

# **Excellence Limited**

## **Directors' report and financial statements**

26 September 1999

Registered number 2010631



## **Directors' report and financial statements**

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## **Directors' report**

The directors present their report and the audited financial statements for the 52 week period ended 26 September 1999. The comparative financial statements are for the nine month period ended 27 September 1998.

### **Principal activities and business review**

The company's principal activities during the period were those of contract cleaning and facilities management.

The directors will be taking action during the current financial year to bring the company back into profit and to maximise the benefits for the company within the constraints of the prevailing market conditions.

### **Proposed dividends and transfer to reserves**

The directors do not recommend the payment of a dividend. The loss for the period after taxation of £421,471 (*period ended 27 September 1998: profit after taxation of £313,840*) is transferred from reserves.

There were no dividends declared or paid in respect of the nine month period ended 27 September 1998.

### **Fixed assets**

The movements in fixed assets are shown in notes 9, 10 and 11 to the financial statements.

### **Directors and their interests**

The directors who held office during the period were as follows:

PW Cooper  
J R Foley  
AW Sibley  
R Sibley (resigned 20 October 1999)

On 20 October 1999 M J Poulter was appointed a director of the company. None of the directors held any interests in the share capital of the company. The interests of J R Foley, who is also a director of the company's ultimate parent undertaking Jordec Group plc, are shown in the notes to the financial statements of that company; the interests of the other directors in the share capital of Jordec Group plc, all of which are beneficial, are as follows:

## Directors' report (continued)

	Number of ordinary shares of 5p each	
	26 September 1999	27 September 1998
PW Cooper	72,404	72,404
AW Sibley	612,229	612,229
R Sibley	639,729	639,729

Throughout the period PW Cooper held an option to acquire 82,747 ordinary shares in Excellence Limited at a price of £1 each which, on exercise, will be acquired by Jordec Group plc by the issue of ordinary shares of 5p each at a price of 25.9p per share. This option expires on 23 April 2004.

There are no other directors' interests requiring disclosure under the Companies Act 1985.

The Jordec Group maintains insurance to cover directors' and officers' liability as permitted by section 310 (3)(a) of the Companies Act 1985.

### Employees

The directors give special attention to the health and safety of their employees and endeavour to ensure that as far as possible the training, career development and promotion of disabled persons is the same as for other employees. Should employees become disabled, every effort is made to ensure that their employment continues and appropriate retraining is received.

The company has continued its policy of regularly consulting and communicating with its employees through briefing meetings, announcements on notice boards and distribution of the annual report.

### Year 2000

The Millennium Bug, or Year 2000 issue, refers to potential problems in the processing of data or operation of electronic equipment if affected by the transition from 1999 to 2000. The directors fully recognise the potential risks with the issue and have been taking reasonable steps to ensure that the company is prepared for the event and its potential consequences. The costs incurred for preparing the company's systems and controls for the transition were not material.

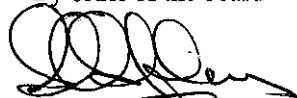
### Donations

Charitable donations for the period were £nil (*period ended 27 September 1998: £200*). There were no political donations in either period.

### Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution proposing their appointment and authorising the directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the board



S R Shipley  
Secretary  
14 Millbrook Road  
Yate  
Bristol BS37 5JW

17 March 2000

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Report of the Auditors to the members of Excellence Limited**

We have audited the financial statements on pages 6 to 18.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 26 September 1999 and of its loss for the fifty two week period then ended and have been properly prepared in accordance with the Companies Act 1985.

**PricewaterhouseCoopers**  
*Chartered Accountants and  
Registered Auditors  
Nottingham*

17 March 2000

## Profit and loss account

*For the 52 week period ended 26 September 1999*

		52 week period ended 26 September 1999 £	Period from 5 January 1998 to 27 September 1998 £
Turnover	Note 1 & 2	5,041,452	4,002,885
Cost of sales		(4,036,654)	(3,210,355)
<b>Gross profit</b>		<b>1,004,798</b>	<b>792,530</b>
Administrative expenses – normal		(933,816)	(776,635)
– exceptional	3	(422,551)	300,000
<b>Operating profit/(loss) – pre-exceptional</b>		<b>70,982</b>	<b>15,895</b>
<b>– exceptional</b>		<b>(422,551)</b>	<b>300,000</b>
		<b>(351,569)</b>	<b>315,895</b>
Interest receivable and similar income	6	-	44,594
Interest payable and similar charges	7	(69,902)	(46,649)
<b>(Loss)/profit on ordinary activities before taxation</b>	2 & 3	<b>(421,471)</b>	<b>313,840</b>
Tax on (loss)/profit on ordinary activities	8	-	-
<b>(Loss)/profit for the period transferred (from)/to reserves</b>	18	<b>(421,471)</b>	<b>313,840</b>

All of the company's activities are classified as continuing.

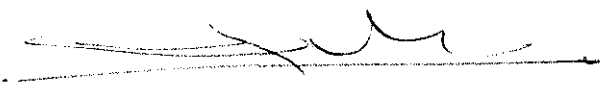
The company had no recognised gains or losses other than the result for the period.

The above results are stated on an historical cost basis.

