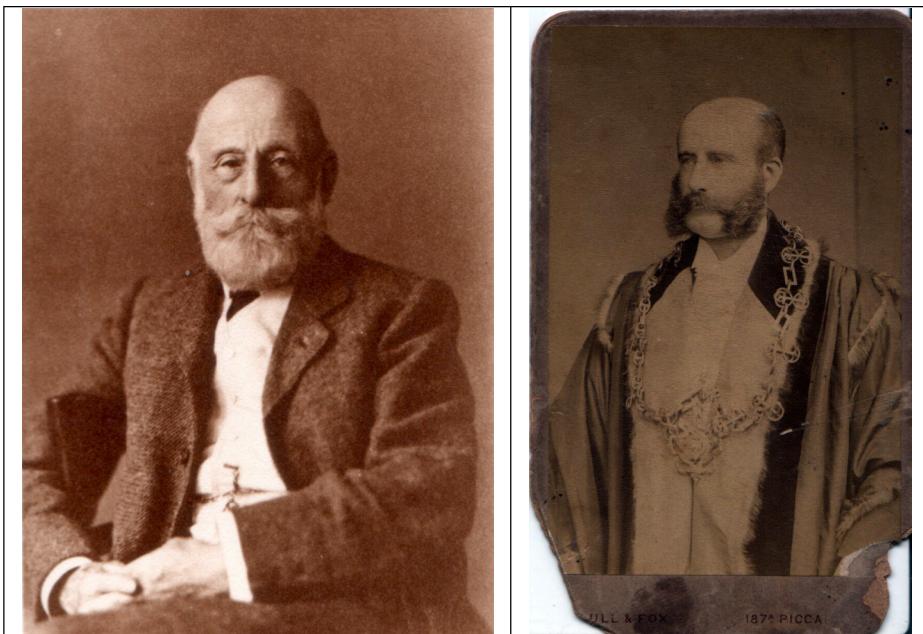


# A Short History of The British and Benington's Tea Company

Raymond Perrault  
October 6, 2012

## Introduction

Although tea became popular in Britain in the seventeenth century, it wasn't until the nineteenth that it grew into an industry. It attracted the Quakers, partly because of its role in the temperance movement. Their reputation for integrity gave them a significant competitive advantage in a market that prized predictable quality for a perishable commodity. After Robert Fortune smuggled tea plants out of China in 1848, tea plantations were established in India and Ceylon in the 1850s and these countries soon surpassed China as exporters of tea to Britain, a position they would keep until recently. Prior to the 1870s, retail merchants sold tea in bulk; wholesalers then started blending and packaging the product for improved quality and consistency, and marketing it under trade names. The modern tea industry was born.



The brothers George and William Benington. William is wearing the chain of office of the Mayor of Stockton

In 1896, the tea and grocery partnership that my great-great-grandfather George Benington had had with Walter William Corner merged with The British Tea Trading Company to form a new publicly-traded company called The British and Benington's Tea Trading Association Ltd, later known simply as British and Benington's (B&B). This note tells B&B's difficult history, until its liquidation in 1949.

## **The merger**

George Benington, born in Stockton-on-Tees, Durham in 1836, joined his father William's wholesale grocery business, of which he and his brother William became partners, under the name of William Benington and Sons. In 1877, William and George joined Walter William Corner as partners in the firm of Benington Brothers and Corner, probably restricted to the tea trade. George moved to London to be near their offices at St. Paul's Wharf, 25 Upper Thames St in London, a few blocks from Mincing Lane, the center of London's tea trade. The partners acquired Harrison and Company and the Li-Quor Tea Company in 1880, and George and Corner continued their partnership after William Benington's death in 1883.

