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Ben Johnson

Ben Johnson and Company Limited

Report and Accounts



Year to 31st March 1978



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 Tuesday, 10th October 1978, for the following purposes:-

As ordinary business:

1. To receive and approve the Directors' Report and the Financial Statements for the year ended 31st March, 1978.
2. To approve dividends paid to shareholders.
3. To appoint Messrs. Arthur Andersen and Company as Auditors of the company and authorise the directors to determine their remuneration.
4. To transact any other ordinary business of an annual general meeting.

By Order of the Board



C. H. RENTON.
Secretary

Boroughbridge Road,
York.

18th September, 1978.

Note:

A member entitled to attend and vote at the above Annual General Meeting is entitled to appoint a proxy (whether a member or not) to attend and on a poll to vote, instead of him or her.

DIRECTORS

J. A. Capstick

J. Pairman

C. H. Renton

G. K. Davey

R. H. Lutz (U.S.A.)

J. C. Dennis (U.S.A.)

J. W. Fletcher (U.S.A.)

E. A. K. Denison

Chairman and Managing Director

Deputy Managing Director

Financial Director

Sales and Marketing Director

SECRETARY

C. H. Renton

SOLICITORS

Denison, Suddards & Co.

AUDITORS

Barron and Barron
Chartered Accountants

BANKERS

Midland Bank Limited

REPORT OF THE DIRECTORS

The Directors submit their report for the year ended 31st March 1978.

1. Change of Ownership of the Company.

On 12th April 1978, the whole of the share capital of the company was acquired by R. R. Donnelley and Sons Company of Chicago, Illinois, U.S.A.

2. Share Capital

In order to facilitate the take-over the share capital of the company was reorganised on 12th April 1978. The existing 55,000 Ordinary Shares of £1 each were converted to 8% Preference Shares and 11,000 new Ordinary Shares of 10p each were issued by capitalisation of reserves to the holders of the former ordinary shares.

On 8th August 1978, the share capital was further re-organised and the whole of the issued share capital was converted into £1 ordinary shares.

3. Directors

Mr. G. K. Davey was appointed Sales and Marketing Director on 26th September 1977.

On 12th April 1978, Messrs. R. H. Lutz, J. C. Dennis and J. W. Fletcher, who are senior executives of the Parent Company, were appointed directors and on 14th June 1978, Mr. E. A. K. Denison was also appointed to the Board.

The Board regret to record that Mr. P. R. Down died on 7th November 1977.

4. Directors' Shareholdings

At 1st April 1977 and 31st March 1978, directors' shareholdings were as follows:

	Ordinary Shares		11% Non-Cumulative Preference Shares	
	1978	1977	1978	1977
J. A. Capstick	175	175	30,015	30,015
J. Pairman	165	165	-	-
C. H. Renton	165	165	-	-

None of the directors have been holders of 4.2% Preference Shares.

On 12th April 1978, all the above shares were acquired by R. R. Donnelley and Sons Company.

5. Activities

The principal activities of the company, which remained unchanged during the year, are the manufacture of high quality colour printing and the retailing of stationery and office equipment.

6. Subsidiary Companies

At 31st March 1978 the company had the following subsidiaries:

	% of Share Capital Owned	Country of Incorporation
Bingo Ticket Co. Ltd.	51%	England
P.J. Greenaway Ltd.	100%	England
Ben Johnson (Pty.) Ltd.	100%	South Africa

The share capital of all the companies consists of ordinary shares.

P. J. Greenaway Ltd., is a company engaged in print finishing and a major supplier to the Bingo Ticket Company Ltd. The company was acquired to assure a continuing source of production.

Ben Johnson (Pty.) Ltd. was formerly an associated company. As a preliminary to the sale of the share capital of Ben Johnson and Company Ltd. to R. R. Donnelley and Sons Company the shares in Ben Johnson (Pty.) Ltd. held by the Johnson family were acquired by Ben Johnson and Company Ltd.

Since 31st March 1978 the Bingo Ticket Company Ltd. and the assets of P. J. Greenaway Ltd. have been sold and Ben Johnson (Pty.) Ltd. has been placed into members voluntary liquidation.

7. Results

Profit before taxation and dividends		£287,275
Less: Taxation charge		158,717
		<u>128,558</u>
Less: Goodwill written off	19,667	
Provision for loss on liquidation of South African subsidiary	27,851	
Minority Shareholders share of Profits	<u>1,351</u>	48,869
		<u>79,689</u>
Less: Dividend on 4.2% Preference Shares	840	
Dividend on 11% Non-cumulative Preference Shares	<u>8,993</u>	9,833
Retained Profits transferred to Reserve		<u><u>£69,856</u></u>

8. Turnover and Profit

The contributions to turnover and profit excluding investment income and interest charges were as follows:

	Total	Printing	Office Equipment
Turnover	£8,786,475	£8,485,168	£301,307
Profit	£358,154	£321,552	£36,602

9. Exports

Exports of printing during the year amounted to £488,853.

