

Alex Reid Limited
Registered No 1025547

Directors' Report and Financial Statements
For the year ended 31st December 2011

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Alex Reid Limited
Directors' Report and Financial Statements
For the year ended 31st December 2011

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Alex Reid Limited

Directors and Professional Advisers

DIRECTORS

P D Ogle
B M Humpage BA (Hons) ACMA
Y M Monaghan Bsc (Hons) FCA
J A Talbot FCA
D L Walker

COMPANY SECRETARY

B M Humpage BA (Hons) ACMA

REGISTERED OFFICE

Unit 9
Ashville Way
Whetstone
Leicester
LE8 6NU

BANKERS

Lloyds TSB Bank plc
40 Spring Gardens
Manchester
M2 1EN

The Royal Bank of Scotland plc
10th Floor
The Plaza
100 Old Hall Street
Liverpool
L3 9QJ

Santander Corporate Banking
298 Deansgate
Manchester
M3 4HH

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Alex Reid Limited

Directors' Report

For the year ended 31st December 2011

The Directors present their report and audited financial statements for the year ended 31 December 2011

ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is the provision of machines, machine servicing and consumable supplies to the dry cleaning and laundry industry and no change is envisaged

The Company generated a profit for the period and, in the absence of unforeseen circumstances, the Directors are satisfied that the company will increase this profit

The business made an operating profit of £157,000 (2010 loss of £803,000) on revenue of £12,017,000 (2010 £13,527,000)

The Company saw a reduction of external turnover of 2.3% and a reduced operating profit. The focus of the Company in 2011 has been on improving sales and service and on new market development which has put it in a good position to grow both revenue and profit in 2012.

Trading patterns throughout the year were inconsistent, reflecting the market pressures on the independent drycleaners who represent the majority of the Company's customers. The Directors expect these pressures to continue in 2012.

Principal risks and uncertainties

The Company supplies machines, machine servicing and supplies to the drycleaning industry. Possible future environmental legislation means that some existing drycleaning machines may be required to convert to clean with more environmentally friendly materials than the currently used perchloroethylene. The Company supplies both machines and solvents that use alternative chemical systems and therefore the Directors consider that this risk will not have a material impact on the company.

Other key business risks and uncertainties affecting the Company are considered to relate to competition from both national and independent distributors, employee retention and product availability. In addition, the reduction in the availability of credit provided to customers by financial institutions in the UK is likely to have a considerable impact on trade going forward.

RESULTS AND DIVIDENDS

The Company's revenue and result for the year was as follows

	2011 £000	2010 £000
Revenue (net of VAT)	12,017	13,527
Operating profit before exceptional costs	157	326
Operating profit/(loss)	157	(803)

The Directors consider the financial position of the Company at 31st December 2011 to be satisfactory.

The Directors have paid no dividends in the year (2010 nil).

The retained profit after tax for the year was £1,000 (2010 loss £675,000).

Alex Reid Limited

Directors' Report (continued)

For the year ended 31st December 2011

DIRECTORS

The Directors of the Company at the date of this report are listed on page 1, all held office throughout the year

FINANCIAL RISK MANAGEMENT

The Company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. This is discussed further in the Statement of Significant Accounting Policies.

EMPLOYMENT POLICIES

The employment policies of the Company embody the principles of equal opportunity and are tailored to meet the needs of its business and the local area in which it operates. All senior managers undergo diversity training. The involvement of employees in the performance of the business is encouraged and efforts are made to give all employees an understanding of the financial position through periodic Company newsletters. The Parent Company, Johnson Service Group PLC, operates an approved Savings Related Share Option Scheme for eligible employees.

The Company is committed to providing adequate training for employees at all levels and is constantly reviewing and improving its procedures.

Suitable procedures are in operation to support the Company's policy that disabled persons, whether registered or not, shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities. Where members of staff become disabled every effort is made to ensure they are retrained according to their abilities.

HEALTH AND SAFETY

The board is aware of its responsibilities on all matters relating to health and safety of employees, customers, visitors to company premises and others affected by the Company's activities. The Director responsible for health and safety advises Directors and senior executives on all relevant issues relating to the compliance with health and safety legislation. The Company has clearly defined health and safety policies which follow current best practices and meet or exceed legal requirements. In particular, these policies clearly define the Company's aspirations for health and safety affairs, including protecting the health and well being of its employees, and ensuring that the responsibilities of all categories of employees within the company are made clear to those concerned. Health and safety matters are an agenda item at board meetings.

