

166,396

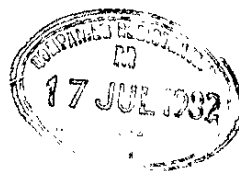
138

Ben Johnson

Ben Johnson and Company Limited

Report and Accounts

Year to 31st December 1981



BEN JOHNSON AND COMPANY LIMITED

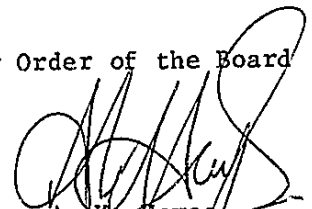
NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Ben Johnson and Company Limited will be held at the offices of the Company at Boroughbridge Road, York at 11.00 a.m. on 24 May 1982 for the following purposes:-

As ordinary business:-

- (1) To receive and approve the Directors' Report and the Accounts for the year ended 31 December 1981.
- (2) To reappoint Messrs. Arthur Andersen & Co. as Auditors of the Company and authorise the Directors to determine their remuneration.
- (3) To transact any other ordinary business of an Annual General Meeting.

By Order of the Board



A. K. Hayes
Secretary

Boroughbridge Road,
York YO2 5SS.

28 April 1982

DIRECTORS

J. A. Capstick Chairman
A. J. Dickin
D. Pilgrim
C. H. Renton
P. O. Williams
J. C. Dennis (U.S.A.)
J. W. Fletcher (U.S.A.)
F. J. Uvena (U.S.A.)
E. A. K. Denison

SECRETARY

A. K. Hayes

SOLICITORS

Denison, Suddards & Co.

AUDITORS

Arthur Andersen & Co.



REPORT OF THE DIRECTORS

The Directors submit their Report for the year ended 31 December 1981.

(1) Directors

The Directors of the Company during the year were as follows:-

J. A. Capstick	
E. A. K. Denison	
J. C. Dennis	
A. J. Dickin	(appointed 27 April 1981)
J. W. Fletcher	
D. Pilgrim	(appointed 5 January 1981)
C. H. Renton	
F. J. Uvena	
P. O. Williams	
J. Pairman	(resigned 12 February 1981)

No Directors have had any interest during the year which is required to be disclosed under Section 16 of the Companies Act 1967.

(2) Activities

The principal activities of the Company during the year were the manufacture of high quality colour printing and the retailing of stationery and office equipment.

(3) Results

The net loss for the year amounted to £1,616,782. The Directors recommend that this be deducted from the retained profits at the beginning of the year of £2,833,204 and that the balance of £1,216,422 be carried forward.

No dividend is proposed.

On 18 December 1981 the Company's parent company made a capital contribution of £4,000,000.

(4) Fixed assets

Capital expenditure during the year amounted to £4,885,216, details of which are provided in Note 6 to the Accounts.

The Directors are of the opinion that the land and buildings, which have a book value of £2,367,484, have a continuing use value in excess of this figure. The values of other fixed assets are not materially different from book values.

(5) Political and charitable donations

No contributions have been made for political purposes during the year. Charitable donations amounted to £550.

(6) Employees

During the year the Company employed an average of 471 persons whose aggregate remuneration was £3,878,000.

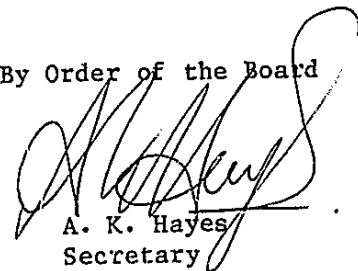
(7) Employment of disabled persons

The Directors believe that the Company gives full and fair consideration to applications for employment made by disabled persons. During the year the Company employed an average of 15 registered disabled persons.

(8) Auditors

The Auditors, Arthur Andersen & Co., Chartered Accountants, have indicated their willingness to continue in office and a resolution will be proposed to reappoint them.

By Order of the Board



A. K. Hayes
Secretary

Boroughbridge Road,
York YO2 5SS.