10. Fixed Assets

The directors are of the opinion that land and buildings which have a book value of £377,049 have a continuing use value in excess of £1,000,000. The values of other fixed assets are not materially different from book values.

11. Political and Charitable Donations

No contributions have been made for political purposes during the year. For charitable purposes, donations amounted to £354.

12. Employees

During the year the group employed an average of 589 (excluding directors) whose aggregate remuneration was £2,196,819.

13. Auditors

The auditors, Barron and Barron, Chartered Accountants, have indicated that they do not wish to continue in office and a resolution will be proposed to appoint Messrs. Arthur Andersen and Company.

By Order of the Board



C. H. RENTON.
Secretary

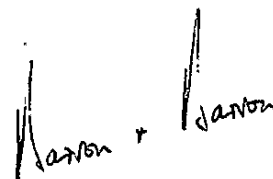
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1. . . September, 1978.

REPORT OF THE AUDITORS
TO THE MEMBERS OF BEN JOHNSON AND COMPANY LIMITED

We have examined the Accounts set out on pages 7 to 16.
With the exception of certain assets stated at valuation,
these have been prepared under the historical cost
convention.

In our opinion these Accounts give, under the accounting
convention stated above and so far as concerns the members
of the holding company, a true and fair view of the state
of affairs at 31st March 1978 and of the profit and source
and application of funds for the year ended on that date
and comply with the Companies Acts 1948 and 1967.

Handwritten signatures of Barron and Barron, with a small 'r' between them.

BARRON AND BARRON

Chartered Accountants

Garforth House
54 Micklegate
York

18th September 1978

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 1978

	Note	1978	1977
Sales	1	<u>£8,786,475</u>	<u>£7,464,634</u>
Profit before Interest and Tax	2	370,268	363,989
Interest	3	<u>(82,993)</u>	<u>(111,535)</u>
Profit subject to Tax		287,275	252,454
Tax	4	<u>(158,717)</u>	<u>(140,581)</u>
Profit after Tax		128,558	111,873
Goodwill arising on consolidation written off		(19,667)	-
Provision for loss on liquidation of South African subsidiary		(27,851)	-
Minority Shareholders share of profits		(1,351)	1,249
Profits of Associated Company		-	8,064
Amount written off loan to Associated Company		<u>-</u>	<u>(6,869)</u>
Profit available to Shareholders of which £87,351 (1977 - £115,617) is dealt with in the accounts of the holding company		79,689	114,317
Dividends Paid and Proposed			
4.2% Preference Shares	840		840
11% Non-cumulative Preference Shares	8,993		8,993
Ordinary Shares at Nil per share (1977:19.50969p per share)	-	<u>(9,833)</u>	<u>10,730</u> <u>(20,563)</u>
Retained Profits transferred to Reserve			
Holding Company	77,518		95,054
Subsidiary Companies	<u>(7,662)</u>	<u>£ 69,856</u>	<u>(1,300)</u> <u>£ 93,754</u>

The relevant notes on pages 11 to 15 form part of these accounts.

These are the Balls
referred to in the
J. P. Rain
777

ASSETS EMPLOYED

Net Current Assets

CAPITAL EMPLOYED

Ordinary Shareholders' Interests

Preference Shares Issued	9
Deferred Tax	11
Minority Shareholders Interests	

J. PAIRMAN
C. H. RENTON Directors

The relevant notes on pages 11 to 15 form part of these accounts.

BALANCE SHEET
Certificate A.
Chairman
DIRECTOR
SECRETARY

BALANCE SHEET AS AT 31st MARCH 1977

ASSETS EMPLOYED	Note	1978	1977
Fixed Assets	6		
Land and Buildings		557,897	543,699
Plant, Machinery, Equipment and Vehicles		<u>1,271,652</u>	<u>1,219,079</u>
		1,829,549	1,762,778
Investments at Cost			
Quoted Securities			
(Market Value - £33,438 1977 - £12,669)		32,347	15,800
Associated Company		-	42,613
Housing Loans	7	<u>25,099</u>	<u>28,395</u>
		57,446	86,808
Investments in Subsidiaries			
Cost of Shares		10,573	510
Amounts owing		<u>53,570</u>	<u>39,262</u>
		64,143	39,772
Current Assets			
Stock and Work in Progress		1,013,278	923,189
Debtors and Accrued Income		1,699,984	1,724,094
Cash in Hand		646	261
		<u>2,713,908</u>	<u>2,647,544</u>
Current Liabilities			
Creditors and Accrued Charges		1,076,437	1,018,714
Bills Payable		315,695	267,588
Bank Borrowings	8	795,896	970,998
Proposed Dividends		-	20,563
Current Taxation		5,065	10,802
		<u>2,193,093</u>	<u>2,288,665</u>
Net Current Assets		520,815	358,879
		<u>£2,471,953</u>	<u>£2,248,237</u>
CAPITAL EMPLOYED			
Ordinary Shareholders' Interests			
Ordinary Shares Issued	9	55,000	55,000
Reserves	10	<u>1,483,842</u>	<u>1,406,324</u>
		1,538,842	1,461,324
Preference Shares Issued	9	101,750	101,750
Deferred Tax	11	831,361	685,163
		<u>£2,471,953</u>	<u>£2,248,237</u>

