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Ben Johnson

Ben Johnson and Company Limited

Report and Accounts

Year to 31st December 1979



BEN JOHNSON AND COMPANY LIMITED

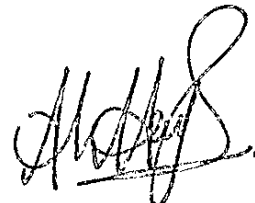
NOTICE OF MEETING

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 a.m. on 28th July, 1980 for the following purposes:-

As ordinary business:-

- (1) To receive and approve the Directors' Report and the Accounts for the year ended 31st December, 1979.
- (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.

4th July, 1980.

## DIRECTORS

J. A. Capstick	Chairman and Managing Director
J. Fairman	Deputy Managing Director
C. H. Renton	Financial Director
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., Chartered Accountants

## REPORT OF THE DIRECTORS

The Directors submit their report for the year ended 31st December, 1979.

### (1) Directors

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

J. A. Capstick  
J. Pairman  
C. H. Renton  
G. K. Davey  
R. H. Lutz  
J. C. Dennis  
J. W. Fletcher  
E. A. K. Denison  
R. C. Fields  
F. J. Uvena

Mr. Lutz resigned as a Director on 3rd August, 1979. Mr. Fields and Mr. Uvena were appointed Directors on 18th October, 1979 and Mr. Field. resigned on 23rd January, 1980. Mr. Dennis resigned as a Director on 18th October, 1979 and was reappointed on 23rd January, 1980. Mr. Davey resigned as a Director on 30th April, 1980.

No Directors have had any interest during the year in any of the shares of the Company that requires to be disclosed under Section 16 of the Companies Act 1967.

### (2) Activities

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

### (3) Results

The net profit for the year amounted to £559,368. The Directors recommend that this be added to the retained profits at the beginning of the year of £2,329,564 (as restated) and the balance of £2,888,932 be carried forward.

No dividend is proposed.

### (4) Turnover and profit

The contributions to turnover and profit before interest were as follows:-

	<u>Total</u>	<u>Printing</u>	<u>Office Equipment</u>
Turnover	£12,479,760	£12,055,128	£423,632
Profit	£787,526	£764,803	£22,723

(5) Exports

Exports of printing during the year amounted to £671,556.

(6) Fixed assets

During the year a Baker Perkins 5 unit web offset press was installed and an order placed for a Harris 36 station perfect binder. Work was commenced on a 50,000 sq. ft. warehouse extension which was occupied on 31st May, 1980.

The Directors are of the opinion that the land and buildings, which have a book value of £1,093,392, have a continuing use value in excess of £2,500,000. The values of other fixed assets are not materially different from book values.

(7) Political and charitable donations

No contributions have been made for political purposes during the year. For charitable purposes, donations amounted to £2,016.

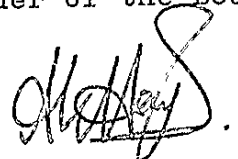
(8) Employees

During the year the Company employed an average of 517 persons whose aggregate remuneration was £2,836,899.

(9) 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.

4th July, 1980.

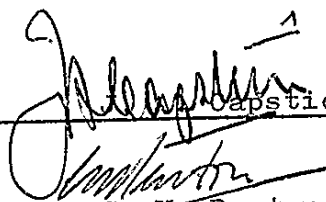
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED  
31st DECEMBER, 1979

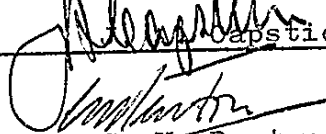
	<u>Note</u>	<u>1979</u>	<u>Nine months to 31st December, 1978</u>
			(Note 1)
Sales		<u>£12,479,760</u>	<u>£8,094,969</u>
Profit before interest	2	£787,526	£489,121
Interest	3	<u>(228,158)</u>	<u>(90,773)</u>
Net profit		<u>£559,368</u>	<u>£398,348</u>
Retained profits at the beginning of the year, as previously reported		£1,356,253	£1,183,333
Prior year adjustment	1	<u>973,311</u>	<u>747,883</u>
Retained profits at the beginning of the year, as restated		2,329,564	1,931,216
Net profit		<u>559,368</u>	<u>398,348</u>
Retained profits at the end of the year		<u>£2,888,932</u>	<u>£2,329,564</u>

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

BALANCE SHEET AS AT 31st DECEMBER, 1979

	<u>Note</u>	<u>1979</u>	<u>1978</u> (Note 1)
<u>ASSETS EMPLOYED</u>			
Fixed assets	5	£4,962,769	£2,942,305
Medium term finance	6	(1,587,809)	(550,000)
Current assets			
Stocks & work in progress	7	2,012,007	1,255,766
Debtors		2,777,760	2,163,844
		<u>4,789,767</u>	<u>3,419,610</u>
Current liabilities			
Creditors		3,431,263	1,906,562
Due to parent company		17,354	23,163
Short term borrowings	8	1,279,919	1,002,981
Current taxation		-	2,386
		<u>(4,728,536)</u>	<u>(2,935,092)</u>
Net current assets		61,231	484,518
		<u>£3,436,191</u>	<u>£2,876,823</u>
<u>CAPITAL EMPLOYED</u>			
Ordinary shareholders' interests			
Ordinary shares	9	£157,850	£157,850
Retained profits		2,888,932	2,329,564
Capital reserve	10	389,409	389,409
		<u>£3,436,191</u>	<u>£2,876,823</u>