The policy is brought to the attention of all employees and copies of policy documents are available upon request to all interested parties.

A clearly defined system is in place to identify, assess and control any significant risks faced by both employees and others. This is reviewed regularly by the company's Health & Safety manager.

The Company has arrangements in place to consult employees regarding health and safety matters as appropriate.

CREDITOR PAYMENT POLICY

The Company fully supports the CBI initiative on payments to suppliers and has continued to apply the Prompt Payment Code in respect of all suppliers. The main features of the code are that payment terms are agreed at the outset of a transaction and are adhered to, that there is a clear and consistent policy that bills will be paid in accordance with the contract, and that there are no alterations to payment terms without prior arrangement. Copies of the Code can be obtained from the CBI. Trade creditor days of the Company for the period ended 31st December 2011 were 41 days (2010: 35 days), based on the ratio of Company trade payables at the end of the period to the amounts invoiced during the period by trade creditors.

Alex Reid Limited

Directors' Report (continued)

For the year ended 31st December 2011

DIRECTORS' INDEMNITY

In accordance with the Articles of Association and to the extent permitted by the laws of England and Wales, the Directors are granted an indemnity from the Company in respect of liabilities incurred as a result of their office. In respect of those matters for which the Directors may not be indemnified, the Company maintained a directors' and officers' liability third party insurance policy throughout the financial year and up to the date of approval of these financial statements. Neither the indemnity nor the insurance provides cover in the event that a director is proven to have acted dishonestly or fraudulently. No claim was made under this provision during the year.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors at the date of this report confirms that

- (a) so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the Board



B M Humpage
Company Secretary
24th April 2012

Alex Reid Limited
Registered in England and Wales No 1025547

Independent Auditors' Report to the Members of Alex Reid Limited

For the year ended 31st December 2011

We have audited the financial statements of Alex Reid Limited for the year ended 31st December 2011 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Shareholders' Equity, the Statement of Cash Flows, the Statement of Significant Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31st December 2011 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

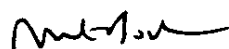
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Nicholas Boden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
24th April 2012

Alex Reid Limited
Income Statement
For the year ended 31st December 2011

Note	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
1 REVENUE FROM CONTINUING OPERATIONS	12,017	13,527
Cost of sales	(9,103)	(10,455)
GROSS PROFIT	2,914	3,072
Other operating expenses		
- Distribution costs	(1,008)	(1,089)
- Administrative expenses	(1,749)	(1,657)
	(2,757)	(2,746)
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS	157	326
Exceptional items		
5 - Restructuring costs	-	(1,129)
2 OPERATING PROFIT/(LOSS)	157	(803)
6 Finance costs	(147)	(132)
PROFIT/(LOSS) BEFORE TAXATION	10	(935)
7 Taxation	(9)	260
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	1	(675)

All results are derived from continuing operations

The Company has no recognised net income or expense for the period except as reported in the above Income Statement

The notes on pages 16 to 24 are an integral part of these financial statements

Alex Reid Limited
Balance Sheet
As at 31st December 2011

Note	As at 31 December 2011 £000	As at 31 December 2010 £000
ASSETS		
NON-CURRENT ASSETS		
8 Intangible assets	66	106
9 Property, plant and equipment	88	103
14 Deferred income tax assets	-	70
	154	279
CURRENT ASSETS		
10 Inventories	2,027	1,466
11 Trade and other receivables	2,432	2,414
Cash and cash equivalents	306	22
	4,765	3,902
LIABILITIES		
CURRENT LIABILITIES		
12 Trade and other payables	(5,444)	(4,490)
13 Provisions	(226)	(237)
	(5,670)	(4,727)
NET CURRENT LIABILITIES	(905)	(825)
NON-CURRENT LIABILITIES		
13 Provisions	-	(208)
NET LIABILITIES	(751)	(754)
EQUITY		
CAPITAL AND RESERVES ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS		
17 Share capital	192	192
Other reserves	79	77
Retained earnings	(1,022)	(1,023)
TOTAL EQUITY	(751)	(754)

The notes on pages 16 to 24 are an integral part of these financial statements. The financial statements on pages 6 to 24 were approved by the Board of Directors on 24th April 2012 and signed on its behalf by


