

Alex Reid Limited
Registered No 1025547

Directors' Report and Financial Statements
For the year ended 31st December 2009

THURSDAY



AF2XCN2P

A29

02/09/2010

294

COMPANIES HOUSE

Alex Reid Limited
Directors' Report and Financial Statements
For the year ended 31st December 2009

CONTENTS	Page
Directors and Professional Advisers	1
Directors' Report	2
Independent Auditors' Report to the Members of Alex Reid Limited	6
Income Statement	7
Balance Sheet	8
Statement of Changes in Shareholders' Equity	9
Statement of Cash Flows	10
Statement of Significant Accounting Policies	11
Notes to the Financial Statements	17

Alex Reid Limited

Directors and Professional Advisers

DIRECTORS

M Watts
R C Wood FCIS
P D Ogle
Y M Monaghan Bsc FCA
J A Talbot FCA

REGISTERED OFFICE

Ashworth House
128-130 Beddington Lane
Croydon
Surrey
CR0 4YZ

BANKERS

Barclays Bank plc
7th Floor
1 Marsden Street
Manchester
M2 1HW

Lloyds TSB Bank plc
1st Floor
48 Chiswell Street
London
EC1Y 4XY

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
8 Princes Parade
St Nicholas Place
Liverpool
L3 1QJ

Alex Reid Limited

Directors' Report

For the year ended 31 December 2009

The directors present their report and audited financial statements for the year ended 31 December 2009

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

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 traded at an increased operating loss for the period and, in the absence of unforeseen circumstances, the directors are satisfied that the company will reduce this loss

The business made an operating loss of £123,000 (2008 loss £9,000) on revenue of £14,542,000 (2008 £16,421,000). Following the closure of one plant location, combining the accounting function with the remainder of the Dry Cleaning Division and the reduction in senior personnel, Alex Reid now has a significantly reduced operating overhead

Supported by a new IT business solution and driven through a focus on Customer Service, all the ingredients are in place for a more successful trading year for Alex Reid in 2010

Key Performance Indicators (KPI's)

Given the straight forward nature of the company, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business

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

Further discussion of these risks and uncertainties, in the context of the group as a whole is provided in the group's annual report which does not form part of this report

Likely future developments: The company is to introduce a new IT system to control operations in 2009. The new system will be used as a platform to develop the business and further reduce costs

The directors consider the financial position of the company at 31st December 2009 to be satisfactory

RESULTS AND DIVIDENDS

The Company's revenue and loss from trading operations for the year was as follows

	2009 £000	2008 £000
Revenue (net of VAT)	14,542	16,421
Operating loss	(123)	(9)

The directors have paid no dividends in the year (2008 £nil)

The retained loss after tax for the year was £152,000 (2008 loss £124,000)

Alex Reid Limited

Directors' Report (continued)

For the year ended 31st December 2009

DIRECTORS

The directors of the company, who are listed on page 1, all held office throughout the year apart from P D Ogle and R C Wood who were appointed to the Board on 28th April 2010

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

Treasury and capital risk management

The policies set by the parent company are implemented by the group treasury function on behalf of the company and full details of these policies are disclosed in the annual report of Johnson Service Group PLC

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 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

Foreign currency hedges are entered into on behalf of the company by the group treasury function when considered appropriate

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

Alex Reid Limited

Directors' Report (continued)

For the year ended 31st December 2009

HEALTH AND SAFETY (continued)

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.

CHARITABLE DONATIONS

Donations made to charities in the year amounted to £nil (2008: £nil).

POLICY ON PAYMENT TO SUPPLIERS

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 31 December 2009 were 38 days (2008: 42 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.

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.

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

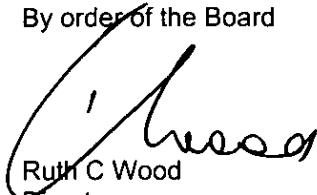
- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's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

Alex Reid Limited
Directors' Report (continued)
For the year ended 31st December 2009

DIRECTORS' RESPONSIBILITIES STATEMENT (continued)

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

By order of the Board



Ruth C Wood
Director
30th April 2010

Alex Reid Limited

Registered in England and Wales No 1025547

Alex Reid Limited

Independent Auditors' Report to the Members of Alex Reid Limited

For the year ended 31st December 2009

We have audited the financial statements of Alex Reid Limited for the year ended 31st December 2009 which comprise the Income Statement, the Statement of Changes in Shareholders' Equity, the Balance Sheet, 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.

