

**RANK OVERSEAS HOLDINGS LIMITED**  
**Registered No. 412917**

**DIRECTORS' REPORT**

**AND**

**ACCOUNTS**

**31 DECEMBER 2000**



## **RANK OVERSEAS HOLDINGS LIMITED**

### **DIRECTORS**

Mr C B A Cormick  
Mr I Dyson  
Mr M E Smith

### **DIRECTORS' REPORT**

The Directors present their Report and Statement of Accounts for the year ended 31 December 2000.

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The Company is an investment holding company. Details of principal subsidiary undertakings are given on page 14.

Rank Orlando Inc. and Rank Orlando II Inc., indirect investments of the company sold their general partnership interests in the Universal theme park partnership on 27 July 2000. The Company acquired Rank America Inc. on 11 September 2000.

### **RESULTS AND DIVIDEND**

The results of the Company for the year are set out on page 6. The Directors do not recommend the payment of a dividend.

### **DIRECTORS**

The following were Directors of the Company during the year:-

Mr C B A Cormick  
Mr I Dyson  
Mr M E Smith

## **RANK OVERSEAS HOLDINGS LIMITED**

### **DIRECTORS' REPORT**

(Continued)

#### **DIRECTORS' INTERESTS**

The Directors' interests in shares or stocks of The Rank Group Plc, including options to purchase Ordinary shares under the terms of the Group's Executive Share Option Schemes ("ESOS") and Share Savings Schemes ("SAYE") were as follows:-

		31 December 2000				1 January 2000		
		Ordinary Shares	ESOS	SAYE	Exercise Price (p)	Ordinary Shares	ESOS	SAYE
C B A Cormick		19,158	123,341 62,867	5,412	372.92p 222.75p 179.00p	3,500	186,208	5,412
I Dyson		20,000	278,225	-	248.00p	15,000	278,225	-
M E Smith		40,000	795,580	-	226.25p	30,000	795,580	-

Note: In addition to the above, C B A Cormick has been granted a conditional award over 109,215 Ordinary shares and I Dyson has been granted a conditional award over 163,822 Ordinary shares and M E Smith has been granted a conditional award over 317,406 Ordinary shares under the terms of the Rank Group 2000 Long Term Incentive Plan.

No options to subscribe for Ordinary shares of The Rank Group Plc were granted to or exercised by Directors in the year ended 31 December 2000. In addition, no options lapsed during the year.

In addition to the above interests, pursuant to the requirements of the Companies Act 1985, each Director is deemed to be interested in the Ordinary shares of The Rank Group Plc held by The Rank Group Plc Employee Benefit Trust. At 1 January 2000, the interest was in a total of 390,000 Ordinary shares and at 31 December 2000 the interest was in a total of 324,389 Ordinary shares.

The Company's Register of Directors' interests (which is open to inspection) contains full details of Directors' shareholdings and options to subscribe.

Except as stated above, none of the Directors had any interest in the shares, share options, stocks or debentures of the Company, its ultimate parent undertaking or any subsidiary of that Company at 1 January 2000 or at 31 December 2000.

**RANK OVERSEAS HOLDINGS LIMITED**

**DIRECTORS' REPORT**

(Continued)

**AUDITORS**

In accordance with s386(2) of the Companies Act 1985, PricewaterhouseCoopers will continue as auditors of the Company under the terms of an elective resolution passed by the Company.

By order of the Board

  
C M Duffill  
Secretary

Registered Office:  
6 Connaught Place  
London  
W2 2EZ

*4 October 2001*

## **RANK OVERSEAS HOLDINGS LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the Directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state that all applicable accounting standards have been followed, save as disclosed in the notes to the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to do so.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## AUDITORS' REPORT TO THE MEMBERS OF RANK OVERSEAS HOLDINGS LIMITED

We have audited the financial statements on pages 6 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

### **Respective responsibilities of Directors and Auditors**

The Directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the Financial Statements in accordance with applicable United Kingdom Accounting Standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers, London  
Chartered Accountants  
Registered Auditors

1 Embankment Place  
London  
WC2N 6NN

*4 October 2001*

**RANK OVERSEAS HOLDINGS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2000**

	<u>Note</u>	<u>2000</u> <u>12 months</u> <u>£'000</u>	<u>1999</u> <u>12 months</u> <u>£'000</u>
<b>Continuing operations</b>			
Operating loss	2	(24,450)	(355,007)
Income from fixed asset investments		6,775	-
		<hr/>	<hr/>
Loss before interest		(17,675)	(355,007)
Interest receivable and similar income	3	10,631	15,784
Interest payable and similar charges	4	(14,106)	(17,325)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(21,150)	(356,548)
Tax on loss on ordinary activities	5	9,809	353
		<hr/>	<hr/>
Loss for the financial year		(11,341)	(356,195)
		<hr/> <hr/>	<hr/> <hr/>

The notes to the accounts are on pages 9 to 18.