B M Humpage
Director

Alex Reid Limited

Statement of Changes in Shareholders' Equity

For the year ending 31st December 2011

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

	Share Capital £000	Other Reserves £000	Retained Earnings £000	Total Equity £000
Balance at 1st January 2010	192	73	(348)	(83)
Share option costs – value of employee services	-	4	-	4
Loss for the year	-	-	(675)	(675)
Balance at 31st December 2010	192	77	(1,023)	(754)
Balance at 1st January 2011	192	77	(1,023)	(754)
Share option costs – value of employee services	-	2	-	2
Profit for the year			1	1
Balance at 31st December 2011	192	79	(1,022)	(751)

At the balance sheet date, other reserves include capital redemption reserve of £63,000 and share option reserve of £16,000 (2010 capital redemption reserve £63,000 and share option reserve of £14,000)

Alex Reid Limited
Statement of Cash Flows
For the year ended 31st December 2011

Note		Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
	CASH FLOWS FROM OPERATING ACTIVITIES		
	Profit/(loss) before taxation	10	(935)
	Adjustments for		
6	Finance expense	147	132
2	Depreciation and amortisation	68	72
	(Increase)/decrease in inventories	(561)	29
	(Increase)/decrease in trade and other receivables	(18)	152
	Increase/(decrease) increase in trade and other payables	1,001	286
2	(Profit)/loss on sale of property, plant and equipment	(2)	1
	Share based payment	2	4
	(Decrease)/increase in provisions	(219)	407
	Cash generated from operations	428	148
	Interest paid	(133)	(120)
	Net cash flows generated from operating activities	295	28
	CASH FLOWS FROM INVESTING ACTIVITIES		
	Purchase of intangible assets	(1)	(12)
	Proceeds from sale of property, plant and equipment	2	1
	Purchase of property, plant and equipment	(12)	(70)
	Net cash used in investing activities	(11)	(81)
	Net increase/(decrease) in cash and cash equivalents	284	(53)
	Cash and cash equivalents at beginning of year	22	75
	Cash and cash equivalents at end of year	306	22

Alex Reid Limited

Statement of Significant Accounting Policies

For the year ended 31st December 2011

BASIS OF PREPARATION

Alex Reid Limited is a Company limited by shares, incorporated in England and domiciled in the UK. The Company's registered number is 1025547. The address of its registered office is Unit 9, Ashville Way, Whetstone, Leicester, LE8 6NU.

The principal accounting policies applied in the preparation of this financial report are set out below. These policies have been consistently applied to the information presented, unless otherwise stated.

The financial statements of Alex Reid Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, International Financial Reporting Interpretations Committee (IFRIC) Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed below in the section entitled 'Critical accounting estimates and assumptions'.

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

(a) New and amended standards adopted by the Company

There are no new IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2011 that would be expected to have a material impact on the Company.

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company.

The following standards have been published and are mandatory for accounting periods beginning on or after 1st January 2013 but have not been early adopted by the Company.

IFRS 9, 'Financial Instruments'.

This standard is the first step in the process to replace IAS 39, 'Financial Instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. This standard has yet to be endorsed by the European Union. It is not expected to have a material impact on the Company financial statements.

IFRS 10, 'Consolidated Financial Statements'.

The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities to present consolidated financial statements. This standard will have no impact on the Company.

IFRS 11, 'Joint Arrangements'.

IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than the legal form. As the Company has neither joint operations or joint ventures this standard will have no impact on the Company.

IFRS 12, 'Disclosures of interests in other entities'.

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This standard is not expected to have a material impact on the Company.

Alex Reid Limited

Statement of Significant Accounting Policies (continued)

For the year ended 31st December 2011

IFRS 13, 'Fair Value Measurement'

IFRS 13 aims to provide consistency and reduce the complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. This standard is not expected to have a material impact on the Company.

Amendments to IAS 19, 'Employee Benefits'

This amendment changes the method of calculation of finance costs relating to Employee Benefits. The Company does not have any defined benefit pension schemes hence the IAS 19 amendments will have no impact on the Company.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Income taxes

The Company is subject to income taxes. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) Onerous leases and dilapidation costs

The Company makes provision for the anticipated net costs of onerous leases and dilapidations. The timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

FORWARD LOOKING STATEMENTS

The terms 'expect', 'should be', 'will be', 'is likely to' and similar expressions identify forward looking statements.