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 2009 and of its loss 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

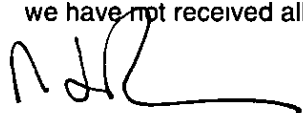
Opinion on other matters prescribed by the Companies Act 2006

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


Nigel Richens (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Liverpool

30 APR 2010

Alex Reid Limited
Income Statement
For the year ended 31st December 2009

Note	Year ended 31 December 2009 £000	Year ended 31 December 2008 £000
1 REVENUE FROM CONTINUING OPERATIONS	14,542	16,421
Cost of sales	(10,964)	(11,965)
GROSS PROFIT	3,578	4,456
Other operating expenses		
- Distribution costs	(985)	(1,350)
- Administration costs	(2,716)	(2,947)
5 Exceptional item	-	(168)
	(3,701)	(4,465)
OPERATING LOSS	(123)	(9)
6 Finance income	-	1
6 Finance costs	(78)	(152)
	(78)	(151)
LOSS BEFORE TAXATION	(201)	(160)
7 Taxation credit	49	36
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	(152)	(124)

All results are derived from continuing operations

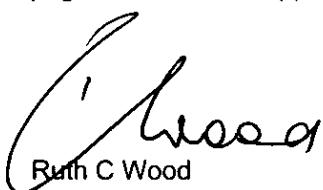
The Company has no recognised net income or expense for the period except as reported in the above Income Statement

The notes on pages 11 to 25 are an integral part of these financial statements

Alex Reid Limited
Balance Sheet
As at 31st December 2009

Note	Year ended 31 December 2009 £000	Year ended 31 December 2008 £000
ASSETS		
NON-CURRENT ASSETS		
8 Intangible assets	134	69
9 Property, plant and equipment	67	57
14 Deferred income tax assets	4	9
	205	135
CURRENT ASSETS		
10 Inventories	1,494	2,195
11 Trade and other receivables	2,564	2,504
Cash and cash equivalents	75	120
	4,133	4,819
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	(1,447)	(1,644)
Current income tax liabilities	-	(1)
12 Other creditors and accruals	(2,936)	(3,149)
13 Provisions	(38)	(58)
	(4,421)	(4,852)
NET CURRENT LIABILITIES	(288)	(33)
NON-CURRENT LIABILITIES		
13 Provisions	-	(38)
NET (LIABILITIES)/ASSETS	(83)	64
EQUITY		
CAPITAL AND RESERVES ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS		
17 Called up share capital	192	192
Other reserves	73	66
Retained earnings	(348)	(194)
TOTAL EQUITY	(83)	64

The notes on pages 11 to 25 are an integral part of these financial statements. The financial statements on pages 7 to 25 were approved by the Board of Directors on 30th April 2010 and signed on its behalf by



Ruth C Wood
DIRECTOR
Company Number 1025547

Alex Reid Limited

Statement of Changes in Shareholders' Equity

For the year ending 31 December 2009

	Share Capital £000	Other Reserves £000	Retained earnings £000	Total Equity £000
Balance at 1 January 2008	192	63	(70)	185
Share option costs – value of employee scheme	-	3	-	3
Total recognised income and expense for the year	-	-	(124)	(124)
Balance at 31 December 2008	192	66	(194)	64
Balance at 1 January 2009	192	66	(194)	64
Share option costs – value of employee scheme	-	5	-	5
Reserve transfer	-	2	(2)	-
Total recognised income and expense for the year	-	-	(152)	(152)
Balance at 31 December 2009	192	73	(348)	(83)

At the Balance Sheet date, other reserves include capital redemption reserve of £63,000 and share option reserve of £10,000 (2008 capital redemption reserve £63,000 and share option reserve of £3,000)

Alex Reid Limited
Statement of Cash Flows
For the year ended 31 December 2009

Note		Year ended 31 December 2009 £000	Year ended 31 December 2008 £000
	CASH FLOWS FROM OPERATING ACTIVITIES		
	Loss before taxation	(201)	(160)
	Adjustments for		
6	Finance income and expense	78	151
2	Depreciation and amortisation	40	36
	Decrease / (increase) in inventory	701	(577)
	(Increase) / decrease in trade and other receivables	(60)	503
	(Decrease) / increase in trade and other payables	(351)	68
2	Loss / (profit) on sale of property, plant and equipment	11	(3)
	Share based payments	5	-
	Cash generated from operations	223	18
	Interest paid	(73)	(152)
	Taxation received	-	1
	Net cash inflow / (outflow) generated from operating activities	150	(133)
	CASH FLOWS FROM INVESTING ACTIVITIES		
	Purchase of intangible assets	(149)	-
9	Purchase of property, plant and equipment	(46)	-
	Proceeds from sale of property, plant and equipment	-	3
	Interest received	-	1
	Net cash (used in) / received from investing activities	(195)	4
	Net decrease in cash and cash equivalents	(45)	(129)
	Cash and cash equivalents at beginning of year	120	249
	Cash and cash equivalents at end of year	75	120