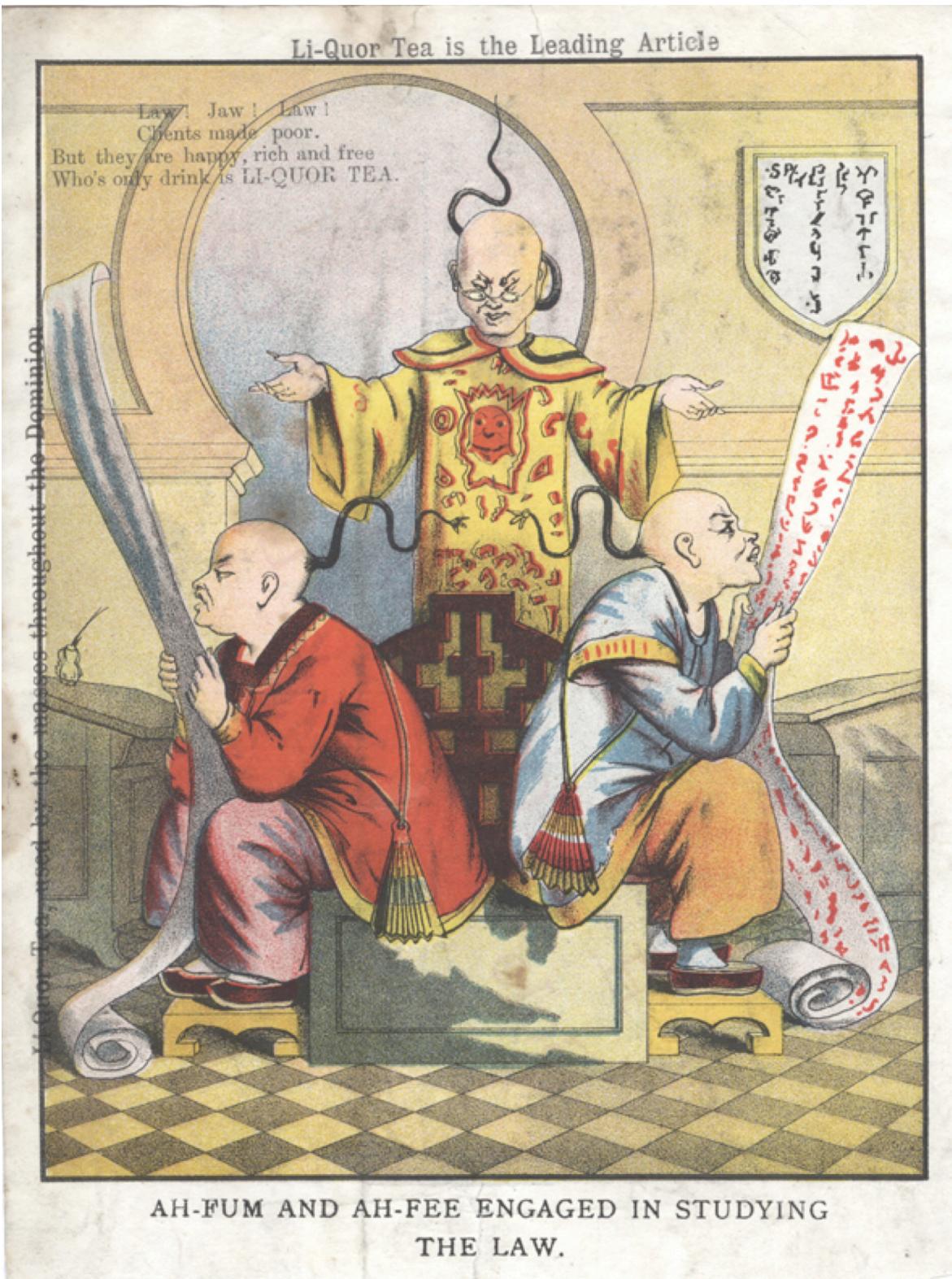
Corner, 20 years Benington's junior, was from a Yorkshire trading family. His father, John, was a wine merchant who moved to London in the 1870s and died there in 1889. His obit indicates that he was strongly associated with the Anglican parish of Hinderwell-cum-Roxby, Yorkshire, which would indicate that he was most likely not a Quaker, and there is no evidence that Walter was either. Walter had two brothers, John Henry, a brewer and successor to his uncle Edward as the Chairman of the Whitby Redcar and Middlesborough Union Railway, and Albert Edward, a clergyman. His sister, Jane, was married to Russell Spokes, an accountant and Liberal M.P., son of Sir Russell Spokes.