**RANK OVERSEAS HOLDINGS LIMITED**

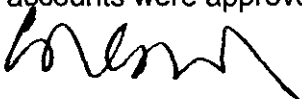
**BALANCE SHEET AT 31 DECEMBER 2000**


	<u>Note</u>	<u>2000</u> <u>31 December</u> <u>£'000</u>	<u>1999</u> <u>31 December</u> <u>£'000</u>
<b>FIXED ASSETS</b>			
Investments in subsidiary undertakings	6 & 7	1,193,511	210,781
Other investments	8	1,388	1,413
		<hr/> 1,194,899	<hr/> 212,194
<b>CURRENT ASSETS</b>			
Debtors: Amounts falling due within one year	9	160,944	249,196
CREDITORS: Amounts falling due within one year	10	(768,856)	(433,124)
<b>NET CURRENT LIABILITIES</b>		<hr/> (607,912)	<hr/> (183,928)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		586,987	28,266
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Other provisions	11	(5,547)	(5,603)
<b>NET ASSETS</b>		<hr/> 581,440	<hr/> 22,663
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	900,000	300,000
Profit and loss account	14	(318,560)	(277,337)
<b>SHAREHOLDERS' FUNDS</b>		<hr/> 581,440	<hr/> 22,663

All shareholders' funds are attributable to equity interests.

These accounts were approved by the Board of Directors on

4 October 2001

  
.....  
Director

  
.....  
Director

The notes to the accounts are on pages 9 to 18.



**RANK OVERSEAS HOLDINGS LIMITED**

**NOTES TO THE ACCOUNTS AT 31 DECEMBER 2000**

**Statement of Recognised Gains and Losses**

	<b><u>2000</u></b> <b><u>12 months</u></b> <b><u>£'000</u></b>	<b><u>1999</u></b> <b><u>12 months</u></b> <b><u>£'000</u></b>
Loss for the financial year	(11,341)	(356,195)
Currency translation differences on foreign currency net investments	(18,483)	-
Tax on exchange adjustments offset in reserves	(11,399)	-
	<u>(41,223)</u>	<u>(356,195)</u>

**Movement in Shareholders' Funds**

	<b><u>2000</u></b> <b><u>12 months</u></b> <b><u>£'000</u></b>	<b><u>1999</u></b> <b><u>12 months</u></b> <b><u>£'000</u></b>
Loss for the financial year	(11,341)	(356,195)
Other recognised gains and losses	(29,882)	-
Issue of Ordinary shares	<u>600,000</u>	<u>-</u>
Net movement in shareholders' funds	558,777	(356,195)
Opening shareholders' funds at 1 January	<u>22,663</u>	<u>378,858</u>
Closing shareholders' funds at 31 December	<u>581,440</u>	<u>22,663</u>

## **RANK OVERSEAS HOLDINGS LIMITED**

### **NOTES TO THE ACCOUNTS AT 31 DECEMBER 2000**

#### **1. Accounting policies**

##### **(i) Basis of preparation**

The accounts are prepared under the historical cost convention and comply with applicable accounting standards on a basis consistent with the previous year.

##### **(ii) Group accounts exemption**

The information in these financial statements is presented about the Company as an individual undertaking and not about its group.

Under the provisions of Section 228 of the Companies Act 1985, the Company is exempt from the obligation to prepare and deliver group accounts. The Company is a wholly owned subsidiary of The Rank Group Plc, a company incorporated in Great Britain and registered in England and Wales.

##### **(iii) Exchange rates**

Revenues and costs arising from transactions denominated in foreign currencies are included in the profit and loss account at average rates of exchange.

Assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date except where a forward exchange contract has been arranged when the contracted rate is used.

Non-monetary assets are maintained at their historical sterling equivalent except in the case of the investment referred to in note 1(iv), where the retranslation is dealt with through reserves net of differences on related foreign currency borrowings.

All exchange gains or losses arising from foreign currency transactions are dealt with in the profit and loss account as part of the result from ordinary activities.

##### **(iv) Fixed asset investments**

Investments are stated at cost less any provision for impairment.

In the opinion of the Directors, the value of the Company's investments in its subsidiary undertakings is not less than the amount at which they are stated in the balance sheet.