Alex Reid Limited

Statement of Significant Accounting Policies

For the year ended 31 December 2009

BASIS OF PREPARATION

Alex Reid Limited is a Company limited by shares, incorporated and domiciled in the UK

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 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on the going concern basis under the historical cost convention.

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 financial statements are disclosed below.

Changes in Accounting Policy and Disclosures

(a) New and amended standards adopted by the Company

The Company has adopted the following new and amended IFRSs as of 1st January 2009:

IFRS 2 (amendment), 'Share-based payment' (effective 1st January 2009)

The amendment deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Company has adopted IFRS 2 (amendment) from 1st January 2009. The amendment does not have a material impact on the Company financial statements.

IFRS 7, 'Financial instruments – Disclosures' (amendment) (effective 1st January 2009)

The amendment requires enhanced disclosures about fair value measurement and liquidity risk.

IFRS 8 'Operating Segments' (effective 1st January 2009)

IFRS 8 replaces IAS14 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about Segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in no change in the number of separately disclosed segments.

IAS 1 (revised), 'Presentation of financial statements' (effective 1st January 2009)

The revised standard prohibits the presentation of items of income and expense (that is, 'non-owner changes in equity') in the Statement of Changes in Shareholders' Equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a Statement of Comprehensive Income, (this statement was previously called the Statement of Recognised Income and Expense). The revision will have no impact on the Company financial statements as both are already present in the Statement of Changes in Shareholders' Equity: all owner changes in equity, whereas all non-owner changes in equity are presented in the Statement of Comprehensive Income.

IAS 23 (amendment), 'Borrowing costs' (effective 1st January 2009)

The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. The amendment is currently not applicable to the Company as there are no qualifying assets.

Alex Reid Limited

Statement of Significant Accounting Policies (continued)

For the year ended 31 December 2009

- (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 and amendments to existing standards have been published and are mandatory for accounting periods beginning on or after 1st January 2010, or later periods, but have not been early adopted by the Company

IFRS 2 (amendments), 'Group cash-settled share-based payment transaction' (effective 1st January 2010)

In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance is not expected to have a material impact on the Company financial statements.

IFRS 3 (revised), 'Business combinations' (effective 1st July 2009)

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the Income Statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are to be expensed. The Company will apply IFRS 3 (revised) prospectively to all business combinations from 1st January 2010.

IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations' (effective 1st January 2010)

The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirements of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The Company will apply IFRS 5 (amendment) from 1st January 2010. It is not expected to have a material impact on the Company financial statements.

IAS 1 (amendment), 'Presentation of financial statements' (effective 1st January 2010)

The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Company will apply IAS 1 (amendment) from 1st January 2010. It is not expected to have a material impact on the Company financial statements.

IAS 38 (amendment), 'Intangible Assets'

The amendment is part of the IASB's annual improvements project published in April 2009 and the Company will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the Company financial statements.

IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1st July 2009)

The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The Company will apply IFRIC 17 from 1st January 2010. It is not expected to have a material impact on the Company financial statements.

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.

Alex Reid Limited

Statement of Significant Accounting Policies (continued)

For the year ended 31 December 2009

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, dilapidations and environmental costs

The Company makes provision for the anticipated net costs of onerous leases, dilapidations and environmental clean up costs. 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.

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 and similar taxes. 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.

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 Group 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.

Alex Reid Limited
Statement of Significant Accounting Policies (continued)
For the year ended 31 December 2009

(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

Computer 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 the 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. Computer software costs recognised as assets are amortised over their estimated useful lives.

Amortisation of computer software is charged to operating profit.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost, less depreciation which is calculated to write off these assets, by equal annual instalments, over their estimated useful lives. The estimated life of plant and fixtures is two to fifteen years and of vehicles 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 assets' residual values and useful lives 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 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 materials, stores and 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.

