

THE RANK ORGANISATION PLC
Registered No. 324504

INTERIM ACCOUNTS

10TH MARCH 1997



THE RANK ORGANISATION PLC

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.

THE RANK ORGANISATION PLC
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 10TH MARCH 1997

	<u>Note</u>	<u>1997</u> <u>2 months</u> <u>£'000</u>	<u>1996</u> <u>12 months</u> <u>£'000</u>
OPERATING PROFIT/(LOSS)			
Continuing operations	2	32,007	(56,485)
Non-operating items	3	-	45
Profit/(loss) before interest		32,007	(56,440)
Income from shares in Group undertakings	4	115,000	140,144
Interest receivable and similar income		679	56,388
Interest payable	5	(1,732)	(45,620)
Profit on ordinary activities before taxation		145,954	94,472
Tax on profit on ordinary activities	6	61	269
Profit on ordinary activities after taxation		146,015	94,741
Dividends proposed and paid (including non-equity dividends)	7	(3,375)	(361,160)
Retained profit/(loss) for the period		142,640	(266,419)
Retained profit brought forward		1,149,466	1,415,885
RETAINED PROFIT CARRIED FORWARD		1,292,106	1,149,466

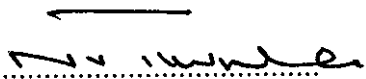
THE RANK ORGANISATION PLC

BALANCE SHEET AT 10TH MARCH 1997

(Continued)

	<u>Note</u>	<u>1997</u> <u>10 March</u> £'000	<u>1996</u> <u>31 December</u> £'000
CAPITAL AND RESERVES			
Called up share capital	14	136,003	135,976
Share premium account		525,375	524,742
Capital redemption reserve	15	1,287	1,287
Revaluation reserve	15	152,054	152,054
Other reserves	15	1,306,909	1,163,864
		<hr/>	<hr/>
	16	2,121,628	1,977,923
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ANALYSIS OF SHAREHOLDERS' FUNDS			
Equity interests		1,899,442	1,757,406
Non-equity interests		222,186	220,517
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS		2,121,628	1,977,923
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These accounts were approved by the Board of Directors on


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N V Turnbull


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D M Yates

THE RANK ORGANISATION PLC

NOTES TO THE ACCOUNTS AT 10TH MARCH 1997

1. Accounting policies

(i) Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards on a basis consistent with the previous year.

(ii) Depreciation

No depreciation is provided on freehold land or on certain properties, which are freehold or held on lease for a term exceeding 20 years unexpired, where the Directors are of the opinion that the properties concerned are currently sufficiently well maintained to ensure that the residual values of such properties, based on prices prevailing at the time of acquisition or subsequent valuation, are not less than cost or valuation.

Other freehold properties are depreciated on a straight line basis over 100 years or remaining life, if less. Other leasehold properties are depreciated over the lesser of 100 years, their useful life or the term of the lease. Expenditure on major refurbishment of properties is amortised over periods of between three and 15 years. Other fixed assets are depreciated mainly at rates between 5% and 25% per annum on a straight line basis.

(iii) 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.

(iv) Stock

Stock is valued at the lower of cost and net realisable value.

(v) Leased assets

Rental payments in respect of operating leases are charged to profit and loss account as incurred.

(vi) Foreign currency

Assets, liabilities, revenues and cost arising from transactions denominated in foreign currencies are translated into Sterling either at the exchange rate in operation on the date on which the transactions occurred or at the contracted rate if the transaction is covered by a related or matching foreign exchange contract.

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 historic Sterling equivalent.

Exchange gains or losses on settled transactions and unsettled monetary items are dealt with in the profit and loss account as part of the results from ordinary activities.

THE RANK ORGANISATION PLC

NOTES TO THE ACCOUNTS AT 10TH MARCH 1997

(Continued)

1. Accounting policies (Continued)

(vii) Pensions

The pension costs relating to the U.K. Schemes which are of the defined benefit type are assessed in accordance with the advice of a qualified actuary using the projected unit method. Actuarial surpluses and deficiencies are recognised over the expected average remaining service lives of the employees. The pension costs relating to the U.K. Schemes which are of the defined contribution type represent the contributions payable by the Company.

