

BEN JOHNSON AND COMPANY LIMITED

REPORT AND ACCOUNTS

1976

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BEN JOHNSON AND COMPANY LIMITED

DIRECTORS

J. A. Capstick	Chairman and Managing Director
A. C. Johnson	Deputy Chairman
R. C. Brown	
J. Pairman	Works Director
C. H. Renton	Financial Director

SECRETARY

C. H. Renton

SOLICITORS

Denison, Suddards & Co.

AUDITORS

Barron and Barron  
Chartered Accountants

BANKERS

Midland Bank 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 10.30 a.m. on Monday, 5th July 1976, 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 1976.
2. To approve dividends paid and payable to shareholders.
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

C. H. RENTON  
Secretary

Boroughbridge Road  
York

11th June 1976

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.

CHAIRMAN'S STATEMENT

The year ending 31 March has proved one of the most difficult years for the printing industry since the war. As mentioned in last year's Chairman's Statement, a downturn in orders started in January, 1975 and has continued throughout the year. Our packaging customers have executed a major destocking exercise and packaging and label orders have suffered badly. Consumer advertising appropriations have been slashed, again reflected in reduced orders for advertising literature. The result has been considerable over-capacity in the printing industry and a very much lower level of profit margins on the reduced amount of work available.

Considerable progress was made during the year in reducing paper stocks, with a consequential beneficial effect on liquidity.

In July a cancellation of a new M1000A web offset press by one of the Harris customers in Europe provided the opportunity for an exceptional offer by Harris to Ben Johnson for our second web offset press. The decision was made to purchase this machine for delivery in June this year, to coincide with the anticipated upturn in the British economy. Other capital expenditure during the year was a Mailander proofing press to provide increased proofing capacity for the new web.

A major reorganisation in the factory has taken place in order to streamline work flow and create space for the introduction of the new press.

The results for the year are further evidence of the Company's over-reliance on too limited a product area and during the year your Board took steps to rectify this situation. A successful venture into heat transfer printing has been accomplished and a Product Development Manager has been engaged to further develop new profitable print oriented products for the Company.

In these uncertain times it is hazardous to make prophecies for the future, but I am pleased to report that an improvement in order intake is evident for the coming year and gives every indication that our decision to invest for the future upturn is correct.

During the year Mr. Powell resigned as Production Director and our sincere thanks are extended to him for his years of devoted service to the Company. He continues as a Technical Consultant.

The employment of Mr. R. C. Brown with the Company ceased with effect from 3 June 1976.

Our thanks go to our staff and workmen employees for whose continued efforts during this most difficult year we are deeply grateful.

J. A. CAPSTICK

BEN JOHNSON AND COMPANY LIMITED

Report of Directors

Year to 31st March 1976

The Directors submit their report for the year ended 31st March 1976.

1. Directors

It is with regret that we reiterate our report of last year of the death of Bernard Paul Johnson, on 1st May 1975.

Mr. J. A. Capstick was appointed Chairman with effect from 1st May 1975 and continues in the office of Managing Director.

Mrs. A. C. Johnson was appointed Deputy Chairman and an Executive Director from 7th May 1975.

Mr. J. Pairman was appointed Works Director on 1st April 1975.

Mr. C. H. Renton was appointed Financial Director on 1st October 1975.

Mr. C. E. Powell resigned from the office of Production Director with effect from 1st January 1976, but continues to serve the company as Technical Consultant.

2. Capital

On 24th February 1976, the company resolved to increase its share capital to bring the issued capital more into line with the capital employed in the business. £81,750, being part of the balance of the Capital Reserve was applied in issuing 163,500 11% Non-Cumulative Preference Shares of 50p each fully paid to the Ordinary Shareholders pro-rata to their shareholdings.