Alex Reid Limited
Statement of Significant Accounting Policies (continued)
For the year ended 31 December 2009

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, 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 asset's carrying amount and the present value of estimated future cash flows, 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 the Income Statement within 'administration costs'. When a trade receivable is uncollectible, 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 Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

TRADE PAYABLES

Trade payables are not interest bearing and are stated at their nominal value.

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.

CURRENT INCOME TAXATION

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 either 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 Company's functional and presentational currency.

Alex Reid Limited

Statement of Significant Accounting Policies (continued)

For the year ended 31 December 2009

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.

DIVIDEND DISTRIBUTION

Under IAS 10 (Events after the Balance Sheet Date), dividends to holders of equity instruments declared after the Balance Sheet date are not recognised as a liability as at the Balance Sheet date. Dividend distribution to the Company's Shareholder is recognised in the Company's financial statements in the period in which the dividends are declared to the Company's Shareholder. 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.

Alex Reid Limited
Notes to the Financial Statements
For the year ended 31st December 2009

1 SEGMENTAL ANALYSIS

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

2 OPERATING LOSS

	2009 £000	2008 £000
Operating loss is stated after charging/(crediting)		
Depreciation of tangible fixed assets		
- owned property, plant and equipment	25	36
Loss /(profit) on sale of tangible fixed assets		
- plant and equipment	11	(3)
Amortisation of intangible assets (software)	15	-
Operating lease payments		
- plant and equipment	189	175
- buildings	326	330
- sublet income	(6)	(6)

Auditors' remuneration

Fees payable to the company's auditors for the audit of the company's annual accounts

31	35
----	----

No other fees were payable to the company's auditors for other services provided during the year.

3 EMPLOYEE BENEFIT EXPENSE

	2009 £000	2008 £000
Staff costs during the year were as follows		
Wages and salaries	2,165	2,303
Social security costs	213	230
Redundancy costs	127	30
Cost of employee share schemes	5	3
Pension costs - defined contribution plans (Note 15)	68	72
Contributions to defined benefit private healthcare scheme	4	11
Total	2,582	2,649

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

	2009 No	2008 No
Full time	78	80
Part time	4	5
Total	82	85

4 KEY MANAGEMENT'S EMOLUMENTS

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

	2009 £000	2008 £000
Aggregate emoluments (excluding employer's pension contributions but including bonuses earned and benefits in kind)	84	84
Total	84	84

Alex Reid Limited
Notes to the Financial Statements (continued)
For the year ended 31st December 2009

4 KEY MANAGEMENT'S EMOLUMENTS (continued)

During the year no Directors, other than Directors of the Parent Company, exercised share options (2008 nil)

Directors are regarded as the key management of the company

At 31st December 2009, no directors (2008 nil) had benefits accruing to them under the defined contribution money purchase scheme

Highest Paid Director.

	2009 £000	2008 £000
Aggregate emoluments (excluding employer's pension contributions but including bonuses earned and benefits in kind)	84	84
Total	84	84

5 EXCEPTIONAL ITEM

	2009 £000	2008 £000
Vacant property provision	-	96
Redundancy costs	-	28
Other restructuring costs	-	44
Total	-	168

The exceptional item of £168,000 in 2008 relates to costs incurred in respect of the cessation of the Firbimatic business at the Company's Pershore site and transfer of the activities to the Leicester depot

6 FINANCE INCOME AND COSTS

	2009 £000	2008 £000
Interest payable on loan from parent company	(78)	(152)
Other finance income	-	1
Net finance costs	(78)	(151)

7 TAXATION

	2009 £000	2008 £000
Current tax credit		
UK corporation tax credit for the year at 28% (2008 28.5%)	(58)	(50)
Adjustment in relation to previous years	4	7
Current tax credit for the year	(54)	(43)
Deferred tax expense		
Origination and reversal of temporary differences	9	4
Adjustment in relation to previous years	(4)	3
Deferred tax charge for the year	5	7
Total credit for taxation included in the income statement	(49)	(36)

Alex Reid Limited
Notes to the Financial Statements (continued)
For the year ended 31st December 2009

7 TAXATION (continued)

The tax credit for the year is lower (2008 lower) than the standard rate of corporation tax in the UK. The differences are explained below

