rental equipment disposals and additions include equipment transferred to and from remodelling centres within the Group and in the Rank Xerox Holding BV Group.



# Rank Xerox Limited and Subsidiaries

## Notes to Financial Statements

Figures in £ millions (except where otherwise indicated)

### 12. Fixed assets - tangible assets (continued)

*d*

Land and buildings includes, at net book value, the following amounts:

	Group 1984	Group 1983	Company 1984	Company 1983
Freehold	61.2	58.1	0.3	0.2
Long leasehold	4.8	6.0	4.4	0.6
Short leasehold	32.2	29.0	8.4	12.3

Long leasehold property is defined as having leases with more than 50 years unexpired at the balance sheet date.

### 13. Fixed assets - investments

*a* These comprise:

	Group 1984	Group 1983	Company 1984	Company 1983
Shares in Group companies (note <i>c</i> )	-	-	38.5	38.5
Loans to Group companies	-	-	20.1	20.2
Associated companies (note <i>b</i> )	174.7	129.3	9.2	6.6
Other loans (note <i>d</i> )	2.7	3.8	2.6	2.2
	<u>177.4</u>	<u>133.1</u>	<u>70.4</u>	<u>67.5</u>

#### *b* Associated Companies

There are no related companies, within the terms of the Companies Acts, other than those dealt with as associates under Statement of Standard Accounting Practice No.1 issued by the United Kingdom Accounting Standards Committee.

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. Fuji Xerox Co., Ltd. manufactures and markets xerographic equipment and related supplies in Japan and the Far East and prepares its accounts to 20 October in each financial year. Transactions between 20 October and 31 October, the Group's balance sheet date, are not material. There are other associated companies in France, India and Australia.

The Company's balance sheet reflects the Company's investment at cost in associated companies. The Group's share of the net assets of associated companies is reflected in the consolidated balance sheet and translated from overseas currencies in accordance with the principles stated in note 1c.

Dividends receivable from the associated companies for the period were £3.4m (1983 - £2.8m). No provision has been made for any additional taxation which would arise if the investments in those companies were disposed of at their balance sheet values, or if their retained profits, treated as non-distributable reserves in note 20, were subject to distribution.

The summarised financial information set out below is based on the audited consolidated financial statements of Fuji Xerox Co., Ltd. for the years ended 20 October 1984 and 20 October 1983.

	1984	1983		1984	1983
Turnover	939.8	705.1	Rental equipment and other tangible assets	425.0	345.5
Depreciation	81.8	62.6	Net current assets	33.6	3.4
Profit on ordinary activities before taxation	107.5	81.4	Capital and reserves	458.6	348.9
			Creditors falling due after more than one year	116.6	91.6
				<u>458.6</u>	<u>348.9</u>

Company	1983	c Group companies	Country of incorporation	Percentage of ordinary share capital owned		Total
				Direct	Indirect	
		The principal subsidiaries of Rank Xerox Limited 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
	0.2	Rank Xerox Exports Limited	England	100	-	100
		Rank Xerox (Ireland) Limited*	England	100	-	100
	0.6	Rank Xerox (Management) Limited	England	100	-	100
		Rank Xerox (Overseas) Limited	England	100	-	100
	12.2	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
	38.5	Rank Xerox Greece SA	Greece	-	100	100
	20.2	Rank Xerox SpA	Italy	-	100	100
	6.6	Rank Xerox Kenya Limited	Kenya	100	-	100
	2.2	Rank Xerox (Nederland) BV	The Netherlands	-	100	100
		Rank Xerox Finance (Nederland) BV	The Netherlands	100	-	100
	67.5	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.

Rank Xerox Limited 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. Following the settlement with the Islamic Republic of Iran in September 1984 the shares in those subsidiaries are to be disposed of. Rank Xerox Limited's interest in, and amounts due from, its Iranian subsidiaries, which were fully provided against, have been offset in part against amounts received under the settlement, and are included at nil value at 31 October 1984.