I have not found much about Li-Quor Tea's market in the U.K. The ad reproduced here claims "Li-Quor Tea enjoyed by the masses throughout the Dominion" and suggests the tea is from China. By 1870 Li-Quor was operating in Toronto, where Arthur Benington, George's eldest son, worked from 1883 to 1887, with branches in Halifax and Winnipeg. It published books, mainly adventure stories, from its London offices. One advertisement offers a free book with £3 worth of tea.

At the time of the merger, the British Tea Trading Company (BTTC) was a privately held, limited liability company, incorporated in 1881 to take over the British Tea Trading Association, a partnership led since about 1871 by John Howard Moore, who became the Chairman of B&B. Moore was born in London in 1848, the eldest son of Francis Moore, a commercial clerk (which I believe in those days could mean the chief financial officer of a company). He was associated with a number of other public companies, including the London Road Car Company, which operated one of the major omnibus lines in London.

Two of John Howard's brothers were also involved with BTTC and B&B. Francis Augustine, born in 1852, was a director and William Tyndale, born in 1854, was the solicitor.

## Li-Quor Tea is the Leading Article



Li-Quor Tea Company Advertisement (Date unknown)

The other half of BTTC was the Aldous family, also from London. Frederick Aldous, born in 1851, was a director, and his brother, Charles Octavius, born in 1857, was the corporate secretary. They were sons of James Aldous, a London pawnbroker.



Blue Cross Tea ads

BTTC had at least two products: Blue Cross Tea, from Ceylon, and Imperial Mandarin Tea, from China, advertised no later than 1892 in the United Kingdom and its dominions. An 1893 article in the Taranaki Herald of New Zealand mentions both brands and extols the advantages of packaged tea.

#### BRITISH TEA AND TRADING ASSOCIATION L. LONDON.

In a recent number of the *British and South African Export Gazette* is an illustrated article on the above Association, the proprietors of the famous "Blue Cross" and "Imperial Mandarin" teas, giving a description of their warehouses and their methods of blending and packing teas. The managing director, Mr F Aldous, in an interview with a representative of the above mentioned journal, said *inter alia*: – "British grown tea, which we sell in packets, is prepared for the consumer in a manner infinitely superior to that adopted in China. It is never touched by hand once it has been plucked. The leaves are dried, withered, and rolled by machinery in India or Ceylon, whereas in China they are not only plucked and rolled by hand, but packed into chests by hand and trodden down by the bare feet of the Chinese labourers." If the public only knew! But Mr Aldous is obviously disinclined to grow categorical on so painful a theme as the spoliation of a product which so

deeply absorbs his attention. “As to the advantages of the packet system,” he proceeds, “you must remember that tea is a delicate substance, of which the flavor and aroma are easily destroyed. If you buy loose tea in a grocer shop, you may be served by an assistant who has been cutting up bacon or handling soap, and it will certainly absorb the flavor. The packet system gives you a tea which has not been touched by hand since it left the shrub.” [...] It is therefore, not surprising to learn that the company have met with the most widespread success in their attempt to popularize Ceylon and Indian tea among tea drinkers.

The Blue Cross trademark was registered in Canada and the USA in 1894. An ad from 1895 touts the medal it won at the Antwerp Exhibition of 1894. Imperial Mandarin was the subject of a trade-mark dispute in England in 1886.

The initial board of B&B consisted of:

- John Howard Moore, J.P., chairman
- Frederick Aldous and Francis Augustine Moore, directors from BTTC
- George Benington and Walter William Corner, directors from Benington Brothers and Corner.

The new company occupied BTTC’s headquarters in a five-story 22,500 sq. ft. building at 118 Southwark St, on the northwest corner with Sumner St. in Lambeth. It housed the packing and printing equipment obtained from both companies. Benington and Corner’s previous headquarters appear to have remained with the partners. Blue Cross Tea seems to have become the main, and maybe the only, brand sold by B&B after the merger. I have found no mentions of either Imperial Mandarin or Li-Quor after 1896.