	2009 £000	2008 £000
Loss before taxation per the income statement	(201)	(160)
Loss before taxation multiplied by the standard rate of corporation tax in the UK of 28% (2008 28.5%)	(57)	(46)
Factors affecting taxation charge for the year	8	-
Tax effect of expenses not deductible for tax purposes	-	10
Adjustment in relation to previous years	-	10
Total tax credit for the year	(49)	(36)

8 INTANGIBLE ASSETS

Computer
software
£000

Cost	
At 31st December 2007	-
Additions	69
At 31st December 2008	69
Additions	80
At 31st December 2009	149
Accumulated amortisation	
At 31st December 2007 and 2008	-
Charged during the year	15
At 31st December 2009	15
Carrying amount	
At 31st December 2007	-
At 31st December 2008	69
At 31st December 2009	134

The net book value of assets under the course of construction included above is £nil (2008 £69,000)

Alex Reid Limited

Notes to the Financial Statements (continued)

For the year ended 31st December 2009

9 PROPERTY, PLANT AND EQUIPMENT

Plant,
Equipment
and
vehicles
£000

Cost

At 31st December 2007	571
Disposals	(92)
At 31st December 2008	479
Additions	46
Disposals	(19)
At 31st December 2009	506

Accumulated depreciation and impairment

At 31st December 2007	478
Charged during the year	36
Eliminated on disposals	(92)
At 31st December 2008	422
Charged during the year	25
Eliminated on disposals	(8)
At 31st December 2009	439

Carrying amount

At 31st December 2007	93
At 31st December 2008	57
At 31st December 2009	67

10 INVENTORIES

2009
£000

2008
£000

Goods for resale	1,494	2,195
------------------	-------	-------

Alex Reid Limited
Notes to the Financial Statements (continued)
For the year ended 31st December 2009

11 TRADE AND OTHER RECEIVABLES

	2009 £000	2008 £000
Amounts falling due within one year		
Trade receivables	2,152	2,053
Less Provision for doubtful debts	(175)	(113)
Net trade receivables	1,977	1,940
Receivables from Group Undertakings	458	284
Other receivables	13	47
Prepayments and accrued income	116	233
Total	2,564	2,504

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 (2008 Sterling)

	2009 £000	2008 £000
Trade and other receivables		
- Not yet due and up to 3 months past due	1,811	2,091
- 3 to 6 months past due	470	158
- Over 6 months past due	-	84
- Provision	(175)	(113)
	2,106	2,220
Receivables from other Group Companies	458	284
Total	2,564	2,504

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

	2009 £000	2008 £000
At 1st January	113	99
Provisions for receivables impairment	125	140
Receivables written off in the year as uncollectible	(63)	(126)
At 31st December	175	113

The creation and release of provision for impaired receivables have been included in 'administration costs' 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 2009

12 OTHER CREDITORS AND ACCRUALS

	2009 £000	2008 £000
Amounts falling due in less than one year		
Payables to Group Undertakings	7	-
Payable to Parent Company	2,474	1,944
Other payables and deferred income	3	213
Other tax and social security	101	65
Accruals	351	927
Total	2,936	3,149

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 2009	96
Utilised during the year	(58)
At 31st December 2009	38

The provision is for the Pershore property lease which expires in 2010 and was vacated from January 2009 (Note 5) The balance of the provision is all due within one year

14 DEFERRED TAXATION

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 28% (2008 28%)

	Deferred tax assets	
	2009 £000	2008 £000
Recognised deferred tax balances in respect of		
Accelerated capital allowances	4	7

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

	Accelerated capital allowances £000
At 1st January 2009	9
Charge to income	(5)
At 31st December 2009	4

Alex Reid Limited
Notes to the Financial Statements (continued)
For the year ended 31st December 2009

15 RETIREMENT BENEFITS

Private healthcare

The Group operates an unfunded defined benefit private healthcare scheme for eligible retirees. The Parent Company accounted for a current service cost of £1,000 and an interest cost of £79,000 in the Income Statement (2008 £2,000 and £83,000 respectively) and expects this to remain unchanged in 2010.

The scheme is subject to an independent actuarial review which assesses the cost of providing benefits for current and future eligible retirees. The latest formal review was undertaken as at 31st December 2009. The actuarial review was performed using the Project Unit Credit Method, using a discount rate of 5.8% (2008 6.6%). The main long term actuarial assumptions used in the review were that the retirement age of eligible employees will be 62 for females and 62 for males (2008 62 for females and 62 for males) and the rate of increase in medical costs is to be 9.5% for 2010, reducing over the next 4 years to 4.5% (2008 constant increase of 6.0% throughout the period of the liability).

