

RANK OVERSEAS HOLDINGS LIMITED

Registered No. 412917

DIRECTORS' REPORT

AND

ACCOUNTS

31ST OCTOBER 1994



RANK OVERSEAS HOLDINGS LIMITED

Directors

M.B. Gifford
T.H. North
B.C. Owers
N.V. Turnbull
D.M. Yates

DIRECTORS' REPORT

The Directors present their Report and Accounts for the year ended 31st October 1994.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment company. Details of principal subsidiary undertakings are given in note 7 on page 12 in the notes to the accounts. The profit for the year after tax was £7,457,000 (1993 loss - £976,000).

DIVIDEND

The directors do not recommend the payment of a dividend (1993 - £nil).

FIXED ASSETS

Details of fixed assets are shown in note 6 to the accounts on page 11.

DIRECTORS

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

M.B. Gifford
T.H. North
B.C. Owers
N.V. Turnbull
D.M. Yates

DIRECTORS' INTERESTS

The beneficial interests of the Directors in the Ordinary shares of The Rank Organisation Plc are set out below:-

	<u>31st October 1994</u>			<u>1st November 1993</u>	
	Ordinary Shares	Share Options	Weighted average exercise price (p)	Ordinary Shares	Share Options
M.B. Gifford	87,400	119,890	255.61	87,400	391,672
T.H. North	13,609	140,519	320.31	13,242	140,519
B. Owers	17,142	-	-	8,697	122,237
N.V. Turnbull	13,506	76,614	253.37	10,737	181,491
D.M. Yates	19,514	8,205	222.92	9,460	186,217

RANK OVERSEAS HOLDINGS LIMITED

DIRECTORS' REPORT

(Continued)

DIRECTORS' INTERESTS (Continued)

As at 1st November 1993 and 31st October 1994, Mr. N.V. Turnbull had a beneficial interest in 500 Ordinary shares of 5p each in A. Kershaw & Sons, Plc, a fellow subsidiary company.

Options to subscribe for Ordinary shares of The Rank Organisation Plc granted to and exercised by Directors in the year to 31st October 1994 were as follows:

	<u>Options Granted</u>	<u>Options Exercised</u>
M.B. Gifford	-	271,782
T.H. North	-	-
B.C. Owers	-	122,237
N.V. Turnbull	-	104,877
D.M. Yates	-	178,012

The options to purchase Ordinary shares were granted under the terms of The Rank Organisation Share Savings and Executive Share Option Schemes.

In November 1993 the number of shares under option and the option prices were adjusted, with the approval of the Inland Revenue, as a result of the Enhanced Share Alternative. In March 1994, in a capital reorganisation, every 25p share was subdivided into a 10p share. The tables above have been adjusted for these changes, with 1993 figures restated, to provide a clearer understanding of the movements in holdings over the year.

No option lapsed during the year. The market price of an ordinary share at 31st October 1994 was 404p and the range during 1993/94 was 327p to 445p. The options outstanding at 31st October 1994 are exercisable at varying dates between 14th August 1992 and 8th March 2001. There were no changes in Directors' interests between 1st November 1994 and the date of this report. The company's Register of Directors' Interests (which is open to inspection) contains full details of directors' shareholdings and options to subscribe.

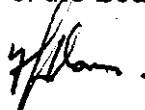
Except as stated above, none of the Directors held interests in shares or debentures of the company, its ultimate parent undertaking or any subsidiary undertaking of that company at 1st November 1993 or at 31st October 1994.

AUDITORS

The Company's Auditors changed the name of their practice to KPMG from KPMG Peat Marwick on 6th February 1995.

KPMG will continue in office pursuant to an Elective Resolution passed on 11th October 1990.

By Order of the Board


F.G.N. Thomas
Secretary

Registered Office
6 Connaught Place
London W2 2EZ

10 FEB 1995

RANK OVERSEAS HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare accounts for each financial year 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 then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- * prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF RANK OVERSEAS HOLDINGS LIMITED

We have audited the accounts on pages 5 to 16.