J. Fairman

J. FAIRMAN
C. H. BENSON Directors

The relevant notes on pages 11 - 15 form part of these accounts.

STATEMENT OF ACCOUNTING POLICIES

1. Fixed Assets.

All the fixed assets of the company, other than undeveloped freehold land, are stated at the amount at which they were revalued on 31st December 1964, less disposals, plus additions at cost. The undeveloped freehold land adjacent to the factory at Boroughbridge Road, York, was valued at 31st March 1976, by G. F. Singleton & Co., Valuers, Auctioneers and Estate Agents.

No depreciation is provided on the undeveloped freehold land. The cost or valuation of all other fixed assets is written off on a straight line basis over their estimated remaining useful lives.

2. Stock 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.

3. Deferred Tax

Provision has been made for taxation liabilities which are deferred due to the availability of capital allowances in excess of depreciation charges, stock appreciation relief and taxation potentially arising on the disposal of undeveloped land.

4. Consolidated Accounts

In previous years Consolidated Accounts have not been prepared in view of the insignificant amounts involved in the subsidiaries. Consolidated Accounts have been prepared at 31st March 1978 and comparative figures have been adjusted to a consolidated basis.

NOTES TO THE ACCOUNTS

	1978 £	1977 £
1. Sales		
Sales represent charges to group customers exclusive of value added tax		
2. Profit before Interest and Tax		
Profit before Interest and Tax is stated after charging,		
Directors Remuneration (see note 5)	68,975	67,257
Auditors Remuneration	5,885	2,920
Hire of Equipment	34,657	13,809
Depreciation	153,085	147,694
and after crediting		
Income from Quoted Investments	4,269	1,640
Surplus on Sale of Investments	7,847	791
Surplus on Sale of Fixed Assets	11,800	66,629
3. Interest		
Interest Paid on Bank Loan and Overdraft	78,938	108,657
Sundry Interest Paid	11,087	7,626
Interest Relief Grant	(4,410)	(2,940)
Sundry Interest Received	(2,622)	(1,808)
	<u>£82,993</u>	<u>£111,535</u>
4. Tax		
Tax on investment income	194	680
Corporation Tax on the profits of the year as adjusted for tax purposes and including amounts deferred	158,365	140,421
Adjustment in respect of previous year	158	(520)
	<u>£158,717</u>	<u>£140,581</u>

At 31st March 1978, the company had unrelieved capital allowances amounting to £424,000.

5. Directors Remuneration

	1978	1977
Compensation for loss of office	-	20,000
Other emoluments	56,575	43,507
	<u>56,575</u>	<u>63,507</u>
Pensions to former directors	12,400	3,750
	<u>£68,975</u>	<u>£67,257</u>

The remuneration of the Chairman during the year was £16,844 (1977: £15,000).

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

0 - £2,500	1	2
£2,501 - £5,000	1	1
£5,001 - £7,500	1	-
£7,501 - £10,000	-	2
£10,001 - £12,500	1	-
£12,501 - £15,000	1	-

Other employees earning in excess of £10,000 were

£10,001 - £12,500	1	1
£15,001 - £17,500	1	-

6. Fixed Assets - Group

	Land and Buildings	Plant and Machinery	Total
Book Value at 1st April 1977	543,699	221,68	765,380
Additions by acquisition		3,4	3,432
Additions at cost	29,358	277,773	307,131
Less Grants receivable	-	(3,740)	(3,740)
Book Value of assets	(9,387)	(34,874)	(44,261)
Depreciation charged in the year	(5,773)	(147,312)	(153,085)
Book Value at 31st March 1978	<u>£557,897</u>	<u>£1,316,960</u>	<u>£1,874,857</u>
Representing assets stated			
At Cost	65,596	1,937,410	2,003,006
At Valuation in 1976	180,000	-	180,000
At Valuation in 1964	481,000	263,903	744,903
Less Accumulated Depreciation	(168,699)	(884,353)	(1,053,052)
	<u>£557,897</u>	<u>£1,316,960</u>	<u>£1,874,857</u>