(viii) 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.

(ix) Consolidation

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.

2. Operating loss - continuing operations

	<u>1997</u> <u>2 months</u> £'000	<u>1996</u> <u>12 months</u> £'000
Administrative expenses	178	21,978
Property costs	-	110
Cost recharges	-	(23,960)
Exchange (gains)/losses	(32,185)	58,357
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	(32,007)	56,485
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Operating profit is stated after charging the following items:

	<u>1997</u> <u>2 months</u> £'000	<u>1996</u> <u>12 months</u> £'000
Depreciation of tangible fixed assets:		
Charge for the year	-	588
Profit on disposal of assets	-	(69)
Redundancy and reorganisation costs	-	2,039
Auditors' remuneration for audit work	-	172
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THE RANK ORGANISATION PLC

NOTES TO THE ACCOUNTS AT 10TH MARCH 1997

(Continued)

3. Non-operating and other exceptional items

	<u>1997</u> <u>2 months</u> £'000	<u>1996</u> <u>12 months</u> £'000
Release of restrictive covenant	-	45
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	-	45
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4. Dividends and interest receivable

	<u>1997</u> <u>2 months</u> £'000	<u>1996</u> <u>12 months</u> £'000
Interest receivable from subsidiary undertakings	-	43,324
Dividends from subsidiary undertakings	115,000	
Interest receivable on short term deposits and investments	679	13,064
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	115,679	56,388
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5. Interest payable

	<u>1997</u> <u>2 months</u> £'000	<u>1996</u> <u>12 months</u> £'000
Interest payable on external borrowings	1,732	18,747
Interest payable to subsidiary undertakings	-	26,873
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	1,732	45,620
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THE RANK ORGANISATION PLC

NOTES TO THE ACCOUNTS AT 10TH MARCH 1997

(Continued)

6. Tax on profit on ordinary activities

	<u>1997</u> <u>2 months</u> <u>£'000</u>	<u>1996</u> <u>12 months</u> <u>£'000</u>
<u>United Kingdom taxation:</u>		
Corporation tax credit	61	3,378
Deferred taxation charge	-	(3,109)
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Total credit as per profit and loss account	61	269
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United Kingdom corporation tax on profits for the period, before dividends receivable and amounts provided against investments, has been provided at 33% (1996: 33%).

7. Dividends paid in the period

	<u>Ordinary</u> <u>shares</u> <u>£'000</u>	<u>Preference</u> <u>shares</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
Balance at 31st December 1996	-	6,225	6,225
Preference share redemption accrual	-	(405)	(323)
Balance at 10th March 1997	-	(9,195)	(8,579)
	<hr/>	<hr/>	<hr/>
Charged in period	-	(3,375)	(2,677)
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Charged in year ended 31st December 1996	(341,889)	(20,915)	(362,804)
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THE RANK ORGANISATION PLC

NOTES TO THE ACCOUNTS AT 10TH MARCH 1997

(Continued)

8. Investments

<u>Principal subsidiary undertakings</u>	<u>Principal activities</u>	<u>Holding of share capital</u>	
		<u>Class</u>	<u>Percentage</u>
Rank Leisure Holdings Plc	Holding Company	Ordinary	100%
Rank Investments Ltd	Investment Holding Company	Ordinary	100%
Rank Investments Ltd	Investment Holding Company	5½% Pref	100%
Rank RX Holdings Ltd	Investment Holding Company	Ordinary	100%
Rank Group Finance Plc	Finance Company	Ordinary	100%

All shareholdings are directly held, except for Rank RX Holdings Limited, 50% of which is held indirectly via Rank Investments Limited.

Cost of investments in subsidiary undertakings:

	<u>Shares at valuation</u> £'000	<u>Shares at cost</u> £'000	<u>Loans and advances</u> £'000	<u>Total</u> £'000
Balances at 1st January 1997	155,332	3,068,411	481,764	3,705,507
Additions	115,000	-	-	115,000
Disposals/repayments	-	-	77,435	55,964
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Balances at 10th March 1997	270,332	3,068,411	559,199	3,897,942
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Net book value:</u>				
10th March 1997	270,332	3,068,411	559,199	3,897,942
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31st December 1996	155,332	3,068,411	481,764	3,705,507
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The shares shown at valuation were valued by the Directors in 1990. The historic cost of such shares is £3m. The additional shares at valuation were received by way of dividend.