Albinstar Properties Limited, a wholly owned subsidiary of Rank Xerox Limited, has been excluded from consolidation on the grounds that control is intended to be temporary (note 15).

d Other loans consist of advances from the Company and certain of its subsidiaries to the trustees of the Rank Xerox Share Purchase Scheme, and the National Westminster Jersey Trust Company Limited as trustees of a discretionary settlement, to enable them to acquire 'E' shares in the Company. The loans do not currently bear interest. The gross amount of loans outstanding at 31 October 1984 was £11.0m (1983 - £11.9m) for the Group and £10.9m (1983 - £10.3m) for the Company, against which provision of £8.3m (1983 - £8.1m) has been made.

e Movements during the year on fixed asset investments of the Company consisted of £0.3m additional loans to Group companies, £1.5m other loans, including assignments from Group companies, and additional provisions of £0.2m. Loans to Group companies of £0.6m, and other loans of £0.8m, were repaid. Currency effects increased the value of loans to Group companies by £0.2m and reduced other loans by £0.1m. £0.9m of the Group's other loans were repaid, provisions increased by £0.2m, and its share of the net assets of associated companies increased by £45.4m. Of this, £19.4m represented retained profits, £22.7m currency translation effects, and £3.3m additional investments, of which £2.6m was made by the Company.

# Rank Xerox Limited and Subsidiaries

## Notes to Financial Statements

Figures in £ millions (except where otherwise indicated)

### 14. Stocks

*a* The Group's principal activity is the sale and rental of xerographic equipment to customers. Equipment on, or intended for, rental (including equipment held by the Company) is accordingly held as fixed assets in the Group balance sheet, while equipment intended for resale is held as stock. Rental equipment in the process of manufacture is also classified with fixed assets.  
The Company's principal activity is the manufacture and sale of xerographic equipment to subsidiary companies.

<i>b</i> Stocks comprise:	Group 1984	Group 1983	Company 1984	Company 1983
Raw materials and consumables	13.8	5.1	4.6	4.0
Work in progress	18.8	14.6	33.2	29.3
Finished goods and goods for resale:				
Consumables, spares and paper	105.8	108.5	26.6	26.8
Equipment	124.1	93.3	41.9	53.7
	<u>262.5</u>	<u>221.5</u>	<u>106.3</u>	<u>113.8</u>

*c* Stocks are valued in accordance with the principles stated in note 1*i*, and include costs of distribution up to the point of customs clearance for finished goods that have been transported across national boundaries. The Group follows Statement of Standard Accounting Practice No 9, issued by the United Kingdom Accounting Standards Committee, which includes in its definition of cost that expenditure which has been incurred in the normal course of business in bringing a product or service to its present location and condition. If the requirements of the Companies Acts were followed in excluding distribution costs, the effect would have been to reduce the balance sheet value of stocks by £14.9m (1983 - £12.9m) and to increase Distribution Costs in the profit and loss account by £2.0m (1983 - £0.8m).

### 15. Debtors

<i>a</i> These comprise:	Group 1984	Group 1983	Company 1984	Company 1983
Due within one year:				
Trade debtors	336.4	295.1	15.9	16.8
Owed by the Rank Xerox Holding BV Group	-	-	9.2	0.7
Amounts owed by Group companies				
- dividends	-	-	6.4	6.9
- other	-	-	50.5	63.8
Amounts owed by associated companies	-	5.1	3.3	2.9
Other debtors	10.2	9.5	1.8	1.3
Prepayments and accrued income (note <i>d</i> )	132.2	98.7	9.3	6.9
	<u>478.8</u>	<u>408.4</u>	<u>96.4</u>	<u>99.3</u>
Due in more than one year:				
Trade debtors (note <i>b</i> )	38.5	57.7	0.8	1.3
Owed by fellow subsidiaries	35.1	2.5	-	-
Other debtors (note <i>c</i> )	25.6	13.1	2.9	2.8
	<u>99.2</u>	<u>73.3</u>	<u>3.7</u>	<u>4.1</u>
	<u>578.0</u>	<u>481.7</u>	<u>100.1</u>	<u>103.4</u>

*b* Trade debtors due in more than one year represent amounts owed by customers under sales-type leases and credit sale agreements.