Fixed Assets - Company

	Land and Buildings	Plant and Machinery	Total
Book Value at 1st April 1977	543,699	1,219,079	1,762,778
Additions at Cost	29,358	227,203	256,561
Less Book value of assets sold or scrapped	(9,387)	(32,358)	(41,745)
Depreciation charged in the year	(5,773)	(142,272)	(148,045)
Book Value at 31st March 1978	<u>£557,897</u>	<u>£1,271,652</u>	<u>£1,829,549</u>
Representing assets stated			
At Cost	65,596	1,886,391	1,951,987
At Valuation in 1976	180,000	-	180,000
At Valuation in 1964	481,000	263,903	744,903
Less Accumulated Depreciation	(168,699)	(878,642)	(1,047,341)
	<u>£557,897</u>	<u>£1,271,652</u>	<u>£1,829,549</u>

Notes: 1. Land and buildings are freehold except for an office building held on a short lease. The book value of the leasehold premises is £848. Depreciation is provided on all assets except undeveloped freehold land which has a book value of £180,000.

2. A taxation liability estimated at £90,000 would arise on the disposal of the undeveloped freehold land at its 1976 valuation of £180,000

3. Commitments for Capital Expenditure at 31st March 1978 were:

	Group and Company	
	1978	1977
Contracts placed	813,800	50,000
Further Contracts authorised	15,200	2,500
Sales of equipment	(52,400)	-
	<u>£776,600</u>	<u>£52,500</u>

7. Housing Loans

The loans have been made to employees interest free and are secured by second mortgages.

8. Bank Borrowings	1978	1977
Group: Loan	185,000	365,000
Overdrafts	621,467	605,998
	<u>£806,467</u>	<u>£970,998</u>
Company: Loan	185,000	365,000
Overdraft	610,896	605,998
	<u>£795,896</u>	<u>£970,998</u>

The loan is repayable by 30th April 1979. The bank borrowings are secured by a fixed and floating charge on the assets of Ben Johnson and Co. Ltd.

9. Share Capital	Authorised 1978	1977	Issued and Fully Paid 1978	1977
4.2% Preference Shares of £1 each	20,000	20,000	20,000	20,000
11% Non-cumulative Preference Shares of 50p each	81,750	81,750	81,750	81,750
	<u>101,750</u>	<u>101,750</u>	<u>101,750</u>	<u>101,750</u>
Ordinary Shares of £1 each	55,000	55,000	55,000	55,000
	<u>£156,750</u>	<u>£156,750</u>	<u>£156,750</u>	<u>£156,750</u>

The share capital of the company was altered on 12th April and 10th August 1978. Details are given in the Directors Report.

10. Reserves	Group 1978	1977	Company 1978	1977
Revenue Reserves:				
Balance at 1st April 1977	1,104,515	1,010,761	1,105,815	1,010,761
Retained Profits for the year	69,856	93,754	77,518	95,054
	<u>1,174,371</u>	<u>1,104,515</u>	<u>1,183,333</u>	<u>1,105,815</u>
Capital Reserves:				
Balance at 1st April 1977	300,509	300,509	300,509	300,509
	<u>£1,474,880</u>	<u>£1,405,024</u>	<u>£1,483,842</u>	<u>£1,406,324</u>

11: Deferred Tax

	1978	1977
	£	£
Balance at 1st April 1977	682,608	553,205
Charge for Corporation Tax on the profits of the year	153,219	140,421
Adjustment to Corporation Tax in respect of the profits of the previous year	158	(520)
Advance Corporation Tax carried forward	(4,624)	(10,498)
	<u>£831,361</u>	<u>£682,608</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED 31st MARCH 1978

	1978 £	1977 £
Source of Funds		
Profit before Tax	287,275	252,454
Adjustment for items not involving the movement of funds		
Depreciation	153,085	147,694
Generated from Trading	440,360	400,148
Changes in Investments	(18,155)	21,296
Issue of Ordinary Shares (including issue by subsidiary to minority shareholders)	-	990
	<u>422,205</u>	<u>422,434</u>
Application of Funds		
Changes in Fixed Assets		
Purchases	(310,563)	(581,600)
Sales	44,261	55,968
Grants Received	3,740	1,215
	<u>(262,562)</u>	<u>(524,417)</u>
Dividends Paid	(30,396)	(9,666)
Tax Paid	(10,555)	(10,569)
Changes in Working Capital		
Increase in Stocks	(112,941)	(258,290)
Increase in Debtors	(1,965)	(883,415)
Increase in Creditors	171,584	590,430
	<u>56,678</u>	<u>(551,275)</u>
	<u>(246,835)</u>	<u>(1,095,927)</u>
Reduction in Bank Borrowings and Cash Balances (1977 - Increase)	<u>£175,370</u>	<u>£(673,493)</u>