

BEN JOHNSON AND COMPANY LIMITED

REPORT AND ACCOUNTS

1975

INDEX

	<u>Page</u>
Directors and Advisers	1
Notice of Meeting	2
Chairman's Statement	3
Report of the Directors	4-5
Report of the Auditors	6
Statement of Accounting Policies	7-8
Profit and Loss Account	9
Notes on Profit and Loss Account	10
Balance Sheet	11
Notes on Balance Sheet	12-14
Source and Application of Funds	15

DIRECTORS

J. A. Capstick	Chairman and Managing Director
A. C. Johnson	Deputy Chairman
C. E. Powell	Production Director
R. C. Brown	Secretary
J. Pairman	Works Director

SECRETARY

R. C. Brown

SOLICITORS

Linklaters & Paines

AUDITORS

Barron and Barron  
Chartered Accountants

BANKERS

Midland Bank Limited

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 2 p.m. on Friday, 1st August, 1975, for the following purposes:-

As ordinary business:

1. To receive the Directors' Report and the Accounts for the year ended 31st March 1975.
2. To declare a dividend on the ordinary share capital.
3. To elect directors.
4. To authorise the directors to determine the remuneration of the auditors.
5. To transact any other ordinary business of an annual general meeting.

By Order of the Board,

*Robert C. Brown*  
ROBERT C. BROWN  
Secretary.

9th July, 1975.

Boroughbridge Road,  
York.

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.

The year end 1974/75 was saddened by the death of our late Chairman, Bernard Johnson, whose vision and leadership has put the Company high amongst the leaders of our industry. The Board of Directors welcomes Mrs. A. C. Johnson who has agreed to serve the Company with much greater involvement as an Executive Director and Deputy Chairman. I am sure we will greatly benefit from the experience she has gained from 18 years as a Director of the Company and 40 years of close working relationship with her husband.

The main items of capital expenditure during the year, apart from the completion of the power station now making the factory completely independent during a national electricity emergency, were

1. An automatic liquid pumping and storing system for the bulk handling and efficient control of liquids throughout the factory.
2. A complete paper and board baling plant using a vacuum suction trunking system to take waste from all parts of the factory to a central cyclone and baling plant.
3. An automatic pallet strapping system.

All three of these items were designed to reduce ever-increasing direct labour charges by automating duties previously performed by assistants. Together with the completion of the power station they cost £45,750.

During the year the alumina cement used to joint the main support beams of the roof in the web hall had to be replaced by Portland cement at a cost of £30,000.

All Letterpress activities have now ceased and the remaining Letterpress equipment sold.

1975 has seen a continuation of inflation and a diminution of demand from our customers. This unwelcome trend began for us between November and December 1974. Before this the Company experienced a rise in demand which, together with materials supply shortages, necessitated higher paper stocks than is normal.

Since the turn of the year the Company has concentrated on its liquidity. The loan for the purchase of the web machine is being reduced from its peak of £300,000 to £100,000. The stocks made necessary by difficult supply conditions in 1974 have been greatly reduced, again improving the Company's liquidity. All capital expenditure has been postponed until some improvement is seen in the general trading conditions of the industry and indeed the country.

Summed up, our figures for the year 1974/75 have shown considerable improvement. The factory turnover has increased to £4,309,436 and that of the shop to £189,339. The total figure of profit before taxation is £235,121, after allowing an extra £32,000 depreciation because of the increase in wear and tear with regular overtime in the past few years.

Shareholders will wish to greet Mr. Pairman who from being Works Manager has become our Works Director. In the not too distant future we hope that the Board will be joined by a new Financial Director to take the burden of day to day financial administration from the shoulders of Mr. Brown who has had to carry the great increase of such activities unaided.

Trading conditions at the moment are difficult and the year ahead will not be easy. It is not possible, therefore, to state with any certainty what our experience will be for this financial year. Our destiny, like all of British industry, is substantially dependent on the recovery of the economy and the absence of industrial strife.

*Meapstun*

Report of Directors  
Year to 31st March 1975

The Directors submit their report for the year ended 31st March 1975.

1. Directors

It is with deepest regret that we have to report that our Chairman, Bernard Paul Johnson, died on 1st May 1975.

The following were the Directors of the Company during year to 31st March 1975 and their shareholdings at 1st April 1974 and 31st March 1975.