*c* Other debtors include a loan of £10,000 to an officer of the Company.

*d* Prepayments and accrued income include the Company's investment of £1.1m (1983 - nil) in Albinstar Properties Limited, which has current assets of £9.6m, represented by capital and reserves of £1.1m, bank loans of £7.4m, and accruals of £1.1m. The issued share capital of that company is £100 in ordinary shares of £1 each.

16. Creditors: amounts falling due within one year

a These comprise:

	Group 1984	Group 1983	Company 1984	Company 1983
Bank loans and overdrafts				
- overdrafts and acceptances	121.3	86.4	15.8	53.4
- long term loans due within one year (note 17)	32.8	11.5	17.8	0.3
- bills of exchange payable (note 17)	6.2	17.9	-	-
Trade creditors	111.3	67.8	19.5	15.9
Amounts owed to Xerox Corporation and subsidiaries	37.7	66.4	11.5	59.5
Amounts owed to Rank Xerox Holding BV and subsidiaries	22.9	5.4	-	-
Amounts owed to Group companies	-	-	60.1	48.2
Amounts owed to Associated companies	1.2	-	4.9	-
Other creditors including taxation and social security (note b)	58.4	69.0	24.3	25.7
Accruals and deferred income	162.3	145.3	17.5	26.4
	<u>554.1</u>	<u>469.7</u>	<u>171.4</u>	<u>229.4</u>

b Other creditors including taxation and social security includes dividends payable of £ 11.2m (1983 - £ 10.8m) for both the Group and the Company, and current taxation payable of £ 43.3m for the Group (1983 - £ 45.0m) and £ 10.6m for the Company (1983 - £ 11.8m).

17. Creditors: amounts falling due after more than one year

a These comprise:

	Group 1984	Group 1983	Company 1984	Company 1983
Long term loans (note b)				
- Debenture loans (note c)	70.8	54.9	3.5	3.5
- Bank loans and overdrafts	40.9	40.6	10.0	-
- Other loans	44.5	57.6	4.0	18.4
- Bills of exchange payable	3.2	6.7	-	-
Amounts owed to Group companies	-	-	7.0	4.9
	<u>159.4</u>	<u>159.8</u>	<u>24.5</u>	<u>26.8</u>

b Long term loans include £ 32.9m (1983 - £ 37.3m) and £ 3.5m (1983 - £ 3.5m), for the Group and the Company respectively, of loans not fully repayable within 5 years. Of these loans, amounts repayable by instalments were £ 7.8m (1983 - £ 14.7m) for the Group and Nil (1983 - Nil) for the Company. Aggregate instalments due after more than 5 years totalled £ 5.9m (1983 - £ 8.5m) for the Group and Nil (1983 - Nil) for the Company.

# Rank Xerox Limited and Subsidiaries

## Notes to Financial Statements

Figures in £ millions (except where otherwise indicated)

### 17. Creditors: amounts falling due after more than one year (continued)

c Debenture loans comprise:

- i The Company's 7½% Guaranteed Unsecured Loan Stock 1986/1991, guaranteed as to payment of capital and interest 60% by Xerox Corporation and 40% by The Rank Organisation Group. Since 1971, £0.1m nominal of the stock has been required to be redeemed at par by drawings, which can be satisfied by purchase and cancellation of the stock. After 14 December 1986, the Company may at three months' notice redeem at par all or part of the stock outstanding. Any previously unredeemed stock is redeemable at par on 15 December 1991. £0.5m (1983 - £0.5m) was outstanding at 31 October 1984, at which date £4.5m nominal stock had been purchased and cancelled.
- ii The Company's 7½% Subordinated Unsecured Loan Notes 1992, of which £3.0m (1983 - £3.0m) was outstanding at 31 October 1984. The Notes are not repayable without the consent of the Trustees of the 7½% Guaranteed Unsecured Loan Stock 1986/1991, and until all capital and interest on that stock has been paid.
- iii Rank Xerox Finance (Nederland) BV's 8½% Guaranteed Bonds due 1989, issued during 1984 for a consideration of 75m Guilders. The issue was made at par in order to meet the working capital requirements of a subsidiary of Rank Xerox Holding BV, and is guaranteed as to payment of capital, interest and premium on redemption, if any, by the company. £18.0m was outstanding at 31 October 1984.
- iv Rank Xerox Finance (Nederland) BV's 11-3/8% Guaranteed Bonds due 1988 and 7½% Bonds 1983/1993. Both issues are guaranteed as to payment of capital, interest and premium on redemption, if any, by the Company. £28.7m and £19.1m respectively were outstanding on these issues at 31 October 1984 and 31 October 1983.
- v Rank Xerox A/S's 13-3/8% Loan Notes due 1983/1988, guaranteed as to payment of capital, interest and premium on redemption, if any, by the Company. £3.4m was outstanding at 31 October 1984 and 31 October 1983.

d The aggregate amount of secured loans was £5.3m (1983 - £5.3m) for the Group. There were no secured loans to the Company. Such loans to Group companies are generally secured on land and buildings. The category "Other Loans" also includes certain amounts (note 22a) in respect of obligations under capital leases, which are specifically secured on the leased assets involved.

e Repayment terms from the balance sheet date are as follows:

	Group 1984	Group 1983	Company 1984	Company 1983
1 year	39.0	29.4	17.8	0.3
2 years	21.1	38.7	0.5	15.4
3 years	34.0	21.5	0.5	0.2
4 years	42.3	29.3	0.5	0.2
5 years	30.4	39.1	10.3	0.2
6 to 10 years	30.1	29.3	5.7	3.7
Thereafter	1.5	1.9	-	2.2
	<u>198.4</u>	<u>189.2</u>	<u>35.3</u>	<u>22.2</u>

f Loans are denominated in the following currencies:

	Average interest rate (Group 1984)	Group 1984	Group 1983	Company 1984	Company 1983
Not fully repayable within 5 years:					
Sterling	7.9%	4.2	4.4	3.5	3.5
German marks	7.5%	19.9	19.1	-	-
Other currencies	11.2%	6.7	7.3	-	-
		30.8	30.8	3.5	3.5
Fully repayable within 5 years, and capital leases:					
Sterling	8.7%	68.4	66.4	31.8	18.7
US Dollars	11.8%	1.2	1.8	-	-
ECU	11.4%	29.8	28.7	-	-
French Francs	13.5%	10.0	21.7	-	-
Other currencies	12.5%	58.2	39.8	-	-
		<u>198.4</u>	<u>189.2</u>	<u>35.3</u>	<u>22.2</u>

## 18. Provisions for liabilities and charges

a These comprise:

	Group 1984	Group 1983	Company 1984	Company 1983
Pensions and similar obligations (note b)	45.9	39.2	(0.2)	-
Deferred taxation (notes c and d)	(1.5)	2.2	(16.8)	(23.8)
Other provisions (note b)	7.7	12.7	4.4	6.7
	<u>52.1</u>	<u>54.1</u>	<u>(12.6)</u>	<u>(17.1)</u>

b Movements on the above provisions were as follows:

	Pensions & similar obligations		Other Provisions	
	Group	Group	Group	Company
Balance at 1 November 1983		39.2	12.7	6.7
Additions charged to the profit and loss account		16.9	7.3	3.6
Utilised during the period		(12.5)	(12.6)	(6.0)
Currency translation		2.3	0.3	0.1
Balance at 31 October 1984		<u>45.9</u>	<u>7.7</u>	<u>4.4</u>

c Deferred taxation shown above comprises:

	Group 1984	Group 1983	Company 1984	Company 1983
Deferred taxation	69.6	99.7	3.4	4.2
less				
Advance Corporation Tax	(24.2)	(28.0)	(20.2)	(28.0)
less				
Taxation on unrealised intra-Group profits (note 1g)				
- Stocks and rental equipment	(41.1)	(60.9)	-	-
- Other tangible fixed assets	(5.8)	(8.6)	-	-
	<u>(1.5)</u>	<u>2.2</u>	<u>(16.8)</u>	<u>(23.8)</u>

The deferred tax asset of £5.8m (1983 - £8.6m) has arisen from the sale of fixed assets by Rank Xerox Limited to a United Kingdom subsidiary.