B&B initially issued a capital of £150,000 divided into 15,000 cumulative preferred shares of £5 each, paying a 5% dividend, and 75,000 ordinary shares of £1 each, paying a 1% dividend<sup>1</sup>. The partners received slightly less than 1/3 of the shares (the maximum allowed under exchange rules), with the BTTC partners getting slightly more than half. George Benington initially owned 1,345 preferred and 6,722 ordinary shares while his son Wilson, the only other Benington to work for B&B, owned 269 preferred and 1,345 ordinary shares. Members of all the founding families acquired some shares, including George’s second wife Helena and his children Arthur, Walter, Georgiana, and Henrietta.

## **The profit and loss picture**

Publicly-traded companies were required to publish annual financial reports and these can sometimes be found in the newspapers of the day as well as in the official reports submitted to the government and now kept at the National Records Office.

Unfortunately, these reports were limited to a balance sheet, with a single profit or loss

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<sup>1</sup> Preferred shares have right to dividends and capital distributions before ordinary shares. Cumulative preferred shares maintain the right to dividends that were not paid in previous years. For reference, here is what one pound is worth approximately in 2012: 1896: £95, 1906: £85, 1916: £60, 1926: £40, 1936: £50, 1946: £30. (<http://www.moneysorter.co.uk/>). The pound is currently worth about \$1.60.

number, before taxes and dividends. Figure 1 shows, when I could find them, the reported profit and dividends paid from 1898 to 1936, the last year of operation.

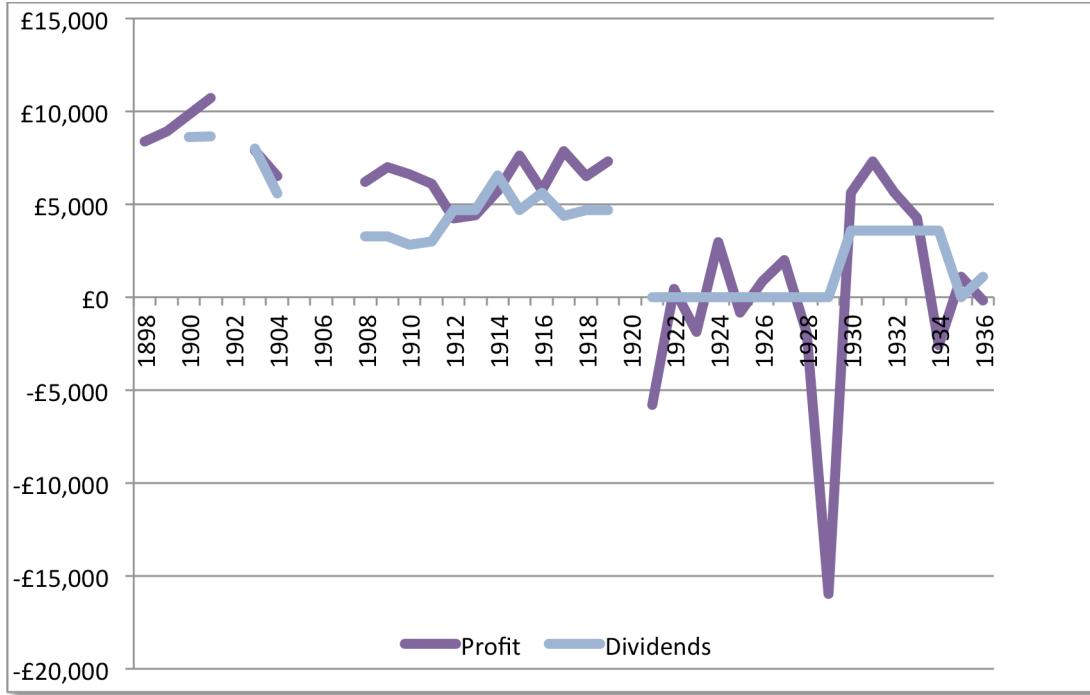


Figure 1. B&B's profits and dividends paid 1898-1936.