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

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

THE RANK ORGANISATION PLC

NOTES TO THE ACCOUNTS AT 10TH MARCH 1997

(Continued)

9. Debtors

	<u>1997</u> <u>10 March</u> £'000	<u>1996</u> <u>31 December</u> £'000
<u>Amounts falling due within one year:</u>		
Prepayments and accrued income	62	60
Tax recoverable	24,376	33,792
Other debtors	100	100
Interest	5,080	4,395
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	29,618	38,347
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10. Cash and deposits

	<u>1997</u> <u>10 March</u> £'000	<u>1996</u> <u>31 December</u> £'000
Short term deposits	2,199	2,199
Cash at bank	1,120	463
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	3,319	2,662
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THE RANK ORGANISATION PLC

NOTES TO THE ACCOUNTS AT 10TH MARCH 1997

(Continued)

11. Loan capital and borrowings

	<u>1997</u> <u>10 March</u> <u>£'000</u>	<u>1996</u> <u>31 December</u> <u>£'000</u>
<u>Amounts falling due within one year:</u>		
Bank overdrafts	-	7
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<u>Amounts falling due between two and five years:</u>		
Eurobond	-	99,136
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12. Other creditors

	<u>1997</u> <u>10 March</u> <u>£'000</u>	<u>1996</u> <u>31 December</u> <u>£'000</u>
<u>Amounts falling due within one year:</u>		
Other creditors	671	671
Accrued dividend payable	9,195	6,225
Interest	7,927	6,194
VAT	412	2,671
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	18,205	15,761
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13. Provisions for liabilities and charges

Deferred taxation

	<u>Provided</u>		<u>Not provided</u>	
	<u>1997</u> <u>10 March</u> <u>£'000</u>	<u>1996</u> <u>31 December</u> <u>£'000</u>	<u>1997</u> <u>10 March</u> <u>£'000</u>	<u>1996</u> <u>31 December</u> <u>£'000</u>
Capital allowances	-	-	-	-
Short term timing differences	-	-	-	-
Advance corporation tax set off	-	-	-	-
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	-	-	-	-
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THE RANK ORGANISATION PLC

NOTES TO THE ACCOUNTS AT 10TH MARCH 1997

(Continued)

14. Authorised and called up share capital

	<u>1997</u> <u>10 March</u> <u>£'000</u>	<u>1996</u> <u>31 December</u> <u>£'000</u>
<u>Authorised share capital:</u>		
1,090,000,000 Ordinary shares of 10p each	109,000	109,000
300,000,000 Redeemable Preference shares of 20p each	60,000	60,000
900,000,000 US\$ Ordinary Preference shares of 1 cent each (see below)	5,890	5,890
600,000,000 US\$ Convertible Preference shares of 1 cent each (see below)	2,945	2,945
	<u>177,835</u>	<u>177,835</u>
	<u>\$'000</u>	<u>\$'000</u>
<u>US Dollars:</u>		
900,000,000 Ordinary Preference shares of 1 cent each	9,000	9,000
600,000,000 Convertible Preference shares of 1 cent each	6,000	6,000
	<u>15,000</u>	<u>15,000</u>
	<u>£'000</u>	<u>£'000</u>
<u>Called up share capital:</u>		
<u>Sterling:</u>		
Allotted, called up, issued and fully paid:		
836,864,264 Ordinary shares of 10p each	83,687	83,660
227,552,614 Redeemable Preference shares of 20p each	45,512	45,512
US\$ Preference shares (see below)	6,804	6,804
	<u>136,003</u>	<u>135,976</u>
	<u>\$'000</u>	<u>\$'000</u>
<u>US Dollars:</u>		
836,192,748 Preference shares of 1 cent each	8,362	8,362
227,552,614 Convertible Preference shares of 1 cent each	2,276	2,276
	<u>10,638</u>	<u>10,638</u>

THE RANK ORGANISATION PLC

NOTES TO THE ACCOUNTS AT 10TH MARCH 1997

(Continued)

14. Authorised and called up share capital (Continued)

Sterling Redeemable Ordinary Preference shares of 20p each

- The shares carry no fixed dividend entitlement. In respect of any dividend declared attributable to Ordinary Preference shares 0.25% is deemed attributable to the Sterling Ordinary shares.
- Redeemable by Company at 1p per share in July 2007.