28 April 1982

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED

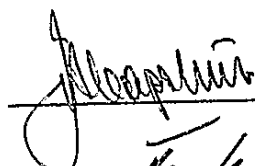

31 DECEMBER 1981

	<u>Note</u>	<u>1981</u>	<u>1980</u>
Sales		<u>£ 12,908,398</u>	<u>£ 15,275,648</u>
Profit (loss) before interest	2	£(601,584)	£ 553,309
Interest	3	<u>(1,015,198)</u>	<u>(609,037)</u>
Net Loss		(1,616,782)	(55,728)
Taxation	4	<u>-</u>	<u>-</u>
Loss after taxation		(1,616,782)	(55,728)
Retained profits at the beginning of the year		<u>2,833,204</u>	<u>2,888,932</u>
Retained profits at the end of the year		<u>£ 1,216,422</u>	<u>£ 2,833,204</u>

The relevant notes on pages 8 to 13 form part of these accounts.

BALANCE SHEET AS AT 31 DECEMBER 1981

	<u>Note</u>	<u>1981</u>	<u>1980</u>
<u>ASSETS EMPLOYED</u>			
Fixed assets	6	£ 11,310,931	£ 7,341,525
Leasing finance	7	(3,048,426)	(1,906,859)
Current assets			
Stocks	8	1,474,259	1,270,839
Debtors		2,728,966	2,260,007
Due from parent company		166,734	53,749
		<u>4,369,959</u>	<u>3,584,595</u>
Current liabilities			
Creditors		2,641,636	1,944,736
Bank borrowings	9	3,082,597	3,079,135
Current portion of leasing finance	7	<u>1,144,550</u>	<u>614,927</u>
		<u>6,868,783</u>	<u>5,638,798</u>
Net current liabilities		(2,498,824)	(2,054,203)
		<u>£ 5,763,681</u>	<u>£ 3,380,463</u>
<u>CAPITAL EMPLOYED</u>			
Shareholders' interests			
Share capital	10	£ 157,850	£ 157,850
Capital reserve		389,409	389,409
Capital contribution	11	4,000,000	-
Retained profits		<u>1,216,422</u>	<u>2,833,204</u>
		<u>£ 5,763,681</u>	<u>£ 3,380,463</u>

 J. A. Capstick)
 C. H. Renton)

Directors

28 April 1982

The relevant notes on pages 8 to 13 form part of these accounts.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31 DECEMBER 1981

	<u>1981</u>	<u>1980</u>
<u>Source of funds</u>		
Net loss	£(1,616,782)	£(55,728)
Depreciation	<u>538,888</u>	<u>440,822</u>
Generated from (used in) trading	(1,077,894)	385,094
Capital contribution by parent company	<u>4,000,000</u>	<u>-</u>
	<u>2,922,106</u>	<u>385,094</u>
<u>Application of funds</u>		
Changes in fixed assets		
Assets acquired	(4,885,216)	(2,846,459)
Assets sold	<u>376,922</u>	<u>26,881</u>
	(4,508,294)	(2,819,578)
(Increases) decreases in working capital		
Stocks	(203,420)	741,168
Debtors	(468,959)	517,753
Creditors	696,900	(1,486,527)
Parent Company	<u>(112,985)</u>	<u>(71,103)</u>
	<u>(88,464)</u>	<u>(298,709)</u>
	<u>(4,596,758)</u>	<u>(3,118,287)</u>
<u>Net cash flow</u>	<u>£(1,674,652)</u>	<u>£(2,733,193)</u>
Analysed as follows:		
Increase in bank borrowings	£(3,462)	£(686,115)
Increase in leasing finance	<u>(1,671,190)</u>	<u>(2,047,078)</u>
	<u>£(1,674,652)</u>	<u>£(2,733,193)</u>

The relevant notes on pages 8 to 13 form part of these accounts.

NOTES TO THE ACCOUNTS -- 31 DECEMBER 1981

(1) Accounting policies

(a) Fixed assets

All the fixed assets of the Company, other than 10 acres of freehold land, are stated at the amount at which they were revalued on 31 December 1964 less disposals, plus additions at cost. Regional Development Grants have been deducted from the cost of additions. The freehold land was valued at 31 March 1976 by professional valuers.