Shares of B&B were traded occasionally, and Figure 2 shows prices of both preferred and common shares as I could find them in newspaper listings. As should be obvious, neither picture is that of a successful company.



Figure 2. Price(£) of B&B's preferred and ordinary shares. 1896-1936.

## The Tens

For the roughly twenty years from its foundation to the end of World War I, B&B seems to have kept its head above water, with profits fluctuating in the £5-£10,000 range – comparable to the combined profits of the companies before the merger – and paying its expected dividends. However, it was clearly not growing and its share prices gradually shrank to less than half of prices at issue during the same period. In 1917, the year after George Benington's death, the directors voted to reduce the issued capital of the company from £150,000 to £90,280.

This was done in two parts:

- (a) by accepting the surrender of and cancelling 330 preferred shares of £5 and 11,800 shares of £1, and
- (b) by reducing the nominal value of the remaining preferred shares from £5 to £4 each, and of the remaining ordinary shares from £1 to 10s.

The dividends attached to the remaining preferred shares increased to 6%, but those on ordinary shares remained unchanged.

The reason given in the Company report was:

Shareholders are aware that in 1900 and again in 1904 questions arose as to the depreciation of the value of the Company's Goodwill by reason of trade conditions with the result that certain gentlemen interested as Vendors to the Company, without admitting any responsibility, surrendered certain of their shares, and those shares have since been held by the Trustees for the Company  
[...]

All the surrendered preferred shares and 2/3 of the ordinary shares came from the Benington Bros and Corner directors, suggesting that their part of the business had not done as well as the BTTC part.

The annual reports are quite terse and little can be inferred from them as to the cause of B&B's decline. One of the few specific explanations appears in the 1917 report:

At the same time the conditions which brought those surrenders, including the imposition of and variations in Tea Duties and the severe competition of multiple shop Companies (with which the Shareholders are no doubt familiar), have become much more acute and the Company is undoubtedly faced with a serious and permanent diminution of its Goodwill. This diminution of value unfortunately entails a large deadweight of capital, thereby correspondingly decreasing the rate of dividend and with it the market value of the shares.

The “severe competition” to which the report alludes is undoubtedly that created by the creation and growth of what are now the large British tea companies: Twinings (founded 1706), Tetley (founded 1837), Typhoo (1903), Brooke Bond (1845), and Lipton (1890 and went public in 1897). With consumption of tea increasing strongly since the 1870s and

prices generally trending down (as shown in Figure 3), the large companies controlled their own means of production in India and Ceylon, thus squeezing out the middleman, a strategy B&B never imitated.

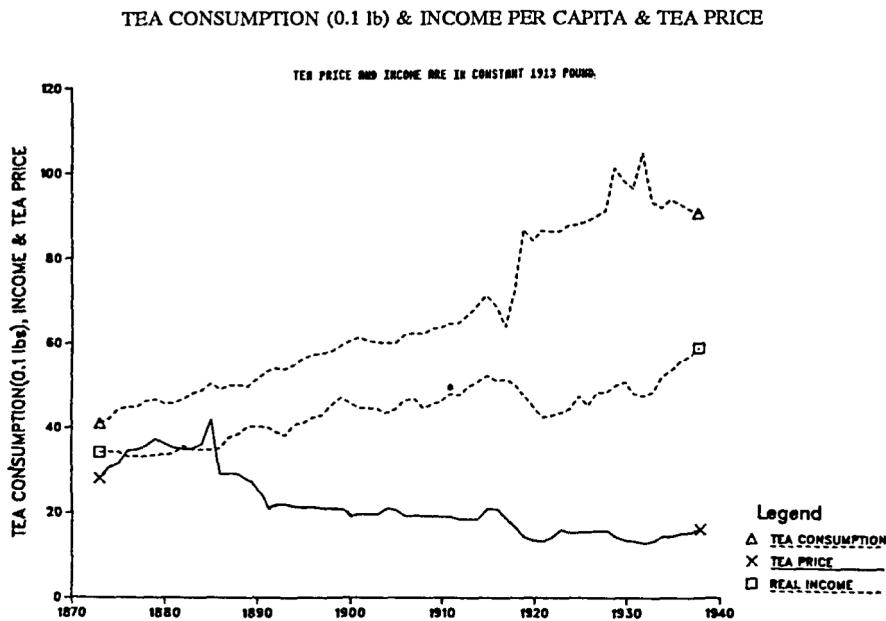


Figure 3. Over the lifetime of B&B, per capita consumption of tea doubled, real income increased 50% and real tea prices declined slightly (From Nguyen and Rose).