**RANK OVERSEAS HOLDINGS LIMITED**

**NOTES TO THE ACCOUNTS AT 31 DECEMBER 2000**

(Continued)

**1. Accounting policies**

(v) Deferred taxation

Deferred taxation, computed under the liability method, is provided in respect of timing differences to the extent that it is probable that a liability will arise in the foreseeable future. No provision is made for taxation payable in the event of the profits of certain overseas subsidiary undertakings being distributed.

(vi) Cash flow statement

Under Financial Reporting Standard 1, the Company is exempt from the requirement to include a cash flow statement within its accounts since it is a wholly owned subsidiary undertaking.

**2. Operating loss**

	<u>2000</u> <u>12 months</u> £'000	<u>1999</u> <u>12 months</u> £'000
Administrative expenses	(50)	(55)
Provision for diminution in value of investments	-	(355,380)
Guarantee Fee Income	-	428
Exchange loss	<u>(24,400)</u>	<u>-</u>
	<u>(24,450)</u>	<u>(355,007)</u>

Operating loss is stated after charging the following items:

	<u>2000</u> <u>12 months</u> £'000	<u>1999</u> <u>12 months</u> £'000
Auditors' remuneration for audit work	-	5

**RANK OVERSEAS HOLDINGS LIMITED**

**NOTES TO THE ACCOUNTS AT 31 DECEMBER 2000**

(Continued)

**3. Interest receivable and similar income**

	<b><u>2000</u></b> <b><u>12 months</u></b> <b><u>£'000</u></b>	<b><u>1999</u></b> <b><u>12 months</u></b> <b><u>£'000</u></b>
Subsidiary undertakings	10,631	15,784

**4. Interest payable and similar charges**

	<b><u>2000</u></b> <b><u>12 months</u></b> <b><u>£'000</u></b>	<b><u>1999</u></b> <b><u>12 months</u></b> <b><u>£'000</u></b>
Parent undertaking	-	14,041
Fellow subsidiary undertaking	14,106	15
Subsidiary undertakings	-	3,269
	14,106	17,325

**RANK OVERSEAS HOLDINGS LIMITED**

**NOTES TO THE ACCOUNTS AT 31 DECEMBER 2000**

(Continued)

5. **Tax charge / (credit) on profit on ordinary activities**

	<b><u>2000</u></b> <b><u>12 months</u></b> <b><u>£'000</u></b>	<b><u>1999</u></b> <b><u>12 months</u></b> <b><u>£'000</u></b>
United Kingdom Corporation tax:		
Current year credit	(9,809)	(353)
	<hr/>	<hr/>
	(9,809)	(353)
	<hr/>	<hr/>

United Kingdom corporation tax is provided at 30.0% (1999: 30.25%).

**RANK OVERSEAS HOLDINGS LIMITED**

**NOTES TO THE ACCOUNTS AT 31 DECEMBER 2000**

(Continued)

**6. Investments in subsidiary undertakings**

	<b><u>Shares at cost or valuation £'000</u></b>	<b><u>Provisions for diminution in value £'000</u></b>	<b><u>Total £'000</u></b>
At 31 December 1999	581,817	(371,036)	210,781
Additional Investments	1,039,214	-	1,039,214
Disposals	-	-	-
Currency translation adjustment	(56,484)	-	(56,484)
	<hr/>	<hr/>	<hr/>
At 31 December 2000	1,564,547	(371,036)	1,193,511
	<hr/>	<hr/>	<hr/>

The historical cost of shares included at Directors' valuation at 31 December 2000 was £Nil (1999 - Nil). In the opinion of the Directors the aggregate value of the Company's investment in its subsidiary is not less than the amount at which is stated in the balance sheet.

The Company acquired 74,585 Ordinary shares in Rank America Inc. on 13 September 2000, for a consideration of £1,038,981,000 satisfied by £888 million cash and £151 million intercompany debt.

The Company is exempt from the obligation to prepare and deliver group accounts under S228 of the Companies Act 1985. The Company is included in the consolidated accounts of The Rank Group Plc, a company incorporated in Great Britain.

## **RANK OVERSEAS HOLDINGS LIMITED**

### **NOTES TO THE ACCOUNTS AT 31 DECEMBER 2000**

(Continued)

#### **7. Principal subsidiary undertakings**

Except where otherwise stated, Rank Overseas Holdings Limited owns either directly or indirectly 100% of the ordinary share capital of the following companies. The country of registration or incorporation is indicated after the Company name. The principal operations are carried out in the country of registration.