US\$ Preference shares

- The Convertible Preference share fixed dividend is paid in two equal instalments on 31st January and 31st July at 5.54 cents.
- The Ordinary Preference shares carry no fixed dividend entitlement. Any dividend declared attributable to Ordinary shares are deemed 99.75% attributable to the US\$ Preference shares.

Share capital and share premium account

	<u>Share capital</u>		<u>Total</u>	<u>Share premium account</u>
	<u>Ordinary</u>	<u>Preference</u>		
	£'000	£'000	£'000	£'000
Balance at 31st December 1996	83,660	52,316	135,976	524,742
Issue of 0.27m Ordinary shares of 10p each under option scheme at average premium of £2.34	27	-	27	633
Conversion of Preference shares	-	-	-	-
Balance at 10th March 1997	83,687	52,316	136,003	525,375

THE RANK ORGANISATION PLC

NOTES TO THE ACCOUNTS AT 10TH MARCH 1997

(Continued)

15. Reserves

	<u>Capital redemption reserve</u> £'000	<u>Revaluation reserve</u> £'000	<u>Other reserves</u> £'000
Balance at 31st December 1996	1,287	152,054	1,163,864
Profit and loss account	-	-	142,640
Preference redemption reserve accrual	-	-	405
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Balance at 10th March 1997	1,287	152,054	1,306,909
	<hr/>	<hr/>	<hr/>

16. Shareholders' funds

	£'000
Balance at 31st December 1996	1,977,923
Issue of Ordinary shares of 10p each	660
Movement on profit and loss account	142,640
CCRP Capital redemption reserve accrual charged to Profit & Loss	405
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Balance at 10th March 1997	2,121,628
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THE RANK ORGANISATION PLC

NOTES TO THE ACCOUNTS AT 10TH MARCH 1997

(Continued)

17. Directors

	<u>1997</u> <u>2 months</u> £'000	<u>1996</u> <u>12 months</u> £'000
Total emoluments of directors	-	2,849
Contribution to pension scheme	-	455
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	-	3,304
	<hr/>	<hr/>
Emoluments of Chairman	-	268
Emoluments of former Chairman	-	-
Emoluments of highest paid director	-	386
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The table which follows shows the number of Directors of the Company whose emoluments during the period, excluding pensions contributions, were within the bands stated.

	<u>1997</u> <u>2 months</u>	<u>1996</u> <u>12 months</u>
Emoluments - £:		
5,000 - 10,000	-	1
20,000 - 30,000	-	6
50,000 - 100,000	-	-
100,000 - 200,000	-	2
200,001 - 300,000	-	4
300,001 - 400,000	-	2
400,001 - 500,000	-	-
500,001 - 600,000	-	1

THE RANK ORGANISATION PLC

NOTES TO THE ACCOUNTS AT 10TH MARCH 1997

(Continued)

18. Staff number and costs

	<u>1997</u> <u>10 March</u>	<u>1996</u> <u>31 December</u>
Average number of employees	-	108
	<u>1997</u> <u>2 months</u> <u>£'000</u>	<u>1996</u> <u>12 months</u> <u>£'000</u>
<u>Aggregate costs:</u>		
Wages and salaries	-	6,652
Social security	-	661
Other pension costs	-	267
Other employment costs	-	886
	-	8,466

19. Contingent liabilities

There are contingent liabilities amounting to £16m (1996: £16m) in respect of indemnities.

20. Ultimate parent undertaking

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

The Rank Group Plc heads the largest and smallest higher group of undertakings for which group accounts are drawn up and of which the Company is a member.