It is interesting to note that back in 1896, after the publication of the prospectus for the new company, a commentator in *The Statist*, a London business journal, suggested that B&B's proposed capitalization was already excessive:

"The freehold warehouses, Nos 118 and 188A, Southwark Street, of the British Tea and Trading Assoc Ltd, a little company formed in 1881, have been valued with the plant, machinery and fixtures, "for occupation and as a going concern" at the high price of £21,965; the stock in trade, "at or under cost price" is taken at £13,700; and bad debts, bills and cash at £14,885, making up £50,631. It is now proposed to remove to Southwark Street the plant and machinery of Benington Bros and Corner -- also in the tea trade -- and that a new Company, with the title of British and Benington's Tea Trading Association Ltd, with a nominal capital of £250,000 shall buy the assets of the two concerns for £140,000. But why pay £140,000 for assets which on the vendor's own showing, do not appear to be worth more than £50,000 or £55,000, irrespective of goodwill? Both concerns, although not in a particularly large way of business, are respectable, but anything like £20,000 or £25,000 would, we are inclined to think, be regarded in the trade as a very high price for their goodwill, which apparently is considered as worth £90,000. A purchase price of about one-half of that fixed by the vendors would seem to be much nearer the mark. It is stated that the average annual profits of the two businesses for three years have been £11,816, but this is before deducting partners' salaries and management fees. The proposed issue of capital at present

is for £75,000 in Ordinary shares and £75,000 in Five per Cent preference shares, which latter, it will be seen amount to £20,000 or £5,000 more than the value of the whole of the above stated assets."

As one would expect, the decrease in the nominal value of the shares to which the dividend was tied should have led to a corresponding increase in the price of both preferred and ordinary shares, and, in fact, one can observe the bump in the 1919 and 1920 transactions.

## The Twenties

Once controls on tea were lifted at the end of World War I, production in India and Ceylon increased and prices dropped, which led to a very difficult decade for B&B, with each year showing a small profit or loss and no dividends being paid through the decade.

In July and September 1919, B&B contracted with three Indian producers for the delivery of their entire 1919-1920 crop. In early 1920, when the producers attempted to deliver 2,743 cases worth £7500 to London harbor, the port was so busy that dock space was not available. In May, the parties verbally agreed on delivery outside London, but in July B&B repudiated the contracts, claiming that the contents had deteriorated sufficiently to no longer be commercially viable. The producers sued for breach of contract and the House of Lords ruled in their favor in 1923. Although significant, this loss alone cannot account for B&B's eventual demise, as their asset statements showed that they regularly had at the end of the year (i.e. before the main deliveries in the Spring) stocks in hand worth as much as £35,000.



Wilson Benington, tea buyer and poet

By the end of the 1920s, most of the founders had passed away. George Benington was first, in 1916, followed by Frederick Aldous in 1921, Walter William Corner in 1922 and John Howard Moore in 1923. Charles Octavius Aldous resigned in 1918. Wilson Benington, George's son and a tea buyer since the beginning, joined the board that year, as did his cousin Herbert Benington. Herbert left in 1920, to be replaced by Thomas Arthur Boyd, who, along with Francis Augustine Moore, was a director of the Luxor Safety Light Company, another tenant of 188 Southwark.

To limit expenses, offices were moved in 1924 to 57 Southwark and the building at 118 Southwark was rented out, bringing in over £1,000 a year in rent.