Although the Board believes that the expectations reflected in these forward looking statements are reasonable, such statements are subject to a number of risks and uncertainties and actual results and events could differ materially from those currently expressed or implied in such forward looking statements.

Factors which may cause future outcomes to differ from those foreseen in forward looking statements include, but are not limited to: general economic conditions and business conditions in the Company's markets, exchange and interest rate fluctuations, customers' and clients' acceptance of its products and services, the actions of competitors, and legislative, fiscal and regulatory developments.

REVENUE RECOGNITION

Revenue represents the fair value of consideration received or receivable for the sale of goods and services supplied in the ordinary course of the Company's activities, and is stated exclusive of VAT, similar taxes, discounts, rebates and after eliminating sales within the Company. The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

Interest receivable on bank deposits and other items is included within finance income.

Alex Reid Limited

Statement of Significant Accounting Policies (continued)

For the year ended 31st December 2011

EXCEPTIONAL ITEMS

Items that are material in size and non-operating or non-recurring in nature are presented as exceptional items in the Income Statement, within the relevant account heading. The Directors are of the opinion that the separate recording of exceptional items provides helpful information about the Company's underlying business performance. Events which may give rise to the classification of items as exceptional include, but are not restricted to, restructuring of businesses and the anticipated net costs of onerous leases on non-trading properties and for dilapidations and environmental clean up costs.

EMPLOYEE BENEFITS

(i) Retirement benefits

The Company operates two pension schemes. The schemes are funded through payments to insurance companies or trustee-administered funds. Both schemes are defined contribution plans.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

(ii) Share-based compensation

The Parent Company, Johnson Service Group PLC, operates various equity-settled share-based compensation plans to which Alex Reid Limited employees are entitled to join. The economic cost of awarding shares and share options to employees is recognised as an expense in the Income Statement equivalent to the fair value of the benefit awarded. The fair value is determined by reference to option pricing models, principally Binomial and Monte Carlo models. The fair value of the award is recognised in the Income Statement over the vesting period of the award. At each balance sheet date, the Parent Company revises its estimate of the number of options that are expected to become exercisable. Any revision to the original estimate is reflected in the Income Statement with a corresponding adjustment to equity immediately to the extent it relates to past service and the remainder over the rest of the vesting period.

(iii) Bonus plans

The Company recognises an expense and a liability for bonuses based on the profit as appropriate and other pre-determined performance criteria.

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to the termination of the employment of current employees according to a detailed formal plan without possibility of withdrawal.

INTANGIBLE ASSETS

Capitalised software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software, and are included on the Balance Sheet within intangible assets. Costs are amortised, once commissioned, over their estimated useful lives (4 - 10 years).

Costs associated with the general development and maintenance of computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the costs of employees involved in software development and an appropriate portion of relevant overheads.

Alex Reid Limited

Statement of Significant Accounting Policies (continued)

For the year ended 31st December 2011

INTANGIBLE ASSETS (continued)

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding 10 years). Amortisation of computer software is charged to operating profit before intangibles amortisation and impairment (excluding software) and exceptional items.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost, less depreciation which is calculated to write off these assets, by equal annual instalments, over their estimated useful lives. Cost includes expenditure which is directly attributable to the acquisition of the asset. The estimated life of plant and fixtures is two to fifteen years and of vehicles (included within plant and equipment) four to five years. Improvements to short leasehold properties are amortised over the shorter of the terms of the leases and their useful life. The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the Income Statement during the financial period in which they are incurred.

No depreciation is provided for assets under the course of construction until they are completed and put in use as management intended.

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amount and are recognised within the Income Statement.

LEASED ASSETS

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable in respect of operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight line basis over the lease term.

Where assets are financed by leasing or hire purchase arrangements which give rights approximating to ownership, the assets are treated as if they had been purchased outright and are capitalised at their fair value at the date of inception of the lease. The capital element of outstanding lease or hire purchase commitments is treated as a liability and disclosed as obligations under finance agreements. Interest is allocated to the Income Statement over the period of the lease or hire purchase agreement and represents a constant proportion of the outstanding commitment.

INVENTORIES

Stocks of goods for resale are valued at the lower of cost and net realisable value. Cost is stated on a first in, first out basis and comprises invoiced cost in respect of the purchase of finished goods and materials and direct transportation costs. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision is made for obsolete, defective and slow moving stock.

TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows of the asset, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in

Alex Reid Limited

Statement of Significant Accounting Policies (continued)

For the year ended 31st December 2011

TRADE RECEIVABLES (continued)

the Income Statement within 'administration costs' When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables Subsequent recoveries of amounts previously written off are credited against 'administration costs' in the Income Statement

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts

TRADE PAYABLES

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method Trade payables are non interest bearing

PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation Provision is not made for future operating losses

Property

Provision is made for the anticipated net costs of onerous leases on non-trading properties and for dilapidations Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites The provision will be utilised by the payment of annual costs, shortfalls on sub-tenanted property, expenses of early termination and dilapidations

TAXATION

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised

FOREIGN CURRENCY TRANSLATION

The financial statements are presented in sterling, which is the functional and presentational currency of the Company

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except where deferred in equity as qualifying cash flow hedges, or where hedge accounting is applied, as explained below

Alex Reid Limited

Statement of Significant Accounting Policies (continued)

For the year ended 31st December 2011

DIVIDEND DISTRIBUTION

Dividends to holders of equity instruments declared after the balance sheet date are not recognised as a liability as at the balance sheet date. Final dividend distributions to the Company's Shareholders are recognised in the Company's financial statements in the period in which the dividends are approved by the Company's Shareholders. Interim dividends are recognised when paid.

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

FINANCIAL RISK MANAGEMENT

The Company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk, price risk and interest rate risk. The Company is a wholly owned subsidiary of Johnson Service Group PLC, which manages the risk related to interest and exchange rate fluctuations on its behalf.

The Company obtains its financing through intra group loan arrangements which are at floating rates of interest. Loans to or from the Parent Company are repayable by the borrower within one year and are classed as current assets or liabilities.

The Company does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual customer is subject to a limit, which is regularly reassessed by the board.

Liquidity risk

The Company obtains funding from its Parent Company, which has committed bank facilities available to provide continuity of funding.

Price risk

The Company trades in competitive markets where new entrants may undercut the Company's prices to obtain competitive advantage. In general new entrants can only maintain below cost pricing for a short period of time before either increasing prices or ceasing to trade. The Company monitors pricing by competitors in the industry and ensures competitive pricing is maintained that ensures the viability of the business.

Interest rate cash flow risk

The Company has an interest bearing liability. Interest bearing liabilities include loans from the parent company, at variable rates of interest.

Foreign currency risk

Some overseas trade is undertaken by the Company. Foreign currency hedges are entered into by the Group's central treasury function, when considered appropriate although as at December 2011, in view of the limited exposure to foreign currency trade, there were no forward exchange contracts in place.

Alex Reid Limited
Notes to the Financial Statements
For the year ended 31st December 2011

1 SEGMENTAL ANALYSIS

The Company had only one class of business in the United Kingdom, as in previous years. The analysis of revenue and loss before taxation by class of business and geographical location has therefore not been given.

2 OPERATING PROFIT/(LOSS)

	2011	2010
	£000	£000
Operating profit/(loss) is stated after charging/(crediting)		
Depreciation of tangible fixed assets		
- owned property, plant and equipment	27	32
Profit on sale of tangible fixed assets		
- motor vehicles	(2)	1
Amortisation of intangible assets (software)	41	40
Operating lease payments		
- plant and equipment	251	238
- buildings	335	321
- sublet income	(18)	(6)
Auditors' remuneration		
Fees payable to the Company's Auditor for the audit of the Company's annual accounts	22	49
Fees payable to the Company's Auditor for other services		
- services relating to taxation	5	5

3 EMPLOYEE BENEFIT EXPENSE

	2011	2010
	£000	£000
Staff costs during the year were as follows		
Wages and salaries	1,842	1,936
Social security costs	185	196
Cost of employee share schemes	2	4
Pension costs - defined contribution plans (Note 15)	24	40
Life assurance	-	7
Contributions to private healthcare scheme	6	7
Total	2,059	2,190

The average number of persons (including Directors) employed by the company during the year was

	2011	2010
	No.	No.
Full time	66	71
Part time	2	7
Total	68	78

4 DIRECTOR'S EMOLUMENTS

Key management personnel is represented by the Board of Directors and their aggregate emoluments are as follows -