The deferred taxation balance at 31 October comprises:

Timing differences:	Group	Group	Group	Group
Fixed assets	64.1	66.3	4.3	3.7
Sales-type leases	16.0	23.1	0.4	0.3
Other (including tax loss offsets)	(10.5)	10.3	(1.3)	0.2
	<u>69.6</u>	<u>99.7</u>	<u>3.4</u>	<u>4.2</u>

Advance Corporation Tax is recoverable in the future against deferred taxation liabilities of the Company or its United Kingdom subsidiaries.

d Movements on the taxation provision were as follows:

	Group	Company
Balance at 1 November 1983	2.2	(23.8)
Credited to the profit and loss account	(14.3)	(0.8)
Net Advance Corporation Tax utilisations	3.8	7.8
Currency translation	6.8	-
Balance at 31 October 1984	<u>(1.5)</u>	<u>(16.8)</u>

# Rank Xerox Limited and Subsidiaries

## Notes to Financial Statements

Figures in £ millions (except where otherwise indicated)

### 19. Called up share capital and share premium account.

a The Company's share capital consists of shares of £1 each, divided into classes as follows:

	Authorised	Issued and fully paid	
		1984	1983
'A' shares	7.6	7.4	7.4
'B' shares	7.6	7.4	7.4
'C' shares	7.8	7.5	7.5
'D' shares	7.0	7.5	7.5
'E' shares	0.1	0.1	0.1
	<u>30.7</u>	<u>29.9</u>	<u>29.9</u>

b The share premium account of £3.0m (1983 - £3.0m) is wholly attributable to the 'E' shareholders in the event of a winding up of the Company.

### 20. Other reserves and profit and loss account

a Other reserves in the balance sheet comprise:

	Group 1984	Group 1983	Company 1984	Company 1983
Non-distributable reserves:				
- Group companies	53.7	54.4	-	-
- Associated companies	109.0	89.6	-	-
Currency translation account (note 1c)	12.1	(36.7)	1.1	0.3
	<u>174.8</u>	<u>107.3</u>	<u>1.1</u>	<u>0.3</u>

b Movements in reserves during the year were as follows:

i Currency translation account:

	Group	Company
At 1 November 1983	(36.7)	0.3
Movement in year	48.8	0.8
At 31 October 1984	<u>12.1</u>	<u>1.1</u>

ii Other reserves and profit and loss account

	Profit and loss account Group	Non-distributable reserves		Profit and loss account Company
		Group Companies	Associated Companies	
At 1 November 1983	631.0	54.4	89.6	115.6
Amount set aside	58.6	-	-	(30.8)
Transfers	(18.7)	(0.7)	19.4	-
At 31 October 1984	<u>670.9</u>	<u>53.7</u>	<u>109.0</u>	<u>84.8</u>

c The profit and loss account and non-distributable reserves have been allocated, in accordance with the Company's Articles of Association, as follows:

	Group	Group Companies	Associated Companies	Company
'A' shares reserves	15.5	0.6	2.2	2.0
'B' shares reserves	15.5	0.6	2.2	2.0
General reserves	639.9	52.5	104.6	80.8
	<u>670.9</u>	<u>53.7</u>	<u>109.0</u>	<u>84.8</u>

d The Group profit after taxation includes a loss of £12.4m (1983 - profit of £77.6m) attributable to the shareholders of Rank Xerox Limited which has been dealt with in the financial statements of the Company.

In the event of the distribution of the retained profit and loss account balances reflected in the consolidated financial statements, withholding and other taxes would become payable by certain overseas subsidiaries and associated companies. The sums retained have been invested locally in trading assets, and the Company has no intention of taking any action to cause the payment of such additional taxes.