  
C. H. Renton


  
Capstick

Directors

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

# STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31st DECEMBER, 1979

	<u>1979</u>	<u>1978</u> <u>(9 months)</u> <u>(Note 1)</u>
Source of Funds		
Net profit	£559,368	£398,348
Depreciation	<u>254,972</u>	<u>142,487</u>
Generated from trading	814,340	540,835
Medium term finance	<u>1,037,809</u>	<u>550,000</u>
	<u>1,852,149</u>	<u>1,090,835</u>
Application of Funds		
Changes in fixed assets		
Purchases	(2,330,801)	(1,289,237)
Sales	<u>55,365</u>	<u>33,994</u>
	(2,275,436)	(1,255,243)
Tax paid	(2,386)	(5,065)
Tax recovered	-	8,908
(Increases)/Decreases in working capital		
Stocks and work in progress	(756,241)	(242,488)
Debtors	(613,916)	(341,625)
Creditors	<u>1,518,892</u>	<u>537,593</u>
	<u>(2,129,087)</u>	<u>(46,520)</u>
		<u>(1,297,920)</u>
Increase in short term borrowings	<u>(£276,938)</u>	<u>(£207,085)</u>

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



## STATEMENT OF ACCOUNTING POLICIES

### (1) 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 31st December, 1964, less disposals, plus additions at cost. The freehold land was valued at 31st March, 1976 by G. F. Singleton & Co., Valuers, Auctioneers and Estate Agents.

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	1%
Machinery and Equipment	5% - 20%
Vehicles	20%

The acquisition of certain plant is being financed by means of a lease. 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 company has been shown, net of deferred interest, as a liability in the Balance Sheet. Interest payable to the lessor has been charged against profits at the effective rate of interest for the duration of the primary period of the lease.

### (2) 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.

### (3) 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.

### (4) Consolidated Accounts

The Company had one subsidiary company at 31st December, 1979 which had ceased to trade. In the light of the insignificant amounts involved, consolidated accounts have not been prepared.

### (5) Sales

Sales represent charges to customers exclusive of value added tax.

## NOTES TO THE ACCOUNTS

### (1) Change of Accounting Policy

The Directors are of the opinion that by reason of accumulated and continuing timing differences, a liability to Corporation Tax is unlikely to arise within the foreseeable future. They have therefore decided that the provision for Deferred Taxation, amounting to £1,063,311 at 1st January, 1979 should be transferred to shareholders' funds and that no provision is necessary for the year ended 31st December, 1979. The balance sheet at 31st December, 1978, the profit and loss account, and the statement of source and application of funds for the period ended on that date, have, accordingly, been restated. This is in accordance with Statement of Standard Accounting Practice No. 15.

### (2) Profit before Interest

Profit before interest is stated after charging:-

	<u>1979</u>	<u>1978</u> (9 months)
Directors' remuneration (see Note 4)	£90,135	£63,870
Auditors' remuneration	10,000	7,750
Hire of equipment	45,996	24,654
Depreciation	254,972	142,487
Loss on disposal of investments	1,507	-
Exceptional bad debt	76,884	-
and after crediting:-		
Income from quoted investments	3,527	1,796
Surplus on sale of fixed assets	-	36,333
	<u>          </u>	<u>          </u>

### (3) Interest

Interest paid on bank loan and overdraft	£271,239	£93,335
Leasing interest	1,423	-
Sundry interest paid	856	963
Interest relief grant	(45,360)	(3,307)
Sundry interest received	-	(218)
	<u>          </u>	<u>          </u>
	<u>£228,158</u>	<u>£90,773</u>

(4) <u>Directors' Remuneration</u>	<u>1979</u>	<u>1978</u> (9 months)
Directors' remuneration for management services	£90,135	£62,828
Pensions to former Directors	-	1,042
	<u>£90,135</u>	<u>£63,870</u>

The remuneration of the Chairman during the year was £26,951 (1978: £19,477)

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

0 - £5,000	6	4
£10,001 - £15,000	-	3
£15,001 - £20,000	2	-
£20,001 - £25,000	1	-
	<u>  </u>	<u>  </u>

(5) Fixed Assets

	<u>Land and Buildings</u>	<u>Plant &amp; Machinery Owned</u>	<u>Leased</u>	<u>Total</u>
Book value at 1st January, 1979	£564,948	£2,377,357	£ -	£2,942,305
Additions at cost	533,824	1,294,017	502,960	2,330,801
Book value of assets sold or scrapped	(45)	(55,320)	-	(55,365)
Depreciation charged in the year	(5,335)	(249,637)	-	(254,972)
Book value at 31st December, 1979	<u>£1,093,392</u>	<u>£3,366,417</u>	<u>£502,960</u>	<u>£4,962,769</u>