	2011	2010
	£000	£000
Aggregate emoluments (excluding employer's pension contributions but including bonuses earned and benefits in kind)	88	73
Total	88	73

Alex Reid Limited
Notes to the Financial Statements (continued)
For the year ended 31st December 2011

4 DIRECTOR'S EMOLUMENTS (continued)

During the year no Directors exercised share options (2010 nil)

Directors are regarded as the key management of the Company

At 31st December 2011, no Directors (2010 nil) had benefits accruing to them under any defined benefit pension scheme

Highest Paid Director:

	2011 £000	2010 £000
Aggregate emoluments (excluding employer's pension contributions but including bonuses earned and benefits in kind)	88	66
Total	88	66

5 EXCEPTIONAL ITEMS

	2011 £000	2010 £000
Vacant property provision	-	601
Redundancy costs	-	160
Impairment of property, plant and equipment	-	12
Other restructuring costs	-	356
Total	-	1,129

Management have been working to optimise the performance of warehousing and logistical operations and took the decision to close part of the Company's operations in 2010 in order to improve the overall efficiency of the Company. There were no such incremental exceptional costs recognised in 2011.

6 FINANCE COSTS

	2011 £000	2010 £000
Interest payable on loan from parent company	(147)	(132)
Net finance costs	(147)	(132)

7 TAXATION

	2011 £000	2010 £000
Current tax credit		
UK corporation tax credit for the year at 26.5% (2010 28%)	-	(190)
Adjustment in relation to previous years	(61)	(4)
Current tax credit for the year	(61)	(194)
Deferred tax expense		
Origination and reversal of temporary differences	12	(66)
Adjustment in relation to previous years	58	-
Deferred tax (credit)/charge for the year	70	(66)
Total charge/(credit) for taxation included in the income statement	9	(260)

Alex Reid Limited
Notes to the Financial Statements (continued)
For the year ended 31st December 2011

7 TAXATION (continued)

The tax charge for the year is higher (2010 higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2011 £000	2010 £000
Profit/(loss) before taxation per the income statement	10	(935)
Profit/(loss) before taxation multiplied by the standard rate of Corporation		
Tax in the UK of 26.5% (2010: 28.0%)	3	(262)
Factors affecting taxation charge for the year		
Tax effect of expenses not deductible for tax purposes	5	4
Reduction in deferred tax due to rate change	4	2
Adjustment in relation to previous years	(3)	(4)
Total tax charge/(credit) for the year	9	(260)

The income tax expense for the year is based on the effective United Kingdom statutory rate of Corporation Tax for the period of 26.5% (2010: 28%). The rate of Corporation Tax in the UK reduced from 28% to 26% on 1 April 2011 and to 25% on the 1 April 2012. The impact of the change in tax rate to 25% has been reflected in the measurement of deferred tax balances. The effect of these changes on the Income Statement charge in the year has been a reduced charge of £150.

On 26th March 2012, a further reduction to the main rate to 24% was introduced from 1st April 2012 and further reductions are proposed to reduce the rate by 1% per year to 22% by 1 April 2014. These reductions are expected to be introduced in the future Finance Bills for each annual reduction and hence have not been reflected in the measurement of deferred tax balances. The effect of these changes to be enacted in future Finance Bills is currently being evaluated by the Company, however, the impact on the deferred tax balances due to the decreased Corporation Tax rates is not expected to be material.

8 INTANGIBLE ASSETS

	Computer software £000
Cost	
At 31st December 2009	149
Additions	12
At 31st December 2010	161
Additions	1
At 31st December 2011	162
Accumulated amortisation	
At 31st December 2009	15
Charged during the year	40
At 31st December 2010	55
Charged during the year	41
At 31st December 2011	96
Carrying amount	
At 31st December 2009	134
At 31st December 2010	106
At 31st December 2011	66

Alex Reid Limited
Notes to the Financial Statements (continued)
For the year ended 31st December 2011

9 PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment £000
Cost	
At 31st December 2009	506
Additions	70
Disposals	(135)
At 31st December 2010	441
Additions	12
Disposals	(9)
At 31st December 2011	444
Accumulated depreciation and impairment	
At 31st December 2009	439
Charged during the year	32
Eliminated on disposals	(133)
At 31st December 2010	338
Charged during the year	27
Eliminated on disposals	(9)
At 31st December 2011	356
Carrying amount	
At 31st December 2009	67
At 31st December 2010	103
At 31st December 2011	88