3. Directors' Shareholdings

At 1st April 1975 and 31st March 1976, directors' shareholdings were as follows:

	<u>Ordinary Shares</u>		<u>4.2% (formerly 6%) Preference Shares</u>		<u>11% Non- Cumulative Preference Shares</u>
	<u>1976</u>	<u>1975</u>	<u>1976</u>	<u>1975</u>	<u>1976</u>
The Late B. P. Johnson	-	1,245	-	-	-
Mrs. A. C. Johnson	26,995	25,750	10,000	10,000	50,985
J. A. Capstick	5	5	-	-	30,015
C. E. Powell	-	-	-	-	-
R. C. Brown	-	-	-	-	-
J. Pairman	-	-	-	-	-
C. H. Renton	-	-	-	-	-

BEN JOHNSON AND COMPANY LIMITED

Report of Directors

Year to 31st March 1976

Continued 1

4. 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.

5. Results

Loss before taxation, dividends and transfers from reserves amounted to

£14,658

Add: Taxation charge

£9,315

£23,973

Less: Transfer from Bad Debts Reserve

£45,000

£21,027

Less: Dividend paid on 4.2%

(formerly 6%) Preference Shares £840

Dividend paid on 11%

Non-cumulative Preference Shares £8,993

£9,833

£11,194

Less: Proposed dividend on ordinary shares of 17.73609p per share

£9,666

Retained Profits transferred to Reserves

£1,528

6. Turnover and Profit

The appropriate contributions excluding investment income and interest charges were as follows:

	<u>Total</u>	<u>Printing</u>	<u>Retailing</u>
Turnover	£4,743,581	£4,540,487	£203,094
Profit	£37,003	£21,392	£15,611

7. Exports

Exports of printing during the year amounted to £38,641.

8. Fixed Assets

The major item of capital expenditure was £124,932 being the first payment to account on the new web offset plant.

The Directors are of the opinion that the market value of land and buildings is not materially different from the book value at 31st March 1976.

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HEN JOHNSON AND COMPANY LIMITED

Report of Directors

Year to 31st March 1976

Continued 2

9. Political and Charitable Subscriptions

No contributions have been made for political purposes during the year. For charitable purposes, contributions amounted to £221.

10. Employees

During the year the company employed an average of 520 (excluding directors) whose aggregate remuneration was £1,454,309.

11. Election of Directors

Mr. R. C. Brown retires by rotation under Article 103(8). The Board do not recommend his re-election.

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

12. 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

C. H. RENTON  
Secretary

Boroughbridge Road  
York  
11th June 1976

STATEMENT OF ACCOUNTING POLICIES

1. Fixed Assets

All the fixed assets of the company, other than the 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 has been 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. 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 £71,479 at 31st March 1976, (1975: £77,028).

The Company is resident in the United Kingdom for tax purposes and is subject to Corporation Tax. The Exchange Control Commission of South Africa has consistently refused permission to the company to transfer funds to the United Kingdom to meet this liability. This has been confirmed by a refusal to a further request made during the current year. In the circumstances, the United Kingdom Inland Revenue have accepted a claim for relief from the further assessments to Corporation Tax, but have issued assessments for apportionment of shortfall on the participators in the company.

Under the Statement of Standard Accounting Practice for Associated Companies, the results of Associated Companies, a proportion of the profits of the South African company should be included in this company's accounts. It has not been the practice of the company to do this and in view of the South African company's tax position, the directors are of the opinion that it would be inappropriate to do so.

Profits of the South African Company for the year to 30th June 1975, amounted to £5,361 (1974: £4,547). To this has been added £10,501, withdrawn from a provision for contingent liability for United Kingdom Tax. In 1974 profits were reduced by a transfer of £1,881 to the provision for United Kingdom Tax. Dividends amounting to £12,153 have been paid out of these profits of which this company has received £4,051. No dividends were declared for the previous year.



STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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3. Stocks and Work in Progress

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.

4. Debtors

The accounting policy relating to doubtful debts has been amended. The general provision based on the age of all outstanding debts has been discontinued and the balance of the provision amounting to £45,000 has been credited to the Profit and Loss Account. Provision has been made against specific debts which were considered doubtful at 31st March 1976. This provision, amounting to £558, has been taken into account in arriving at the trading profit for the year.

5. Deferred Tax

Deferred Tax has been provided in accordance with the relevant Statement of Standard Accounting Practice. This arises through capital allowances for tax purposes exceeding depreciation charges in financial accounts, stock appreciation relief and provision for potential Development Land Tax and Capital Gains Tax on disposal or development of undeveloped land.