Respective responsibilities of Directors and Auditors

As described on page 3 the Company's Directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31st October 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG
Chartered Accountants
Registered Auditors

23 March 1995

London

RANK OVERSEAS HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST OCTOBER 1994

	<u>Note</u>	<u>1994</u> <u>£'000</u>	<u>1993</u> <u>£'000</u>
Continuing operations			
Operating (loss)/profit	2	(3,864)	3,518
Discontinued operations			
Exceptional items:			
Profit on disposal of subsidiary undertakings		8,697	44
Profit on ordinary activities before interest		4,833	3,562
Dividends and interest receivable	3	13,095	13,269
Interest payable	4	(9,286)	(10,311)
Profit on ordinary activities before taxation		8,642	6,520
Tax on profit on ordinary activities	5	(1,185)	(7,496)
Profit/(loss) for the financial year	11	7,457	(976)

The notes to the accounts are on pages 8 to 16.

RANK OVERSEAS HOLDINGS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31ST OCTOBER 1994

	<u>1994</u> <u>£'000</u>	<u>1993</u> <u>£'000</u>
Profit/(loss) for the financial year (before deduction of dividends)	7,457	(976)
Unrealised deficit on revaluation of investments	-	(2,417)
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	7,457	(3,393)
	<hr/>	<hr/>

NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31ST OCTOBER 1994

	<u>1994</u> <u>£'000</u>	<u>1993</u> <u>£'000</u>
Reported profit on ordinary activities before taxation	8,642	6,520
Realisation of investment revaluation gains of previous years	-	2,728
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	8,642	9,248
	<hr/>	<hr/>
Historical cost profit for the year retained after taxation, minority interests, extraordinary items and dividends	7,457	1,752
	<hr/>	<hr/>

BALANCE SHEET AT 31ST OCTOBER 1994

These accounts were approved by the Board of Directors on 10 FEB 1995

The notes to the accounts are on pages 8 to 16.

RANK OVERSEAS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS AT 31ST OCTOBER 1994

1. Accounting policies

(i) Basis of accounting

The accounts have been prepared under the historical cost convention in accordance with applicable accounting standards, adjusted for the revaluation of certain fixed asset investments as disclosed in note 1(iii) on a basis consistent with the previous year.

Group accounts have not been prepared as the Company is a wholly-owned subsidiary of another body corporate incorporated in Great Britain.

(ii) Exchange rates

Assets, liabilities, revenues and costs arising from transactions denominated in foreign currencies are translated into sterling at the exchange rate in operation on the date on which the transaction occurred.

At the balance sheet date, monetary assets and liabilities are translated at closing, or if appropriate forward contract rates. Non-monetary assets are maintained at their historical sterling equivalent except in the case of the investment referred to in note 1(iii). Exchange differences on the re-translation of this investment are dealt with 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.

(iii) Fixed asset investments

Investments in subsidiary undertakings other than Rank Holdings (Netherlands) BV have been stated in the balance sheet at original sterling cost to the Company plus or minus a sum equal to the share of cumulative post-acquisition undistributed profits or losses.

The investment in Rank Holdings (Netherlands) BV was mainly acquired in exchange for investments owned by the Company. The cost of investment in the financial statements of Rank Holdings (Netherlands) BV has been included at the aggregate of the disposal proceeds received by the Company for the investments transferred.

The investment in Rank Holdings Netherlands BV has been included in the financial statements of the Company at original sterling cost or, where the investment has been made in overseas currency, at the sterling equivalent at year end exchange rates.

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 31ST OCTOBER 1994

(Continued)

1. Accounting policies (Continued)

(iv) 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. The amounts of deferred taxation provided are set out in note 12 on page 14.

(v) Cash flow statement

The Company is exempt from the requirement to include a cash flow statement within its accounts since it is a wholly owned subsidiary undertaking of The Rank Organisation Plc whose consolidated accounts include a consolidated cash flow statement dealing with the cash flows of the group.