10 INVENTORIES

	2011 £000	2010 £000
Goods for resale	2,027	1,466

The movement in the carrying value of inventories during the year is as follows

	2011 £000	2010 £000
Opening inventories	1,466	1,494
Purchases	8,456	9,264
Amounts transferred to cost of sales	(7,895)	(9,258)
Provision utilised during the year	-	116
Provision charged during the year	-	(150)
	2,027	1,466

Alex Reid Limited
Notes to the Financial Statements (continued)
For the year ended 31st December 2011

11 TRADE AND OTHER RECEIVABLES

	2011	2010
	£000	£000
Amounts falling due within one year		
Trade receivables	2,047	1,890
Less Provision for doubtful debts	(76)	(90)
Net trade receivables	1,971	1,800
Receivables from Group Undertakings	349	512
Prepayments and accrued income	112	102
Total	2,432	2,414

Amounts due from Group Undertakings detailed above represent trade balances which are unsecured, interest free and due for payment within the contracted terms of sale

The historical level of customer default is minimal and as a result the 'credit quality' of year end trade receivables which are not past due is considered to be high Trade and other receivables which are less than three months past due are not considered impaired Trade and other receivables greater than three months past due are considered for recoverability, and, where appropriate, a provision against bad debt is recognised Company receivables from related parties are not past due or impaired The carrying amounts of the Company's trade and other receivables on the Balance Sheet are denominated in Sterling (2010 Sterling)

IAS 32, 'Financial Instruments Presentation', IAS 39, 'Financial Instruments Recognition and Measurement' and IFRS 7, 'Financial Instruments Disclosures' require further numerical disclosures in respect of financial assets, and these are set out below

	Gross	Provision	2011		Gross	Provision	2010
	£000	£000	Net		£m	£m	Net
			£000				£m
Trade and other receivables							
- Not yet due and up to 3 months							
overdue	2,097	8	2,089	2,325	9	2,316	
- 3 to 6 months past due	173	11	162	98	20	78	
- 6 to 12 months past due	201	21	180	70	50	20	
- Over 12 months past due	37	36	1	11	11	-	
	2,508	76	2,432	2,504	90	2,414	

The overdue aging profile above is typical of the industry in which the Company operates Given this and the recognised slow payment history the above amounts are considered recoverable

Total trade receivables are stated net of the following impairment provision

	2011	2010
	£000	£000
At 1st January	90	175
Provisions for receivables impairment	23	-
Released during the year	(16)	(68)
Receivables written off in the year as uncollectable	(21)	(17)
At 31st December	76	90

The creation and release of provision for impaired receivables have been included in 'Administrative expenses' in the Income Statement Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash

The maximum exposure to credit risk of the reporting data is the fair value of each class of receivable The Company does not hold any collateral as security

Alex Reid Limited
Notes to the Financial Statements (continued)
For the year ended 31st December 2011

12 TRADE AND OTHER PAYABLES

	2011 £000	2010 £000
Amounts falling due in less than one year		
Trade payables	1,585	1,233
Payables to Group Undertakings	14	12
Payable to Parent Company	3,662	2,994
Other payables and deferred income	-	7
Other tax and social security	64	64
Accruals	119	180
Total	5,444	4,490

The amounts due to other Group Companies are unsecured, repayable on demand and attract interest linked to the base rate

13 PROVISIONS

	Property £000
At 1st January 2011	445
Additional provision in the year	-
Utilised during the year	(219)
At 31st December 2011	226

The provision includes onerous lease commitments for leases which expire in 2020, with a break clause in 2015

	2011 £000	2010 £000
Analysis of total provisions		
Current	226	237
Non-current	-	208
Total	226	445

14 DEFERRED TAXATION

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25% (2010 27%)

	Deferred tax assets	
	2011 £000	2010 £000
Recognised deferred tax balances in respect of		
Accelerated capital allowances	-	70

The following provides a reconciliation of the movement in each of the major deferred tax assets

	Accelerated capital allowances £000
At 1st January 2011	70
Charge to income	(70)
At 31st December 2011	-

Alex Reid Limited
Notes to the Financial Statements (continued)
For the year ended 31st December 2011

15 RETIREMENT BENEFITS

Pensions

Defined contribution scheme

Johnson Service Group PLC operates a defined contribution money purchase scheme (the JSG Pension Plan) on behalf of eligible employees of the Group. The cost to the Company of contributions to this scheme during the year was £24,000 (2010: £40,000).