BEN JOHNSON AND COMPANY LIMITEDPROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1976

	<u>Note</u>	<u>1976</u>	<u>1975</u>
Sales	1	<u>£4,743,581</u>	<u>£4,425,108</u>
Profit before Interest and Tax	2	37,003 <i>p</i>	<i>p</i> 327,999
Interest	3	<u>(51,661)</u>	<u>(92,878)</u>
Loss subject to Tax		(14,658) <i>j</i>	<i>j</i> 235,121
Tax	4	<u>(9,315)</u>	<u>(133,592)</u>
Loss after Tax		(23,973)	101,529
Transfer from Bad Debts Reserve		<u>45,000</u>	<u>(10,000)</u>
Profit available to Shareholders		21,027	91,529
Dividends Paid and Proposed			
4.2% (formerly 6%) Preference Shares	840		840
11% Non-cumulative Preference Shares	8,993		-
Ordinary Shares at 17.73609p per share (1975: 16.12372p per share)	<u>9,666</u>	<u>(19,499)</u>	<u>8,787</u>
			<u>(9,627)</u>
Retained Profits transferred to Reserve		<u>£1,528</u>	<u>£81,902</u>

The Notes on pages 11 and 12 form an integral part of this Profit and Loss Account.

BEN JOHNSON AND COMPANY LIMITED  
BALANCE SHEET AS AT 31ST MARCH, 1976

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<u>ASSETS EMPLOYED</u>	<u>Note</u>	<u>1976</u>	<u>1975</u>
<u>Fixed Assets</u>	1		
Freehold Land		180,000	32,500
Freehold Land and Buildings		344,803	404,045
Short Term Leasehold		2,048	2,648
Plant, Machinery, Equipment and Vehicles		861,806	767,755
		1,388,657	1,206,929
<u>Investments at Cost</u>			
Quoted Securities (Market Value £29,175 1975: £24,503)		32,306	37,406
Associated Company	2	41,417	41,417
Housing Loans	3	33,186	36,132
		106,909	114,955
<u>Current Assets</u>			
Stock and Work in Progress		664,899	647,568
Debtors and Accrued Income		880,953	937,165
Cash in Hand		1,452	1,307
		1,547,304	1,586,040
<u>Current Liabilities</u>			
Creditors and Accrued Charges		619,585	450,927
Bills Payable		84,258	-
Bank Borrowings	4	298,443	570,251
Proposed Dividend		9,666	8,787
Advance Corporation Tax		10,193	4,882
		1,022,145	1,034,847
<u>Net Current Assets</u>		525,159	551,193
		<u>£2,020,725</u>	<u>£1,873,077</u>

<u>CAPITAL EMPLOYED</u>				
<u>Ordinary Shareholders Interests</u>				
Ordinary Shares Issued	5	54,500	54,500	
Reserves	6	1,311,270	1,333,992	1,388,492
		1,365,770		
<u>Preference Shares Issued</u>	5	101,750		20,000
<u>Deferred Tax</u>	7	553,205		464,585
		<u>£2,020,725</u>		<u>£1,873,077</u>

J. A. CAPSTICK }  
A. C. JOHNSON } Directors

The Notes on pages 13, 14, and 5 form an integral part of this Balance Sheet.

*The above figures are correct as at 31st March 1976*

*Ben Johnson*  
*A. C. Johnson*

BEN JOHNSON AND COMPANY LIMITED  
NOTES TO THE PROFIT AND LOSS ACCOUNT

	<u>1976</u>	<u>1975</u>
1. <u>Sales</u>		
Sales represent charges to customers excluding value added tax.		
2. <u>Profit before Interest and Tax</u>		
Profit before Interest and Tax is stated after charging		
Directors Remuneration (See note 5 below)	£53,382	£49,225
Auditors Remuneration	£2,250	£1,400
Depreciation	£112,468	£140,404
	168,100	
and after crediting		
Income from Quoted Investments	£1,782	£1,501
Income from Investment in Associated Company	£4,051	-
Surplus on Sale of Investments (1975-Loss)	£400	£(224)
	623	
3. <u>Interest</u>		
Interest on Bank Loan and Overdraft	52,035	92,878
Sundry Interest received	374	-
	<u>£51,661</u>	<u>£92,878</u>
4. <u>Tax</u>		
Corporation Tax at 52% on the Profits for the year as adjusted for tax purposes	6,793	133,103
Tax Credit on investment income	616	489
Tax on foreign dividends	203	-
Adjustment in respect of previous year	1,703	-
	<u>£9,315</u>	<u>£133,592</u>