2. Operating (loss)/profit - continuing operations

	1994 £'000	1993 £'000
Administration expenses	(55)	(60)
Differences on exchange	(3,809)	3,578
	<hr/>	<hr/>
	(3,864)	3,518
	<hr/>	<hr/>

Operating profit is stated after charging the following items:

	1994 £'000	1993 £'000
Auditors' remuneration for audit work	10	5
Auditors' remuneration for non-audit work	100	446
	<hr/>	<hr/>

RANK OVERSEAS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS AT 31ST OCTOBER 1994

(Continued)

3. Dividends and interest receivable

	1994 £'000	1993 £'000
Dividends receivable:		
Subsidiary undertakings	150	360
Interest receivable:		
Parent undertaking	12,588	12,050
Subsidiary undertakings	357	859
	<hr/> 13,095	<hr/> 13,269
	<hr/> <hr/>	<hr/> <hr/>

4. Interest payable

	1994 £'000	1993 £'000
Interest payable to subsidiary undertakings	9,074	10,311
Other	212	-
	<hr/> 9,286	<hr/> 10,311
	<hr/> <hr/>	<hr/> <hr/>

5. Tax on profit on ordinary activities

	1994 £'000	1993 £'000
U.K. Corporation tax:		
Prior year adjustment	(309)	6,533
Current year	1,330	1,114
U.K. deferred taxation:		
Prior year adjustment	85	-
Current year	(49)	-
Overseas taxation	128	-
	<hr/> 1,185	<hr/> 7,496
	<hr/> <hr/>	<hr/> <hr/>

RANK OVERSEAS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS AT 31ST OCTOBER 1994

(Continued)

5. Tax on profit on ordinary activities (Continued)

The charge for taxation is based on profits from ordinary activities excluding profits on disposal of or provisions against investments in subsidiary undertakings.

United Kingdom corporation tax is provided at 33% (1993 - 33%) and is stated after crediting double tax relief of £28,041 (1993 - £75,289) in respect of overseas income.

6. Investments in subsidiary undertakings

	<u>Shares at cost or valuation £'000</u>	<u>Loans and advances £'000</u>	<u>Provisions for diminution in value £'000</u>	<u>Total £'000</u>
At 31st October 1993	624,867	1,201	(15,499)	610,569
Currency translation adjustment	(37,122)	22	-	(37,100)
Additions	27,889	-	-	27,889
Disposals	(53,867)	-	-	(53,867)
Revaluation adjustment at year end	603	-	-	603
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st October 1994	562,370	1,223	(15,499)	548,094
	<hr/>	<hr/>	<hr/>	<hr/>
			£'000	
Shares at cost			548,643	
Shares at directors' valuation			13,727	
			<hr/>	
			562,370	
			<hr/>	

The historical cost of shares included at directors' valuation at 31st October 1994 was £1,852,000 (1993 - £4,406,000). The shares were valued by the Directors on the basis of the book amount of the underlying net assets at 31st October 1994.

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 Organisation Plc, a company incorporated in the United Kingdom and registered in England and Wales.

RANK OVERSEAS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS AT 31ST OCTOBER 1994

(Continued)

7. Principal subsidiary undertakings

Except where otherwise stated, Rank Overseas Holdings Limited owns 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.

Film and Television

Principal activities

Deluxe Laboratories (Inc) (USA)	Film processing laboratory
Rank Canada Inc (Canada)	Owns the Film House film laboratory, markets lighting fixtures and electronic controls
Rank Video Services America Inc (USA)	Video duplication
Rank Video Services GmbH (Germany)	Video duplication
Rank Taylor Hobson Inc (USA)	Marketing of high precision metrology instruments
Strand Lighting Inc (USA)	Design, manufacture and marketing of lighting fixtures and electronic controls for the theatrical, film, television, entertainment and architectural industries

Leisure

Hard Rock Cafe International Inc (USA)	Hard Rock Cafes
Resorts USA Inc	"Outdoor World" holiday memberships at caravan park resorts, the sale of time-shares, second homes and land
Rank Leisure USA Inc (USA)	Theme restaurants in the USA
Rank Orlando Inc (USA)	Owns a 50% interest in Universal Studios Florida, a joint venture managed by MCA Inc

Holding and other companies

Rank America Inc (USA)	Owns Rank Overseas Holdings investments in the USA
Rank Holdings (Netherlands) BV (Holland) (Rank Overseas Holdings owns directly 100% of the Ordinary shares)	Owns Rank Overseas Holdings investments in Rank America and other overseas subsidiary undertakings

RANK OVERSEAS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS AT 31ST OCTOBER 1994

(Continued)

8. Debtors - amounts falling due within one year

	1994 £'000	1993 £'000
Amounts owed by fellow subsidiary undertaking	-	203
Amounts owed by subsidiary undertakings	4,002	734
Other debtors	-	1
	<hr/> 4,002 <hr/>	<hr/> 938 <hr/>