	<u>Ordinary Shares</u>		<u>Preference Shares</u>	
	<u>1975</u>	<u>1974</u>	<u>1975</u>	<u>1974</u>
The late B. P. Johnson M.A., F.S.A.	1,245	1,250	-	-
Mrs. A. C. Johnson	25,750	25,750	10,000	10,000
J. A. Capstick	5	-	-	-
C. E. Powell	-	-	-	-
R. C. Brown	-	-	-	-

Mr. J. A. Capstick was appointed Joint Managing Director with effect from 1st April 1974.

Since the end of the year under review, the following appointments have been made:

Mr. J. A. Capstick to be Chairman and Managing Director with effect from 1st May 1975.

Mrs. A. C. Johnson to be Deputy Chairman and an executive director with effect from 7th May 1975, and

Mr. J. Pairman to be Works Director from 1st April 1975.

2. 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 machinery.

3. Results

The profit before taxation, dividends and transfer to reserves amounted to	£235,121
Less: Taxation fully transferred to deferred taxation account	<u>133,592</u>
	101,529
	<u>10,000</u>
Less: Transfer to Bad Debts Reserve	£91,529
	<u>840</u>
Less: Dividend on Preference Shares (4.2%)	£90,689
The Directors recommend after limitation by H.M. Treasury a dividend on ordinary shares of 16.12372 pence per share	<u>8,787</u>
The profit recommended to be retained amounts to	<u>£81,902</u>

Report of Directors  
Year to 31st March 1975  
Continued 1

4. Turnover

The appropriate contributions apart from investments were as follows:

	<u>Total</u>	<u>Printing</u>	<u>Retailing</u>
Turnover	£4,498,775	£4,309,436	£189,339
Profit	£233,620	£216,029	£17,591

5. Exports

Exports of printing during the year amounted to £10,093.

6. Fixed Assets

The main additions to fixed assets during the year were the provision of a waste extraction and baler plant, the piping for solvents through the factory and the installation of photo-type film setting.

In June 1972, Lawson Larg & Co., Chartered Surveyors, York, valued the unoccupied land adjacent to the factory at £200,000 and the land on which the buildings stand at £245,000.

7. Political and Charitable Subscriptions

No contributions have been made for political purposes during the year. For charitable purposes, contributions amounted to £65.

8. Employees

During the year the company employed an average of 552 (excluding directors) whose aggregate remuneration was £1,272,405.

9. Election of Directors

Mr. C. E. Powell retires under Article 103(8) and being eligible offers himself for re-election.

Mr. J. Pairman, having been appointed under Article 103(2) on 1st April 1975, retires under that article and being eligible offers himself for re-election.

10. Auditors

The auditors, Barron & Barron, Chartered Accountants, have intimated their willingness to continue in office and will continue under the provisions of Section 159(2) of the Companies Act 1948.

By order of the Board

*Robert C. Brown*  
Secretary

9th July 1975

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

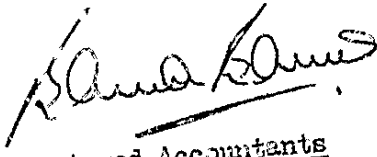
We report on the Accounts set out on pages 9 to 14, the information on pages 7 and 8 and the statement of source and application of funds set out on page 15.

We have not audited the Accounts of Ben Johnson (Pty.) Limited, South Africa. The figure quoted for the sterling equivalent of this Company's profits for the year ended 30th June, 1974 under Statement of Accounting Policies note 2 Associated Company has been computed by reference to Accounts prepared and audited by Messrs. R.R. Syfret and Mackeurtan, Chartered Accountants (S.A.) Cape Town. The valuation made by Messrs. Max Pollak and Freemantle of the investments held by Ben Johnson (Pty.) Limited at 31st March, 1975 has been examined.

In our opinion the Accounts, information and statement together give a true and fair view of the state of affairs at 31st March, 1975 and of the profit and source and application of funds for the year ended on that date and comply with the Companies Acts 1946 and 1967.

Garforth House,  
94, Micklegate,  
York.

9th July 1975.

  
Chartered Accountants

## 1. Fixed Assets

### 1.1. Cost or Value

All the fixed assets of the Company are stated at the amount at which they were revalued on 31st December, 1964 less disposals, plus additions at cost. As the revaluation took place before capital gains tax was introduced no estimate has been made of any potential capital gains tax liability if the assets were to be realised for their revaluation amount.

### 1.2. Depreciation

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 useful lives.

### 1.3. Investment Grants

Previously these have been treated as a reduction of the taxation charge of the Company calculated by reference to the estimated useful lives of the assets giving rise to the grants. This year the whole of the balance not yet transferred to Profit and Loss Account has been transferred to the Deferred Taxation account.