The liability to Corporation Tax is deferred due to the availability of capital allowances brought forward from previous years and stock appreciation relief. The amount charged above has been transferred to Deferred Tax.

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BEN JOHNSON AND COMPANY LIMITED  
NOTES TO THE PROFIT AND LOSS ACCOUNT (CONTINUED)

5. Directors Remuneration

Fees

Other emoluments

Pensions to former directors and  
widows of former directors

1976

249

48,758

£49,007

1975

2,053

43,672

£45,725

4,375

£53,382

3,500

£49,225

The remuneration of the directors,  
excluding pension contributions, fell  
within the ranges indicated

0 - £2,500  
£2,501 - £5,000  
£5,001 - £7,500  
£7,501 - £10,000  
£10,001 - £12,500  
£12,501 - £15,000  
£15,001 - £17,500

1

2

2

1

1

-

-

1

-

-

3

-

-

1

The remuneration of the late B. P. Johnson  
and J. A. Capstick, who both held the office  
of Chairman during the year, was respectively  
£2,452 and £12,460. The remuneration of the  
Chairman in the previous year was £15,152.

BEN JOHNSON AND COMPANY LIMITED

NOTES TO THE BALANCE SHEET

1. Fixed Assets

	Freehold Land	Freehold Land and Buildings	Short- term Leasehold	Plant, Machinery Equipment and Vehicles	TOTAL
Book Value at 1st April 1975	32,500	404,046	2,648	767,735	1,206,929
Additions at Cost	-	2,523	-	184,324	186,847
Surplus on revaluation	147,500	-	-	-	147,500
Assets reclassified	-	(53,510)	-	53,510	-
Less Grants receivable	-	(3,001)	-	(409)	(3,410)
Book Value of assets	-	(225)	-	(36,516)	(36,741)
Sold or Scrapped	-	(5,030)	(600)	(106,838)	(112,468)
Depreciation charged in the year	-	(5,030)	(600)	(106,838)	(112,468)
Book Value at 31st March 1976	£180,000	£344,803	£2,048	£861,806	£1,388,657
Representing assets stated at Cost	-	19,546	3,848	1,271,042	1,294,436
Valuation in 1976	180,000	-	-	-	180,000
Valuation in 1964	-	481,000	-	389,094	870,094
Less accumulated depreciation	-	(155,743)	(1,800)	(798,330)	(955,873)
	£180,000	£344,803	£2,048	£861,806	£1,388,657

Note: 1. Additions to Plant, Machinery etc. £184,324, includes £124,932 paid on account for a web offset printing press, to be delivered during 1976/77.

2. Capital Expenditure Commitments at 31st March 1976.

	1976	1975
Contracts Placed	351,000	-
Further Contracts Authorised	102,000	-
	<u>453,000</u>	<u>-</u>

BEN JOHNSON AND COMPANY LIMITED  
NOTES TO BALANCE SHEET (CONTINUED 1)

<u>2. Associated Company</u>	<u>1976</u>	<u>1975</u>
Ben Johnson (Pty.) Limited, South Africa		
1 Share of R2, fully paid at cost	1	1
Unsecured Loan	41,416	41,416
	<u>41,417</u>	<u>41,417</u>

3. Housing Loans

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

<u>4. Bank Borrowings</u>	<u>1976</u>	<u>1975</u>
<u>Loan</u>		
Balance at 1st April 1975	180,000	232,161
Additions during the year	50,000	67,839
	230,000	300,000
Repayments during the year	170,000	120,000
Balance at 31st March 1976	60,000	180,000
<u>Overdraft at 31st March 1976</u>	238,443	390,251
	<u>£298,443</u>	<u>£570,251</u>