Amounts outstanding at 31st December 2011 in respect of:

	2011	2010
	£000	£000
Defined contribution pension scheme	4	4

16 CONTINGENT LIABILITIES

At 31st December 2011 there were no contingent liabilities (2010: nil).

The Company has guaranteed the banking facilities of Johnson Service Group PLC and certain of its subsidiary undertakings under a cross guarantee arrangement. No losses are expected to result from this arrangement.

17 CALLED-UP SHARE CAPITAL

		2011		2010
		£000		£000
Issued and fully paid	Shares	£000	Shares	£000
192,000 Ordinary shares of £1 each				
At start and end of year	192,000	192	192,000	192

18 FINANCIAL COMMITMENTS

Capital expenditure

There are no orders placed for future financial expenditure contracted but not provided for in the financial statements at the balance sheet date (2010: nil).

Revenue expenditure

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2011	2010
	£000	£000
Land and buildings		
- within one year	322	324
- between two and five years	1,125	1,133
- in five years or more	841	1,109
Total	2,288	2,566
	2011	2010
	£000	£000
Plant and equipment		
- within one year	204	161
- between two and five years	198	151
Total	402	312

Alex Reid Limited
Notes to the Financial Statements (continued)
For the year ended 31st December 2011

19 RELATED PARTY TRANSACTIONS

The Company has a related party relationship with its Parent Company, other group undertakings and with its directors and executive officers. Transactions during the year and balances between these related parties are disclosed below.

	2011	2010
	£000	£000
Transactions with Parent Company		
Costs recharged to Parent Company	-	-
Costs recharge from Parent Company	8	64
Amounts due to Parent Company	3,675	3,006
Interest payable to Parent Company	147	132
Transactions with other Group Undertakings		
Sales to other Group Undertakings	3,672	4,953
Costs recharged from other Group Undertakings	35	53
Amounts due from other Group Undertakings	349	512
Amounts due to other Group Undertakings	-	-

There were no transactions with directors and executive officers, other than emoluments for services (note 4)

20 SHARE-BASED PAYMENTS

Certain employees of the Company hold options in respect of potential issues of Ordinary Shares of 10p each in Johnson Service Group PLC, the Parent Company, granted pursuant to the Johnson Group Savings Related Share Option Scheme and the Johnson Service Group Sharesave Plan (together referred to as 'SAYE' schemes) at prices ranging from 16 0p to 335 0p.

SAYE Schemes

The Johnson Group Savings Related Share Option Scheme provides for an exercise price equal to the average of the quoted mid market price of Johnson Service Group PLC shares on the three business days immediately preceding the date of grant, less a discount of up to 20 percent. The Johnson Service Group Sharesave Plan provides for an exercise price equal to the quoted closing mid-market price of the Company shares on the business day immediately preceding the date of grant, less a discount of up to 20 percent. The vesting period under both schemes is either three or five years and no performance conditions are attached to the options.

Cost of schemes

The fair value is measured at the date of grant and spread over the vesting period of the options. The fair value of options awarded to employees is determined by reference to option pricing models, principally Binomial for SAYE schemes and Monte Carlo models for all other schemes. Details of the assumptions used in the calculation of the fair values of the awards, together with details of the inputs into the Binomial and Monte Carlo models are set out in note 29 to the Annual Report of Johnson Service Group PLC.

Details of the number of shares subject to options under each scheme which were outstanding at 31st December 2011, the periods in which they were granted and the periods in which they may be exercised are set out in note 28 to the Annual Report of Johnson Service Group PLC.

During the year the Company recognised total expenses of £2,000 (2010: £4,000) in relation to equity-settled share based payment transactions.

Alex Reid Limited

Notes to the Financial Statements (continued)

For the year ended 31st December 2011

21 ULTIMATE PARENT COMPANY

The company's immediate and ultimate parent undertaking, which is the parent undertaking of the smallest and largest group to consolidate these financial statements, and controlling party is Johnson Service Group PLC. Copies of the parent's consolidated financial statements may be obtained from the secretary, Johnson Service Group PLC at Johnson House, Abbots Park, Monks Way, Preston Brook, Cheshire WA7 3GH