9. Debtors - amounts falling due after more than one year

	1994 £'000	1993 £'000
Amount owed by parent undertaking	298,500	298,500
Amounts owed by subsidiary undertaking	-	10,185
	<hr/> 298,500 <hr/>	<hr/> 308,685 <hr/>

10. Creditors - amounts falling due within one year

	1994 £'000	1993 £'000
Amount owed to parent undertaking	75,705	82,983
Amounts owed to fellow subsidiary undertakings	13,179	13,365
Amount owed to subsidiary undertakings	117,815	141,214
U.K. Corporation tax	1,330	2,467
Accrued expenses	10	547
	<hr/> 208,039 <hr/>	<hr/> 240,576 <hr/>

RANK OVERSEAS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS AT 31ST OCTOBER 1994

(Continued)

11. Creditors - amounts falling due after more than one year

	1994 £'000	1993 £'000
Amount owed to parent undertaking (Denominated in United States Dollars and Canadian Dollars)	260,982	307,585
Amount owed to subsidiary undertaking	1,540	-
	<hr/>	<hr/>
	262,522	307,585
	<hr/>	<hr/>

The parent undertaking has agreed not to claim for repayment of the £260,982,000 owing at 31st October 1994 (1993 - £307,585,000) before 1st November 1995.

12. Provisions for liabilities and charges

	<u>Deferred Taxation</u> £'000	<u>Other provisions</u> £'000	<u>Total</u> £'000
Balance at 31st October 1993	-	9,524	9,524
Reclassification from U.K. corporation tax	119	-	119
Charge to profit and loss account in year	36	-	36
Utilised in year	-	(211)	(211)
	<hr/>	<hr/>	<hr/>
Balance at 31st October 1994	155	9,313	9,468
	<hr/>	<hr/>	<hr/>

Other provisions represents contingent consideration arising on acquisition of minority interests.

13. Deferred taxation

	<u>As provided</u>		<u>Not provided</u>	
	1994 £'000	1993 £'000	1994 £'000	1994 £'000
Other timing differences	155	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

It is estimated that no taxation on capital gains would be payable on the sale of investments in subsidiary undertakings at the values at which they are stated in the Company's balance sheet.

RANK OVERSEAS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS AT 31ST OCTOBER 1994

(Continued)

14. Reconciliation of movements in shareholders' funds

	1994 £'000	1993 £'000
Profit/(loss) for the financial year	7,457	(976)
Adjustments to unrealised surplus on revaluation of investments	603	(2,417)
	<hr/>	<hr/>
Net addition to shareholders' funds	8,060	(3,393)
Opening shareholders' funds	362,507	365,900
	<hr/>	<hr/>
Closing shareholders' funds	370,567	362,507
	<hr/>	<hr/>

15. Called up share capital

	1994 £'000	1993 £'000
Authorised, allotted, called up, issued and fully paid 300,000,000 Ordinary shares of £1 each	300,000	300,000
	<hr/>	<hr/>

16. Reserves

	Revaluation reserve £'000	Profit and Loss Account £'000
At 31st October 1993	11,272	51,235
Profit for the year	-	7,457
Adjustment to unrealised surplus on revaluation of investments	603	-
	<hr/>	<hr/>
	11,875	58,692
	<hr/>	<hr/>

RANK OVERSEAS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS AT 31ST OCTOBER 1994

(Continued)

17. Contingent liabilities

There is a contingent liability in respect of uncalled share capital in a subsidiary undertaking amounting to £250,000 (1993 - £250,000).

The Company has guaranteed the overdraft of a subsidiary undertaking. The overdraft stood at £nil at 31st October 1994 (1993 - £4,818).

The Company has also guaranteed loans of a subsidiary undertaking. The loans stood at DM nil (£nil) at 31st October 1994 (1993 - DM 425,000 £170,594).

18. Directors and employees

The emoluments of the Directors were £nil (1993 - £nil).

There are no employees of the Company (1993 - nil).

19. Ultimate parent undertaking

The Company's ultimate parent undertaking is The Rank Organisation Plc, a company incorporated in Great Britain and registered in England and Wales, a copy of whose consolidated accounts may be obtained from Companies House.