Representing assets stated:

At cost	£607,451	£4,235,568	£502,960	£5,345,979
At valuation in 1976	180,000	-	-	180,000
At valuation in 1964	481,000	201,343	-	682,343
Less accumulated depreciation	(175,059)	(1,070,494)	-	(1,245,553)
	<u>£1,093,392</u>	<u>£3,366,417</u>	<u>£502,960</u>	<u>£4,962,769</u>

Notes: (a) Land and buildings are freehold. Depreciation is provided on all assets except freehold land which has a book value of £180,000.

(b) Commitments for capital expenditure at 31st December, 1979 were:-

	<u>1979</u>	<u>1978</u>
Contracts placed	£545,000	£940,000
Further contracts authorised	134,000	80,000
	<u>£679,000</u>	<u>£1,020,000</u>

(6) Medium Term Finance

Bank loan	£1,200,000	£550,000
Leasing finance	387,809	-
	<u>£1,587,809</u>	<u>£550,000</u>

The bank loan is guaranteed by the parent company and is repayable by instalments over five years ending 30th September, 1984. The lease is for a primary period of five years ending in December 1984.

(7) Stocks and Work in Progress

Stocks and work in progress comprise:-

Raw materials and other stocks	£1,298,802	£691,430
Work in progress	713,205	564,336
	<u>£2,012,007</u>	<u>£1,255,766</u>

(8) Short Term Borrowings

Bank overdraft and short term advances	£1,193,020	£1,002,981
Short term element of leasing finance	86,899	-
	<u>£1,279,919</u>	<u>£1,002,981</u>

The bank borrowings are guaranteed by the parent company.

(9) <u>Share capital</u>	<u>Authorised, Issued &amp; Fully Paid</u>	
	<u>1979</u>	<u>1978</u>
Ordinary shares of £1 each	<u>£157,850</u>	<u>£157,850</u>

(10) Capital reserve

Balance as previously reported	£299,409	£300,509
Prior year adjustment:-		
Provision for deferred tax no longer required	<u>90,000</u>	<u>90,000</u>
	<u>389,409</u>	<u>390,509</u>
Capitalisation	<u>-</u>	<u>1,100</u>
	<u>£389,409</u>	<u>£389,409</u>

(11) Deferred tax

No provision has been made for deferred taxation in accordance with Statement of Standard Accounting Practice No. 15.

The tax charge for the year has been reduced by:-

	<u>1979</u>	<u>1978</u>
Accelerated capital allowances	£658,005	£583,270
Stock appreciation relief	393,245	126,090
Other timing differences	14,691	-
Less allowances in excess of profits carried forward to future years	<u>(738,738)</u>	<u>(483,932)</u>
	<u>£327,203</u>	<u>£225,428</u>

The potential liability at 31st December, 1979, which has been deferred and is not expected to crystallise in the foreseeable future, amounts to £1,171,713 made up as follows:-

	<u>1979</u>	<u>1978</u>
Accelerated capital allowances	£1,997,589	£1,339,866
Stock appreciation relief	687,753	443,587
Other timing differences	14,691	59,743
Less allowances in excess of profits carried forward to future years	<u>(1,528,320)</u>	<u>(779,885)</u>
	<u>£1,171,713</u>	<u>£1,063,311</u>

- (12) The company operates a defined benefit pension scheme covering substantially all full time employees. The company's contribution to the pension scheme for the year amounted to £137,158. At 1st April, 1979, an actuarial review confirmed that had the scheme been wound up at that date, the assets of the fund would have been sufficient to meet the accrued entitlements of the members and pensioners.
- (13) The company's ultimate holding company is R. Donnelley & Sons Company which is incorporated in the State of Delaware, U.S.A.

REPORT OF THE AUDITORS

TO THE MEMBERS OF BEN JOHNSON AND COMPANY LIMITED

We have examined the balance sheet of BEN JOHNSON AND COMPANY LIMITED (a wholly owned subsidiary company) at 31st December, 1979, and the related profit and loss account and statement of source and application of funds for the year ended on that date, prepared on the historical cost basis as adjusted for certain items of land and buildings, and plant and machinery which are stated at valuation.

In our opinion, the accompanying accounts give a true and fair view, on the basis stated above, of the state of affairs of the company at 31st December, 1979, 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. Further, in our opinion, the accounting policies followed in the preparation of the accompanying accounts were applied on a basis consistent with that of the preceding period after giving retroactive effect to the change in accounting policy for deferred taxation described in Note 1.

*Arthur Andersen & Co.*

ARTHUR ANDERSEN & CO.

St. Paul's House,  
Park Square,  
Leeds LS1 2PJ.

4th July, 1980.