## 21. Directors and employees

a The average number of persons employed by the Group (including directors) during the year was:

	1984	1983	Other directors	1984 Number	1983 Number
			Nil	7	8
			£ 10,001-£ 15,000	-	6
Manufacturing operations	2,327	4,101	£ 15,001-£ 20,000	3	-
Marketing operations	27,250	26,930	£ 20,001-£ 25,000	-	1
			£ 25,001-£ 30,000	-	1
	29,577	31,031	£ 40,001-£ 45,000	1	-
			£ 70,001-£ 75,000	1	1
			£ 75,001-£ 80,000	1	-
The aggregate payroll costs of these persons were as follows:	1984	1983	£ 80,001-£ 85,000	1	1
			£ 85,001-£ 90,000	1	-
Wages and salaries	398.2	367.6	£ 100,001-£ 105,000	-	1
Social security costs	33.8	32.7	£ 110,001-£ 115,000	1	-
Other pension costs	26.6	24.2	£ 130,001-£ 135,000	-	3
	458.6	424.5	£ 135,001-£ 140,000	2	-
			£ 145,001-£ 150,000	-	1
			£ 160,001-£ 165,000	1	1
			£ 175,001-£ 180,000	1	-

b Remuneration of directors and senior employees was as follows:

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

	1984 £000's	1983 £000's		1984 Number	1983 Number
Emoluments for services as executives	1,652	1,474	£ 30,001-£ 35,000	26	33
			£ 35,001-£ 40,000	21	15
			£ 40,001-£ 45,000	5	2
			£ 45,001-£ 50,000	3	5
			£ 50,001-£ 55,000	3	2

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

	1984 £	1983 £		1984 Number	1983 Number
Emoluments for the purposes of Section 6, Companies Act 1967 were:					
Chairman	100,454	103,081			
Highest paid director	222,808	168,447			



# Rank Xerox Limited and Subsidiaries

## Notes to Financial Statements

Figures in £ millions (except where otherwise indicated)

### 21. Directors and employees (continued)

c The only interests of the directors of Rank Xerox Limited (including family interests) in the shares or debentures of Xerox Corporation were as follows:

		Common Stock par value \$1.00 Holding	Common Stock par value \$1.00 Options	Class 'B' Stock par value \$1.00	Convertible Subordinated Debentures due 1995
P A Allaire	a	500	50,077	-	-
	b	1,222	39,941	-	-
M H Antonini	a	4,125	57,262	-	-
	b	2,388	49,399	-	-
W F Glavin	a	5,678	74,432	8,500	-
	b	3,535	60,825	8,500	-
R A Holmes	a	-	17,675	-	-
	b	-	13,225	-	-
D P Hornby	a	360	16,258	-	-
	b	360	12,925	-	-
D T Kearns	a	10,564	134,075	9,250	-
	b	6,471	110,568	9,250	-
R E G Magnin	a	-	16,000	-	-
	b	-	16,000	-	-
C F McColough	a	24,442	69,250	-	\$3,200
	b	20,785	54,907	-	\$3,200
J R Milligan	a	1,807	9,700	-	-
	b	940	6,364	-	-
E H van der Beugel	a	100	-	-	-
	b	100	-	-	-

a Holding at 31 October 1984

b Holding at 1 November 1983

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 1984 Mr. D M Yates, Mr. D T Kearns and Mr. R E G Magnin were the Trustees of the Scheme and 57,165 'E' Shares were held by the Trustees at that date (1 November 1983 - 56,730 'E' Shares).

Apart from the interests set out above, no other Director in office at 31 October 1984 was interested in the shares or debentures of the Company, Xerox Corporation or other associated companies during the year under review.