No depreciation is provided on freehold land. The cost or valuation of all other fixed assets is written off on a straight-line basis at the following rates per annum:-

Buildings	3%
Machinery and Equipment	5% - 20%
Vehicles	20%

The acquisition of certain plant is being financed by means of leases. The plant acquired has been capitalised at its cost value and will be depreciated in accordance with the above rates. The future liability to the leasing companies has been shown, net of deferred interest, as a liability in the Balance Sheet. Interest payable to the lessors is being charged against profits at the effective rates of interest for the duration of the primary periods of the leases.

(b) Stocks

Stocks and Work in Progress are stated at the lower of cost or net realisable value after deducting progress payments on uncompleted contracts and after providing for expected losses. Where appropriate, the value of stocks includes a proportion of applicable production overheads.

(c) Taxation

Deferred taxation is provided in respect of all significant timing differences, using the liability method, except where, in the opinion of the Directors, there is reasonable probability that the tax will not become payable for at least three years and there is no indication that the situation will change after that period.

(d) Consolidated accounts

The Company had one subsidiary company at 31 December 1981 which has not traded during the year. Consolidated accounts have not been prepared because of the insignificant amounts involved.

(e) Sales

Sales represent charges to customers exclusive of value added tax.

(2) Profit (loss) before interest

Profit (loss) before interest is stated after charging:-

	<u>1981</u>	<u>1980</u>
Directors' remuneration	£ 172,691	£ 117,079
Auditors' remuneration	13,000	12,000
Hire of equipment	46,633	53,436
Depreciation	538,888	440,822
Exceptional bad debt	<u>-</u>	<u>36,331</u>

(3) Interest

Interest paid on bank borrowings	£ 728,359	£ 510,046
Leasing interest	286,839	136,454
Sundry interest paid	-	3,050
Interest relief grant	<u>-</u>	<u>(40,513)</u>
	<u>£ 1,015,198</u>	<u>£ 609,037</u>

(4) Taxation

- (a) Due to the incidence of absolute tax losses, no taxation charge is required in 1981 or 1980.
- (b) No deferred taxation balance is required at 31 December 1981 because tax losses available for carry forward exceed taxation deferred by capital allowances.

Tax losses available at 31 December 1981 for offset against future taxable trading income amounted to approximately £5,200,000, of which approximately £4,400,000 has arisen from fixed asset timing differences and £280,000 from stock relief in respect of the two years ended 31 December 1981.

(5) Directors' remuneration

Directors' remuneration for
management services

<u>1981</u>	<u>1980</u>
<u>£ 172,691</u>	<u>£ 117,079</u>

The remuneration of the Chairman
during the year was £40,824
(1980 £36,589)

The remuneration of the other
Directors, excluding pension
contributions, fell within the
following ranges:

0 - £ 5,000	4	6
£ 5,001 - £10,000	-	1
£15,001 - £20,000	1	-
£20,001 - £25,000	4	1
£25,001 - £30,000	<u>-</u>	<u>1</u>

During 1981 one other employee (1980-two) received remuneration of between £20,000 and £25,000.

(6) Fixed assets

	<u>Land and Buildings</u>	<u>Plant and Machinery Owned</u>	<u>Leased</u>	<u>Total</u>
Book value at 1 January 1981	£ 2,235,269	£ 2,004,067	£ 3,102,189	£ 7,341,525
Additions at cost	177,667	581,034	4,126,515	4,885,216
Book value of disposals	-	(376,922)	-	(376,922)
Depreciation charged in the year	(45,452)	(263,912)	(229,524)	(538,888)
Book value at 31 December 1981	<u>£ 2,367,484</u>	<u>£ 1,944,267</u>	<u>£ 6,999,180</u>	<u>£ 11,310,931</u>

Representing assets
stated:

At cost	£ 1,946,785	£ 3,158,424	£ 7,445,288	£ 12,550,497
At valuation in 1976	180,000	-	-	180,000
At valuation in 1964	481,000	75,897	-	556,897
Less accumulated depreciation	(240,301)	(1,290,054)	(446,108)	(1,976,463)
	<u>£ 2,367,484</u>	<u>£ 1,944,267</u>	<u>£ 6,999,180</u>	<u>£ 11,310,931</u>

Notes: (a) Land and buildings are freehold. Depreciation is provided on all assets except freehold land which has a book value of £265,000.