## The Thirties

The company showed its largest loss ever in 1929. A provision of £4,000 was made for unpaid managers' compensation. A subsidiary company, whose role is unclear, appears on the books with a loss of over £2,000, and almost £4,000 is shown as a loss on crop purchases. This led to a second reduction in capital in 1930 of over 20%, effected by converting each £4 preferred share to three £1 shares, and each 10s ordinary share to three ordinary shares at 1s. In each case, the difference was simply cancelled. Preferred shares also lost their cumulative rights.

In the 30s, the company returned to small profitability and dividends were resumed. Wilson Benington, now 68, resigned as director in 1930. Francis Augustine Moore, the last of the founders, died in 1931. From this point, no member of the founding families was involved in the company. The directors now were T.A. Boyd, Henry William Denton, one of B&B's original employees, Harold Hawley, an accountant, and John Hopkins, listed as a "representative", which could mean responsible for marketing and sales. Boyd and Denton are also shown to be directors of Tea Blenders Inc., which could be the subsidiary mentioned above. In 1934, Lloyd's Bank is shown as owning almost half the ordinary shares, but by the following year, Boyd and Denton had bought most of them back.

After a loss in 1936, the directors decided in October 1937 to voluntarily liquidate the company and appointed William Henry Cork to do so. Trading contracts were settled, and remaining stocks, machinery and goodwill were sold by the end of 1938. Remaining on the books were the property at 118 Southwark and some shares in other companies<sup>2</sup>. By February 1940, two payments of £5,501 had been made to shareholders, at a rate of 2s 6d for each of the 44,010 preferred shares.

The final settlement of the liquidation, however, was not to happen till 1949, as at some time between March and September 1941, 118 Southwark was hit by German bombs, leading to "a claim in respect of Freehold property destroyed as a result of enemy action" appearing in the 1941 report. The property was eventually sold for £9,500 in February 1947, and the War Damage Claim settled for £13,000 in December of that year.

In the end, £47,000 was realized from sales outside the trading account, of which £33,000 were distributed to holders of preferred shares, at a rate of 15s (£0.75) per share. Owners of ordinary shares received nothing. It appears that preferred shares were, in the end, trading well below book value.

The major shareholders at liquidation were H.W. Denton, T.A. Boyd and the estate of J.H. Moore. The estate of Kate Corner, Walter William Corner's widow, still held 3,500 shares. At the time of his death, George Benington's shares were worth about £7,500; by the time his estate sold them in 1930, they were down to about £2,000. Wilson also sold

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<sup>2</sup> Throughout its existence, about 15% of B&B's book value was invested in shares of other companies, mostly in South American and Indian railroads, and Indian Tea and Rubber plantations.

out in 1930. Arthur Benington's shares were sold in 1925, probably as part of the settlement of his estate. Harriet, the spinster daughter of George Benington's brother William, was the only Benington shareholder of record at dissolution.

The records at the National Records Office say that the company was dissolved in 1950, although it was not officially struck from the Register of Companies till 1971.

B&B is notable for how little role descendants of the founders played in the management of the company. I have found no trace of second-generation involvement from any of the Moore, Aldous and Corner families. Arthur Benington was briefly engaged with The Li-Quor Tea Company in Toronto in the late 1880s, well before the creation of B&B. Wilson Benington was George's only descendent involved in B&B operations. Until he replaced his father as director, his role was that of tea buyer, which he must have been able to fulfill from London, as I have been unable to find any indication of his ever having left England except for the occasional visit to his brother Arthur in New York. As I have described elsewhere, his main interest in life was poetry. He was Chairman of Eric Partridge's publishing company at its dissolution in 1935 and the executor of the estates of both Walter William Corner in 1922 and his wife Kate in 1941. He never married, died in 1942 in a nursing home in the Lake District and was buried in the cemetery of a small Quaker meeting house nearby.

Someone, though, was trying to keep B&B alive. Through the 1950s, there is a listing for it in the London Directory at London Bridge House SE1. In 1960, it moves to The Circus, EC3, where it appears for the last time in 1962. Who answered the phone at ROYal 6092?

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## **Photographs**

Photos of George and Wilson Benington probably by Walter Benington.

Photo of William Benington from studio of Maull and Fox, London.

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