## 2. Associated Company

The Company owns 33 $\frac{1}{3}$ % of the issued share capital of Ben Johnson (Pty.) Limited, South Africa. The assets consist of cash and quoted ordinary shares in South African companies which were valued at £77,028 at 31st March, 1975 (1974: £107,392).

From 6th April, 1965, this company, which is resident in the United Kingdom for tax purposes has been subject to Corporation Tax. In 1971 the Directors of the South African company informed the Company of the difficulties with the Exchange Control Commission of South Africa in their endeavours to transfer cash from South Africa to the United Kingdom to pay the British tax liability. A further request during this year failed yet again. The United Kingdom Inland Revenue accepted our claim to be relieved of further assessment to Corporation Tax in these present circumstances. However, they have issued assessments for apportionment of shortfall to the participators in the company. The Directors of the South African company, having satisfied the South African fiscal authorities, declared a dividend of R.4.300 per share which was received in the United Kingdom on 3rd April, 1975, subject to a withholding tax of 15% in South Africa, and therefore amounted to a dividend in sterling of £2,257.65p.

Consideration is being given to the liquidation of this company after 30th June, 1975, subject to the fiscal requirements of the Republic of South Africa and the United Kingdom.

Profits and losses of the South African company have never been taken into account by the Company. Under the Statements of Standard Accounting Practice for Accounting for Results of Associated Companies the income and profits should be consolidated in the Company's accounts. In view of the



BEN JOHNSON AND COMPANY LIMITED  
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

position of the South African company, your Directors are of the opinion they cannot so do. Profits for the year to 30th June, 1974, amounted to £2,666 (1973: £1,843), after providing £1,881 (1973: £1,740) for the contingent liability to United Kingdom tax.

3. Stocks and Work in Progress

These are stated at the lower of cost or net realisable value after deducting progress payments on uncompleted contracts and after providing for expected losses.

4. Debtors

Bad debts are written off when they prove to be irrecoverable. A general provision based on the age of the debt is raised on all outstanding debtors and rounded to the nearest £5,000.

5. Deferred Taxation

Deferred taxation arises through the rates of depreciation in financial accounts differing from the rates of capital allowances for taxation purposes. The difference between the book and the tax written down values at 31st March, 1975 is £865,196.

After adjusting for the current year's deferred liability on profits and for ACT payable to date, the total sum required (at the current known rate of 52%) is £464,585. Had a similar account been in existence at 31st March, 1974, the total sum required calculated on the same basis, would have been £338,206 and the Balance Sheet figures for that year have been re-stated accordingly.

The account has been created as follows:

1.	By transfer from Capital Reserve: Assets were revalued at 31st December, 1964 and a capital reserve created from the resulting increase in value. The portion attributable to assets subject to capital and writing down allowances for tax purposes was £584,735.		
	Corporation Tax at 52% thereon		304,062
2.	By transfer from investment grants equalisation account (see 1.3. above)		33,480
3.	Charged to profits brought forward at 31st March, 1974		664
	<u>Total at 31st March, 1974</u>		<u>338,206</u>
4.	Charge for taxation in Profit and Loss Account for year	133,592	
	<u>Deduct</u> ACT payable in respect of this year	<u>7,213</u>	<u>126,379</u>
	<u>Total at 31st March, 1975</u>		<u>£464,585</u>

PEN JOHNSON AND COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1975

	Note	1975	1974
<u>Turnover</u>	1	<u>£4,498,775</u>	<u>£3,221,02</u>
<u>Trading Profit</u>		208,994	60,17
after charging:		313,211	243,14
		522,205	303,91
Directors' Remuneration	2	49,225	48,072
Auditors' Remuneration		1,400	1,400
Bank Interest Payable		92,878	62,647
Depreciation	3	165,254	129,547
Bad Debts		4,454	2,076
		<u>313,211</u>	<u>243,742</u>
<u>Other Income and Gains</u>			1,574
Income from Quoted Investments		1,501	1,522
Interest Receivable		-	48
Surplus (1974: Deficit) on Disposal of Fixed Assets		24,850	(11,109)
		<u>26,351</u>	<u>(9,487)</u>
<u>Less: Loss on Realisation of Investments</u>		<u>224,4</u>	<u>26,127</u>
			-
		26,127	(9,487)
<u>Profit before Taxation</u>		✓ 235,121	✓ 50,684
<u>Taxation</u>	4	133,592	12,774
<u>Profit available for Appropriation</u>		<u>£101,529</u>	<u>£37,912</u>
<u>Appropriated as follows:</u>			
<u>Dividends Paid and Proposed</u>			
Preference Shares @ 4.2% (1974: 4.2%)		340	840
Ordinary Shares @ 16.12372p per Share (1974: 14.77431p per share)		8,787	9,627
			8,052
			8,89
<u>Transfer to Reserves</u>		✓ 10,000	✓ (10,000)
Bad Debts Reserve			
		81,902	39,020
<u>Profit Retained</u>		<u>£101,529</u>	<u>£37,912</u>