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

<u>5. Share Capital</u>	<u>Authorised</u>		<u>Issued and Fully Paid</u>	
	<u>1976</u>	<u>1975</u>	<u>1976</u>	<u>1975</u>
4.2% (formerly 6%) 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	-
	£101,750	£20,000	£101,750	£20,000
Ordinary shares of £1 each	55,000	55,000	54,500	54,500
	<u>£156,750</u>	<u>£75,000</u>	<u>£156,250</u>	<u>£74,500</u>

BEN JOHNSON AND COMPANY LIMITED  
NOTES TO BALANCE SHEET (Continued 2)

	<u>1976</u>	<u>1975</u>
<b>6. Reserves</b>		
Capital Reserve		
Balance at 1st April 1975	324,759	324,759
Less amount applied in paying up in full 163,500 11% Non-cumulative preference shares of 50p each	(81,750)	-
	<u>243,009</u>	<u>324,759</u>
Add surplus on revaluation of freehold land	147,500	
Less provision for Development Land Tax and Capital Gains Tax	<u>90,000</u>	<u>57,500</u>
	300,509	<u>324,759</u>
Revenue Reserve		
Balance at 1st April 1975	1,009,233	927,331
Retained Profits for the year	<u>1,528</u>	<u>81,902</u>
	<u>£1,311,270</u>	<u>£1,333,099</u>
	<u>1976</u>	<u>1975</u>
<b>7. Deferred Tax</b>		
Balance at 1st April 1975	464,585	338
Charge for Corporation Tax on the profits of the year	6,793	133,10
Adjustments to Corporation Tax in respect of the profits of the previous year	1,703	-
Advance Corporation Tax carried forward	(9,876)	(6,724)
Provision for Development Land Tax and Capital Gains Tax on the revaluation of Freehold Land	<u>90,000</u>	<u>-</u>
	<u>£553,205</u>	<u>£464,585</u>



BEN JOHNSON AND COMPANY LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDSYEAR ENDED 31ST MARCH 1976

	<u>1976</u>	<u>1975</u>
<u>Source of Funds</u>		
Loss before Tax	(15,058)	235,345
(1975 - Profit)		
Adjustments for items not involving the movement of funds		
Depreciation	112,468	140,404
Bad Debts Reserve	45,000	(10,000)
<u>Generated from Trading</u>	142,410	365,749
<u>Changes in Investments</u>	8,446	(815)
	<u>150,856</u>	<u>364,934</u>
<u>Application of Funds</u>		
Changes in Fixed Assets		
Purchases	(186,847)	(97,783)
Sales	36,741	36,470
Grants received	3,410	-
	<u>(146,696)</u>	<u>(61,313)</u>
Dividends Paid	(18,620)	(9,732)
Tax Paid	(5,384)	(6,455)
Changes in Working Capital		
Increase in Stocks	(17,331)	(178,851)
Decrease in Debtors	56,212	(95,591)
(1975 - Increase)		
Increase in Creditors	252,916	34,517
	<u>291,797</u>	<u>(239,925)</u>
	<u>121,097</u>	<u>(317,425)</u>
<u>Reduction in Bank Borrowings and Cash Balances</u>	<u>£271,953</u>	<u>£47,509</u>

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BEN JOHNSON AND COMPANY LIMITED

REPORT OF THE AUDITORS

TO THE MEMBERS OF BEN JOHNSON AND COMPANY LIMITED

We report on the Accounts set out on pages 9 to 15, the information on pages 7 and 8 and the statement of source and application of funds set out on page 16.

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, 1975 under Statement of Accounting Policies note 2 Associated Company has been computed by reference to Accounts prepared and audited by Messrs. Arthur Young and Company, Chartered Accountants (S.A.), Cape Town.

In our opinion the Accounts, information and statement together give a true and fair view of the state of affairs at 31st March 1976 and of the loss and source and application of funds for the year ended on that date and comply with the Companies Acts 1948 and 1967.

Garforth House  
54 Micklegate  
York

11th June 1976

BARRON AND BARRON  
Chartered Accountants