(b) Commitments for capital expenditure at 31 December were:-

	<u>1981</u>	<u>1980</u>
Contracts placed	£ 1,096,000	£ 285,000
Further contracts authorised	<u>1,051,000</u>	<u>1,574,000</u>
	<u>£ 2,147,000</u>	<u>£ 1,859,000</u>

(7) Leasing finance

The future minimum lease payments to which the Company is committed as at 31 December 1981 under finance leases are as follows:

1982	£ 1,453,607
1983	1,013,496
1984	855,406
1985	623,782
1986	588,565
1987	<u>588,562</u>
	5,123,418
Finance charges allocated to future periods	<u>(930,442)</u>
	<u>£ 4,192,976</u>

The ultimate holding company has guaranteed £2,837,429 of minimum future lease payments, net of finance charges allocated to future periods.

Leasing finance is divided between non-current and current liabilities as follows:

	<u>1981</u>	<u>1980</u>
Current	£ 1,144,550	£ 614,927
Non-current	<u>3,048,426</u>	<u>1,906,859</u>
	<u>£ 4,192,976</u>	<u>£ 2,521,786</u>

(8) Stocks

Raw materials and other stocks	£ 961,040	£ 727,789
Work in Progress	<u>513,219</u>	<u>543,050</u>
	<u>£ 1,474,259</u>	<u>£ 1,270,839</u>

(9) Bank borrowings

Repayable within 1 year	<u>£ 3,082,597</u>	<u>£ 3,079,135</u>
-------------------------	--------------------	--------------------

The bank borrowings are guaranteed by the ultimate holding company.

(10) Share capital

Ordinary shares of £1 each - authorised, issued and fully paid	<u>£ 157,850</u>	<u>£ 157,850</u>
--	------------------	------------------

(11) Capital contribution

The capital contribution comprises a gift of £4,000,000 from the immediate Parent Company.

(12) Pension scheme

The Company operates a defined benefit pension scheme covering the majority of full time employees. The Company's contribution to the Pension Scheme for the year amounted to £257,000.

(13) Ultimate holding company

The Company's ultimate holding company is R. R. Donnelley & Sons Company which is incorporated in the State of Delaware, U.S.A.

SUPPLEMENTARY CURRENT COST ACCOUNTS

In accordance with Statement of Standard Accounting Practice No.16, the following abridged supplementary current cost accounts have been prepared on the basis of the policies and methods described in the notes on pages 16 and 17.

CURRENT COST PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1981

	<u>1981</u>	<u>1980</u>
	<u>£000</u>	<u>£000</u>
Sales	<u>12,908</u>	<u>15,276</u>
Historical cost profit (loss) before interest	(602)	553
Current cost operating adjustments -		
Cost of sales	100	219
Depreciation	363	311
Monetary working capital	<u>(13)</u>	<u>52</u>
	<u>450</u>	<u>582</u>
Current cost operating loss	(1,052)	(29)
Interest	(1,015)	(609)
Gearing adjustment	<u>237</u>	<u>204</u>
	<u>(778)</u>	<u>(405)</u>
Current cost loss attributable to shareholders	<u>(1,830)</u>	<u>(434)</u>

STATEMENT OF RETAINED PROFITS AND RESERVES

Reserves at 1 January 1981	7,642
Movement on current cost reserve	(85)
Current cost loss	<u>(1,830)</u>
Reserves at 31 December 1981	<u>5,727</u>