The notes on page 10 form an integral part of this Profit and Loss Account

# NOTES ON PROFIT AND LOSS ACCOUNT

## 1. Turnover

This figure represents the total value of goods invoiced, adjusted in respect of opening and closing values of finished goods and work in progress. Value added tax is excluded.

## 2. Directors' Remuneration

	<u>1975</u>	<u>1974</u>
Salaries, benefits and pension contributions:		
Executive Directors	43,672	29,554
Non-executive Director	2,053	1,132
	<u>45,725</u>	<u>30,686</u>
Former Director (1974 including £12,300 - Compensation for loss of office)	-	13,886
Pensions to Widows of Former Directors	3,500	3,500
	<u>£49,225</u>	<u>£48,072</u>
		<u>12,300</u>
		<u>35,772</u>
Directors' Remuneration less pension contributions:		
Chairman and Joint Managing Director	£15,152	£8,704
Other Directors' Remuneration		
£0 - £2,500	1	1
£2,500 - £5,000	-	-
£5,000 - £7,500	-	3
£7,500 - £10,000	3	1
		(one month)

## 3. Depreciation

The annual rates of depreciation on mechanical plant and on printing and electrical plant were increased with effect from 1st April, 1974 and the effect on profits is an annual increase of £32,824 in the charge for depreciation.

## 4. Taxation

	<u>1975</u>	<u>1974</u>
Corporation Tax @ 52% on the profits for the year as adjusted for taxation purposes	133,103	-
Re-charge of Corporation Tax for year to 31st March, 1970	-	9,331
Advance Corporation Tax not recoverable in the foreseeable future	-	7,443
Tax Credit on Franked Investment Income received	489	369
Transfer from Investment Grants	-	(4,371)
Equalisation Account	-	-
	<u>£133,592</u>	<u>£12,772</u>

None of the current year's taxation will be payable immediately owing to the availability of capital allowances brought forward and the Company's claim for stock appreciation relief. The whole of this amount has been added to the Deferred Taxation account.

# BEN JOHNSON AND COMPANY LIMITED

BALANCE SHEET AS AT 31ST MARCH, 1975

This is the copy referred to in the Certificate

*W. J. Johnson*  
*Robert C. Brown*  
1975

Director  
Secretary  
1974

Note

## ASSETS EMPLOYED

### Fixed Assets

Freehold Land  
Freehold Land and Buildings  
Short Term Leasehold Property  
Plant and Machinery, Fixtures  
and Fittings  
Motor Vehicles

1

32,500  
404,046  
2,648

32,500  
401,784  
3,248

724,008  
43,727

1,206,929

814,662

33,826  
1,286,020

### Investments

Quoted  
Unquoted  
Housing Loans

2

37,405  
41,418  
36,132

37,664  
41,418  
35,282

114,955

114,364

### Current Assets

Stock and Work in Progress  
Debtors and Accrued Income  
Cash in Hand

5

647,568  
937,165  
1,307

468,717  
841,574  
227

1,586,040

1,310,518

### Current Liabilities

Creditors and Accrued Charges  
Bank Borrowings  
Proposed Dividend  
Advance Corporation Tax Payable

6

450,927  
570,251  
8,787  
4,882

416,410  
616,680  
8,892  
4,124

7

1,034,847

1,046,106

### Net Current Assets

551,193

£1,873,077

264,411

£1,664,791

## FINANCED BY

### Deferred Taxation

464,585

338,201

### Shareholders' Funds

Capital Reserves  
Revenue Reserves

8

324,759  
1,009,233

324,759  
927,331

9

1,333,992  
74,500

1,408,492

1,252,090  
74,500

1,326,590

Share Capital

£1,873,077

£1,664,791

*W. J. Johnson*  
*Robert C. Brown*

Directors

The Notes on pages 12 to 14 form an integral part of this Balance Sheet

# Fixed Assets

## Cost or Valuation

As at 1st April, 1974

\*Additions during year

Disposals during year

As at 31st March, 1975

Total	Freehold Land	Freehold land and Buildings	Short-term Leasehold Property	Plant, Machinery, Pictures and fittings	Motor Vehicles
2,133 156	32,500	588,880	3,848	1,423,741	84,237
97,783	-	12,221	-	59,634	25,928
(82,240)	-	-	-	(71,032)	(11,208)
£2,148,699	£32,500	£601,051	£3,848	£1,412,343	108,957