## 22. Leasing arrangements

### a As lessee

The Group leases certain tangible assets under capital and operating leases, which expire over varying periods up to 2062. Rentals under operating leases charged against profits amounted to £48.7m (1983 - £36.8m) for the Group and £7.6m (1983 - £5.3m) for the Company. Hire of plant and machinery amounted to £0.7m (1983 - £0.7m) for the Group, and Nil for the Company (1983 - Nil). Future minimum lease payments required under capital leases, and operating leases with more than one year to run before expiry, are summarised below:

Year ending 31 October:	Group Capital Leases	Group Operating Leases	Company Capital Leases	Company Operating Leases
1985	8.7	39.6	1.0	7.4
1986	7.3	33.0	0.9	7.1
1987	5.4	23.0	0.9	4.4
1988	3.7	16.8	0.7	4.2
1989	2.4	13.9	0.5	3.4
Later years	18.1	120.6	15.1	42.1
Total minimum lease payments	45.6	246.9	19.1	68.6
Less:			2.9	
Executory costs	3.0		11.7	
Interest element	16.7			
	19.7		14.6	
Present value of net minimum payments	25.9		4.5	

### b As lessor

The Group leases equipment to customers under both operating leases and finance leases. Rentals payable under operating leases normally include maintenance, service and parts, and may also include the provision of supplies such as toner and paper. Total rentals receivable in 1984 amounted to £482.1m (1983 - £510.3m) of which £142.5m (1983 - £139.0m) represented contingent rentals for equipment usage in excess of the contractual minimum. Minimum future rental revenues are calculated as: 1985 - £196.7m; 1986 - £43.7m; 1987 - £14.6m; total - £255.0m, based on operating leases with minimum terms ranging from one month to three years.

The net investment in sales-type leases at 31 October 1984 consisted of minimum lease payments as summarised below:

	Group 1984	Group 1983	Company 1984	Company 1983
Due within:				
One year	31.4	36.1	1.4	1.8
Two years	18.8	30.0	0.7	0.9
Three years	9.8	20.1	0.2	0.3
Four years	4.7	8.8	0.1	0.1
Five years	1.7	2.6	-	-
More than five years	1.2	0.8	-	-
Total minimum lease payments receivable	67.6	98.4	2.4	3.1
Less:				
Executory costs included in rentals	3.8	4.9	-	-
Deferred interest income	13.2	21.6	0.4	0.5
Allowance for doubtful debts	2.1	3.1	0.1	0.1
	19.1	29.6	0.5	0.6
Net investment in sales-type leases	48.5	68.8	1.9	2.5

# Rank Xerox Limited and Subsidiaries

## Notes to Financial Statements

Figures in £millions (except where otherwise indicated)

### 23. Capital expenditure

No provision has been made in the financial statements for the following capital expenditure, which excludes acquisitions of rental equipment in the ordinary course of business:

	Group 1984	Group 1983	Company 1984	Company 1983
Expenditure contracted for	3.3	2.9	1.1	0.8
Expenditure authorised but not committed	<u>6.3</u>	<u>11.0</u>	<u>0.6</u>	<u>8.6</u>
	<u>9.6</u>	<u>13.9</u>	<u>1.7</u>	<u>9.4</u>

### 24. Contingent liabilities

#### a The Group

There are contingent liabilities, arising from the ordinary activities of the Group, which amount to approximately £24.4m (1983 - £20.6m) in respect of bills discounted, guarantees and other liabilities.

#### b The Company

Loans and bank overdrafts of subsidiary companies have been guaranteed by the Company up to a maximum of £119.6m (1983 - £93.4m). At 31 October 1984, £105.5m (1983 - £79.8m) was outstanding.

### 25. Remuneration of auditors

	1984 £000's	1983 £000's
Rank Xerox Limited	230	194
Subsidiaries	<u>640</u>	<u>607</u>
	<u>870</u>	<u>801</u>

### 26. Ultimate holding company

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

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# Report of the Auditors

To the Members of Rank Xerox Limited

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We have audited the financial statements on pages 5 to 26 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 10 and 11, give a true and fair view of the state of affairs of the Company and the Group at 31 October 1984 and of the profit and source and application of funds of the Group for the year ended on that date and comply with the Companies Acts 1948 to 1981.