SUMMARISED CURRENT COST BALANCE SHEET

AT 31 DECEMBER 1981

	<u>Note</u>	<u>1981</u> <u>£000</u>	<u>1980</u> <u>£000</u>
ASSETS EMPLOYED			
Fixed assets	1	15,433	11,761
Stock		1,474	1,271
Monetary working capital		<u>254</u>	<u>369</u>
		<u>17,161</u>	<u>13,401</u>
FINANCED BY			
Share capital		158	158
Capital contribution		4,000	-
Retained profits		625	2,455
Current cost reserve	2	<u>5,102</u>	<u>5,187</u>
		9,885	7,800
Borrowings		<u>7,276</u>	<u>5,601</u>
		<u>17,161</u>	<u>13,401</u>

EXPLANATORY NOTES TO THE CURRENT COST ACCOUNTS

(1) Fixed Assets

	Gross Current Replacement Cost £000	Depreciation To Date £000	Net Current Replacement Cost £000	1980 Net Current Replacement Cost £000
Land and Buildings	5,754	929	4,825	5,000
Plant and Machinery	<u>14,662</u>	<u>4,054</u>	<u>10,608</u>	<u>6,761</u>
	<u>20,416</u>	<u>4,983</u>	<u>15,433</u>	<u>11,761</u>

The gross current cost of fixed assets has been derived as follows:-

Major plant has been restated using suppliers' advice; land and buildings have been assessed by the Directors on the basis of the actual cost of recent significant additions.

Minor plant has been restated using appropriate Government indices applied to the historical costs.

The depreciation charged in the current cost profit and loss account represents the current cost of the proportion of fixed assets consumed in the year. This charge was £363,000 greater than in the historical cost accounts.

(2) Current cost reserve

	<u>1981</u>	<u>1980</u>
	<u>£000</u>	<u>£000</u>
Balance at 1 January	5,187	3,501
Revaluation surpluses -		
Fixed assets	65	1,619
Stock	100	219
Monetary working capital adjustment	(13)	52
	5,339	5,391
Gearing adjustment	(237)	(204)
Balance at 31 December	<u>5,102</u>	<u>5,187</u>
Representing -		
Realised surpluses	591	378
Unrealised surpluses	<u>4,511</u>	<u>4,809</u>
	<u>£ 5,102</u>	<u>£ 5,187</u>

The realised element of the current cost reserve represents the net cumulative total of the current cost adjustments which have been passed through the profit and loss account. Thus it represents the difference between historical and current cost profits since current cost accounts were first prepared.

(3) Operating assets and the gearing ratio

The net current replacement cost of the operating assets at the balance sheet dates together with the means by which they were financed were as follows:-

NET OPERATING ASSETS:

	<u>1981</u>	<u>1980</u>
	<u>£000</u>	<u>£000</u>
Fixed assets	15,433	11,761
Working capital	<u>1,728</u>	<u>1,640</u>
	<u>£17,161</u>	<u>£13,401</u>

FINANCED BY:

Shareholders' interest	9,885	7,800
Borrowings	<u>7,276</u>	<u>5,601</u>
	<u>£17,161</u>	<u>£13,401</u>

The gearing adjustment has been applied to abate the current cost operating adjustments by the average gearing proportion during the year.

REPORT OF THE AUDITORS

TO THE MEMBERS OF BEN JOHNSON AND COMPANY LIMITED

We have audited the accounts of BEN JOHNSON AND COMPANY LIMITED set out on pages 5 to 13 in accordance with approved Auditing Standards.

In our opinion the accounts, which have been prepared on the historical cost basis, give a true and fair view of the state of the Company's affairs at 31 December 1981, and of the loss and source and application of funds for the year ended on that date, and comply with the Companies Acts 1948 to 1981, insofar as the provisions of those Acts apply to these accounts.

Further, in our opinion the abridged Supplementary Current Cost Accounts set out on pages 14 to 17 have been properly prepared, in accordance with the methods described in the accompanying notes, to give the information required by Statement of Standard Accounting Practice No.16.

Arthur Andersen & Co.

Arthur Andersen & Co.
Leeds

28 April 1982