## Accumulated Depreciation

As at 1st April, 1974

Depreciation for year

Depreciation on Disposals

As at 31st March, 1975

847,136	-	187,046	600	609,079	50,411
165,254	-	9,959	600	139,124	15,571
(70,620)	-	-	-	(59,868)	(10,752)
£941,770	-	£197,005	£1,200	£688,335	£55,230

## Net Book Value

As at 31st March, 1975

£1,206,929	£32,500	£404,046	£2,648	£724,008	£43,727
------------	---------	----------	--------	----------	---------

## \*Future Capital Expenditure

Contracted for but not provided in the Accounts

1975	1974
£-	£26,174

601  
32  
33

NOTES ON FINANCIAL STATEMENT (Continued)

	<u>1975</u>	<u>1974</u>
2. <u>Quoted Investments</u>		
As valued at 31st December, 1961 with subsequent changes at cost	£37,405	£37,664
Market Value at 31st March	<u>£24,503</u>	<u>£23,170</u>
3. <u>Unquoted Investments</u>		
Ben Johnson (Pty.) Limited, South Africa		
1 Share of R2, fully paid at cost	1	1
Unsecured Loan	41,417	41,417
	<u>£41,418</u>	<u>£41,418</u>
4. <u>Housing Loans</u>		
The loans have been made to employees interest free and are secured by second mortgages.		
5. <u>Debtors and Accrued Income</u>		
The figure is net after deducting the bad debt reserve of £45,000 (1974: £35,000).		
6. <u>Bank Borrowings</u>	<u>1975</u>	<u>1974</u>
<u>Loan</u>		
Balance at 1st April	232,161	109,464
Additions during year	<u>67,839</u>	<u>122,697</u>
	300,000	232,161
Repayments during year	<u>120,000</u>	<u>-</u>
	180,000	232,161
<u>Overdraft at 31st March</u>	<u>390,251</u>	<u>384,519</u>
	<u>£570,251</u>	<u>£616,680</u>

The loan is repayable by 30th September, 1979. The bank borrowings are secured by a first charge on the assets of the Company.

THE ROYAL BANK OF CANADA LIMITED  
STATEMENT OF BALANCE SHEET (continued)

13

7. Advance Corporation Tax Payable

This represents Advance Corporation Tax on the preference and ordinary dividends for the year to 31st March, 1975, reduced by the tax credit on franked investment income.

	<u>1975</u>		<u>1974</u>
8. <u>Revenue Reserves</u>			
Balance 1st April		927,331	888,975
Profit Retained	81,902		39,020
Deduct: Transfer to Deferred Taxation	-	81,902	664
	<u>£1,009,233</u>		<u>£927,331</u>

9. Share Capital

	<u>Authorised</u>		<u>Issued and Fully Paid</u>	
	<u>1975</u>	<u>1974</u>	<u>1975</u>	<u>1974</u>
4.25 (formerly 6% gross) Preference Shares of £1 each	20,000	20,000	20,000	20,000
Ordinary Shares of £1 each	55,000	55,000	54,500	54,500
	<u>£75,000</u>	<u>£75,000</u>	<u>£74,500</u>	<u>£74,500</u>

241

STATE OF NEW YORK  
SOURCE AND APPLICATION OF FUNDS

	<u>1975</u>	<u>1974</u>
<u>Source of funds</u>		
Profit after tax	101,529	37,912
Depreciation	105,254	129,547
Increase in deferred taxation (1974: Decrease in Investment Grant Equalisation Account)	<u>126,379</u>	<u>(4,371)</u>
Total generated from operations	303,162	163,088
<u>Application of funds</u>		
Proposed Dividends	9,627	8,892
Purchase of Fixed Assets	86,163	304,269
Increase in Stocks and Work in Progress	178,851	188,187
Increase in Debtors	115,591	187,240
Increase in Creditors (including taxation)	(35,170)	(180,477)
Increase (1974: Decrease) in Investments	<u>591</u>	<u>(639)</u>
	345,653	507,472
	£47,509	(£344,384)
<u>Movement in net liquid funds</u>		
Increase (1974: Decrease) in cash balance	1,080	(412)
Decrease (1974: Increase) in bank balances	<u>46,429</u>	<u>(343,972)</u>
	£47,509	(£344,384)