An increase of 1% in the medical cost trend would increase the scheme liabilities by £0.1 million (2008 £0.1 million) and the aggregate of the service cost and interest cost by £8,000 (2008 £10,000). A decrease of 1% in the medical cost trend would reduce the scheme liabilities by £0.1 million (2008 £0.1 million) and the aggregate of the service cost and interest cost by £7,000 (2008 £7,000).

Pensions

Defined contribution scheme

Johnson Service Group PLC operates a defined contribution money purchase scheme (The Johnson Group Retirement plan) on behalf of eligible employees of the Group. The cost to the Company of contributions to this scheme during the year was £68,000 (2008 £72,366).

Amounts outstanding at 31st December 2009 in respect of:

	2009 £000	2008 £000
Defined contribution pension scheme	6	7

16 CONTINGENT LIABILITIES

At 31st December 2009 there were no contingent liabilities except for those arising from the ordinary course of the Company's business (2008 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.

On 28th December 2007, the Company entered into security agreements in respect of the loan and pension scheme obligations of Johnson Service Group PLC. As part of these agreements the loan holders and pension scheme Trustee have security over the assets of the Company.

17 CALLED-UP SHARE CAPITAL

	2009 £000	2008 £000
Authorised		
500,000 (2008 500,000) Ordinary shares of £1 each	500	500
Issued and fully paid		
Ordinary shares of £1 each	Shares £000	Shares £000
At start and end of year	192 192	192 192

Alex Reid Limited
Notes to the Financial Statements (continued)
For the year ended 31st December 2009

18 FINANCIAL COMMITMENTS

Capital expenditure

Contracts placed for future financial expenditure contracted but not provided for in the financial statements are shown below

Revenue expenditure

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

	2009 £000	2008 £000
Land and buildings		
- within one year	308	330
- between two and five years	1,133	1,149
- in five years or more	1,392	1,411
Total	2,833	2,890

	2009 £000	2008 £000
Plant and equipment		
- within one year	213	139
- between two and five years	349	280
Total	562	419

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

	2009 £000	2008 £000
Transactions with Parent Company		
Costs recharged to Parent Company	46	-
Costs recharge from Parent Company	-	154
Amounts due to Parent Company	2,474	1,944
Interest payable to Parent Company	78	152
Transactions with other Group Undertakings		
Sales to other Group Undertakings	4,984	4,096
Costs recharged from other Group Undertakings	224	92
Amounts due from other Group Undertakings	458	284
Amounts due to other Group Undertakings	7	213

There were no transactions with directors and executive officers

20 SHARE-BASED PAYMENTS

Certain senior executives 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 2003 Discretionary Unapproved Share Option Plan, the 2003 Discretionary Approved Share Option Plan, the 2009 Long-Term Incentive Plan and the 2009 Long-Term Incentive Plan Approved Section (together referred to as 'Executive' schemes) at prices ranging from nil to 394 50p

Alex Reid Limited
Notes to the Financial Statements (continued)
For the year ended 31st December 2009

20 SHARE-BASED PAYMENTS (continued)

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

2003 Discretionary Share Option Plan

The 2003 Discretionary Unapproved Share Option Plan and the 2003 Discretionary Approved Share Option Plan provide for a grant price equal to the quoted closing mid-market price of Johnson Service Group PLC shares on the business day immediately preceding the date of grant. The exercise price is determined by the Remuneration Committee of Johnson Service Group PLC. The vesting period is generally three years. Both market based and non-market based performance conditions are generally attached to the options, for which an appropriate adjustment is made when calculating the fair value of an option. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Company before the options vest, unless under exceptional circumstances.

2009 Long-Term Incentive Plan

The 2009 Long-Term Incentive Plan provides for a grant price of nil. The 2009 Long-Term Incentive Plan Approved Section provides for a grant price equal to the quoted closing mid-market price of Johnson Service Group PLC shares on the business day immediately preceding the date of grant. The exercise price is determined by the Remuneration Committee of Johnson Service Group PLC. The vesting period is generally three years. Both market based and non-market based performance conditions are generally attached to the options, for which an appropriate adjustment is made when calculating the fair value of an option. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Company before the options vest, unless under exceptional circumstances.

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 and Monte Carlo models. 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 2009, 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 £5,000 (2008: £3,000) in relation to equity-settled share based payment transactions.

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.