The financial statements do not contain the current cost accounts required by Statement of Standard Accounting Practice No. 16.

Peat, Marwick, Mitchell & Co.  
Chartered Accountants  
London

*Peat, Marwick, Mitchell Co.*

28 January 1985

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# Rank Xerox Limited and Subsidiaries

## Five Year Financial Summary

Consolidated Profit and Loss Account	1984 £m	1983 £m	1982 £m	1981 £m	1980 £m
Turnover	<u>1,789.7</u>	<u>1,462.3</u>	<u>1,329.3</u>	<u>1,251.7</u>	<u>1,289.1</u>
Income from associated companies	<u>54.9</u>	<u>40.7</u>	<u>31.7</u>	<u>26.5</u>	<u>19.4</u>
Xerox Corporation charges	<u>32.6</u>	<u>50.0</u>	<u>54.0</u>	<u>42.5</u>	<u>28.5</u>
Profit on ordinary activities before taxation	<u>112.2</u>	<u>77.5</u>	<u>88.4</u>	<u>133.8</u>	<u>190.5</u>
Tax on profit on ordinary activities	<u>34.7</u>	<u>33.4</u>	<u>33.9</u>	<u>65.3</u>	<u>98.5</u>
Dividends paid and proposed	<u>77.5</u> <u>18.4</u>	<u>44.1</u> <u>16.1</u>	<u>54.5</u> <u>16.5</u>	<u>118.6</u> <u>42.0</u>	<u>92.0</u> <u>36.3</u>
Outside shareholders' interests	<u>59.1</u> <u>0.5</u>	<u>28.0</u> <u>(1.0)</u>	<u>38.0</u> <u>2.6</u>	<u>76.6</u> <u>1.7</u>	<u>65.7</u> <u>0.5</u>
Prior year adjustment: currency translation	<u>58.6</u>	<u>29.0</u>	<u>35.4</u>	<u>74.9</u>	<u>65.2</u> <u>11.8</u>
Amount set aside to reserves	<u>58.6</u>	<u>29.0</u>	<u>35.4</u>	<u>74.9</u>	<u>53.4</u>
<b>Consolidated Balance Sheet</b>					
Fixed assets	<u>758.1</u>	<u>648.8</u>	<u>633.1</u>	<u>682.0</u>	<u>636.5</u>
Net current assets	<u>342.4</u>	<u>347.5</u>	<u>261.9</u>	<u>212.0</u>	<u>145.9</u>
Creditors falling due after more than one year	<u>1,100.5</u>	<u>996.3</u>	<u>895.0</u>	<u>894.0</u>	<u>782.4</u>
Provisions for liabilities and charges	<u>159.4</u> <u>52.1</u>	<u>159.8</u> <u>54.1</u>	<u>102.2</u> <u>76.7</u>	<u>91.1</u> <u>88.4</u>	<u>79.1</u> <u>95.5</u>
	<u>889.0</u>	<u>782.4</u>	<u>716.1</u>	<u>714.5</u>	<u>607.8</u>
Share capital and premium	<u>32.9</u>	<u>32.9</u>	<u>32.9</u>	<u>32.9</u>	<u>32.9</u>
Other reserves	<u>174.8</u>	<u>107.3</u>	<u>55.1</u>	<u>79.5</u>	<u>38.7</u>
Profit and loss account	<u>670.9</u>	<u>631.0</u>	<u>617.1</u>	<u>592.2</u>	<u>527.2</u>
Outside shareholders' interests	<u>878.6</u> <u>10.4</u>	<u>771.2</u> <u>11.2</u>	<u>705.1</u> <u>11.0</u>	<u>704.6</u> <u>9.9</u>	<u>598.8</u> <u>9.0</u>
	<u>889.0</u>	<u>782.4</u>	<u>716.1</u>	<u>714.5</u>	<u>607.8</u>

Notes:-

- i The figures for 1980 have been restated for the effects of currency translation in accordance with the United States Accounting Standard FAS-52.
- ii The figures for 1983 cover the full year ended 31 October 1983.