##### **Deluxe**

Deluxe Laboratories Inc (USA)

Deluxe Video Services Inc (USA)

##### **Principal activities**

Film processing laboratory

Video duplication and distribution

##### **Hard Rock**

Hard Rock Cafe International (USA) Inc (USA)

Operates and franchises Hard Rock cafes in certain territories

##### **Holidays**

Resorts USA Inc (USA)

'Outdoor World' holiday memberships at caravan park resorts, the sale of time-shares, second homes and land

##### **Holding and other companies**

Rank America Inc (USA)

Owns the Group's investments in the USA

Rank Holding España SA (Spain)

Owns the Group's investments in Spain

Rank Holdings (France) SA (France)

Owns the Group's investments in France

Rank Holdings (Germany) GmbH (Germany)

Owns the Group's investments in Germany

Rank Holdings (Netherlands) BV (Netherlands)

Owns the Group's investments in the Netherlands

**RANK OVERSEAS HOLDINGS LIMITED**

**NOTES TO THE ACCOUNTS AT 31 DECEMBER 2000**

(Continued)

**8. Other Investments**

During the year the Company incurred capital expenditure in respect of the investment in Universal Studios Japan.

**9. Debtors - amounts falling due within one year**

	<u>2000</u> <u>31 December</u> £'000	<u>1999</u> <u>31 December</u> £'000
Amounts owed by parent undertakings	160,238	-
Amounts owed by subsidiary undertakings	21	248,157
UK Corporation Tax	-	354
Overseas tax	685	685
	<hr/> 160,944 <hr/>	<hr/> 249,196 <hr/>

**10. Creditors - amounts falling due within one year**

	<u>2000</u> <u>31 December</u> £'000	<u>1999</u> <u>31 December</u> £'000
Amount owed to parent undertaking	-	312,116
Amount owed to fellow subsidiary undertakings	622,935	1,054
Amount owed to subsidiary undertakings	144,685	119,954
UK Corporation Tax	1,236	-
	<hr/> 768,856 <hr/>	<hr/> 433,124 <hr/>



**RANK OVERSEAS HOLDINGS LIMITED**

**NOTES TO THE ACCOUNTS AT 31 DECEMBER 2000**

(Continued)

**11. Provisions for liabilities and charges**

	<b><u>Other provisions</u> £'000</b>
Balance at 31 December 1999	5,603
Utilised in year	(56)
	<hr/>
Balance at 31 December 2000	5,547
	<hr/>

Other provisions represent contingent consideration arising as a result of a subsidiary of the Company being involved in a dispute with Serena Holdings Limited over the purchase consideration of an acquisition which has been referred to an expert for determination. The dispute centres upon the parties' contentions in relation to the accounts and the profits of the businesses based upon which an additional purchase consideration may be payable. The Directors of The Rank Group Plc are strongly resisting the payment of any further sum. At the present time the outcome to the Company cannot be determined and the potential liability cannot be quantified. However, it is the opinion of the Directors that it is unlikely that the outcome of this dispute will have a material effect on the Company's financial position.

**12. Deferred taxation**

There is no provided or unprovided deferred tax (1999 nil).

**RANK OVERSEAS HOLDINGS LIMITED**

**NOTES TO THE ACCOUNTS AT 31 DECEMBER 2000**

(Continued)

**13. Share capital**

	<b><u>Number</u></b>	<b>£'000</b>
Authorised, allotted, called up, issued and fully paid:		
At 31 December 1999 Ordinary shares of £1 each	300,000	300,000
Issue of 600,000,000 Ordinary shares	600,000	600,000
	<hr/>	<hr/>
At 31 December 2000	900,000	900,000
	<hr/>	<hr/>

**14. Reserves**

<b>Profit and Loss Account</b>	<b>£'000</b>
At 31 December 1999	(277,337)
Loss for the financial year	(11,341)
Other recognised gains and losses	(29,882)
	<hr/>
At 31 December 2000	(318,560)
	<hr/>

**RANK OVERSEAS HOLDINGS LIMITED**

**NOTES TO THE ACCOUNTS AT 31 DECEMBER 2000**

(Continued)

**15. Contingent liabilities**

There are contingent liabilities amounting to £3.0m (1999: £3.2m) in respect of guarantees.

**16. Directors and employees**

The Directors received no remuneration in the year (1999: £nil). There were no employees of the Company during the year (1999: nil).

Information relating to the Directors' shareholdings and share options is given in the Directors' Report on page 2.

**17. Ultimate parent undertaking**

The ultimate parent undertaking and controlling party is The Rank Group Plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of The Rank Group Plc consolidated financial statements can be obtained from the Company Secretary at 6 Connaught Place, London, W2 2EZ.