**Balance Sheet**  
*At 26 September 1999*

	Note	26 September 1999		27 September 1998	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	9	185,279		197,419	
Tangible assets	10	179,604		351,837	
Investments	11	-		43,370	
			<b>364,883</b>		<b>592,626</b>
<b>Current assets</b>					
Stocks	12	13,655		13,655	
Debtors	13	1,999,221		1,535,226	
Cash at bank and in hand		1,559		-	
			<b>2,014,435</b>		<b>1,548,881</b>
<b>Creditors: amounts falling due within one year</b>	14	<b>(2,004,513)</b>		<b>(1,238,983)</b>	
<b>Net current assets</b>			<b>9,922</b>		<b>309,898</b>
<b>Total assets less current liabilities</b>			<b>374,805</b>		<b>902,524</b>
<b>Creditors: amounts falling due after more than one year</b>	15		<b>(24,150)</b>		<b>(130,398)</b>
			<b>350,655</b>		<b>772,126</b>
<b>Capital and reserves</b>					
Called up share capital	17	827,468		827,468	
Profit and loss account	18	(476,813)		(55,342)	
<b>Shareholders' funds – all equity</b>			<b>350,655</b>		<b>772,126</b>

The financial statements were approved by the board of directors on 17 March 2000 and were signed on its behalf by:

  
**A W Sibley**  
*Director*

## **Reconciliation of movements in shareholders' funds**

*For the 52 week period ended 26 September 1999*

	<b>52 week period ended 26 September 1999 £</b>	<b>Period from 5 January 1998 to 27 September 1998 £</b>
Opening shareholders' funds	772,126	750,786
(Loss)/profit for the financial period	(421,471)	313,840
Call of partly unpaid shares	-	40,500
Transfer of redemption interest on deep discounted bond	-	11,400
On waiving of deep discounted bond	-	(344,400)
	<hr/>	<hr/>
<b>Closing shareholders' funds – all equity</b>	<b>350,655</b>	<b>772,126</b>
	<hr/>	<hr/>

## Notes to the financial statements

### 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is exempt from preparing group accounts under section 228 of the Companies Act 1985.

The company is exempt from the requirements of Financial Reporting Standard No 1 (Revised 1996) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Jordec Group plc, and its cash flows are included within the consolidated cash flow statement of that company.

#### *Goodwill*

Goodwill arising on acquisition (representing the excess of the fair value of the consideration given over the fair value of the separable net assets required) is capitalised and amortised over 20 years, that being its estimated useful life in the opinion of the directors.

#### *Tangible fixed assets and depreciation*

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Motor vehicles	25% straight line basis
Plant and machinery	20-33% straight line basis
Fixtures and fittings	20% straight line basis

#### *Foreign exchange*

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities at the balance sheet date which are denominated in foreign currencies are translated into sterling at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

#### *Taxation*

The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made of deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### *Turnover*

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

## Notes to the financial statements (*continued*)

### 1. Accounting policies (Continued)

#### *Investments*

In the company's financial statements, investments in subsidiary undertakings are stated at cost less any provision for a permanent diminution in value. Dividends received and receivable are credited to the company's profit and loss account to the extent that they represent a realised profit for the company.

#### *Pensions*

There is no company pension scheme but the company contributes to the personal schemes of certain employees. Such costs are charged to the profit and loss account over the periods which benefit from the employees' services.

#### *Leases*

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

### 2. Segmental analysis

Turnover, (loss)/profit before tax and capital employed arise from the activities of contract cleaning and facilities management. The company operates in the United Kingdom where all its turnover originates.

## Notes to the financial statements *(continued)*

### 3. (Loss)/profit on ordinary activities before taxation

	52 week period ended 26 September 1999 £	Period from 5 January 1998 to 27 September 1998 £
<i>(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Auditors' remuneration including expenses:		
Audit fees	9,792	5,755
Other services	-	5,309
Depreciation on tangible fixed assets:		
Owned	57,592	47,479
Hire purchase and finance leases	51,268	20,789
Amortisation of goodwill	12,140	8,871
Hire of plant and machinery	37,454	29,958
Rentals payable under operating leases	74,931	67,655
Leasehold property rental	34,277	21,545
Loss on disposal of tangible fixed assets	1,637	-
Exceptional items	422,551	(300,000)
	<hr/>	<hr/>

Exceptional items include the following:

Redundancy costs	202,850	-
On waiving of deep discounted bond	-	(300,000)
Provision against investments in, and amounts due from subsidiary undertaking	219,701	-
	<hr/>	<hr/>
	422,551	(300,000)
	<hr/>	<hr/>

### 4. Remuneration of directors

	52 week period ended 26 September 1999 £	Period from 5 January 1998 to 27 September 1998 £
Directors emoluments	134,968	104,808
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No directors received pension benefits from the company in either period.

## Notes to the financial statements *(continued)*

### 5. Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, were as follows:

	52 week period ended 26 September 1999 Number	Period from 5 January 1998 to 27 September 1998 Number
Directors	3	3
Administration	19	26
Operatives	515	627
	<hr/>	<hr/>
	537	656
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	52 week period ended 26 September 1999 £	Period from 5 January 1998 to 27 September 1998 £
Wages and salaries	3,785,415	2,980,314
Social security costs	242,615	195,026
Pension costs	-	2,737
	<hr/>	<hr/>
	4,028,030	3,178,077
	<hr/>	<hr/>

### 6. Interest receivable and similar income

	52 week period ended 26 September 1999 £	Period from 5 January 1998 to 27 September 1998 £
On waiving of deep discounted bond	-	44,400
Bank deposit interest	-	178
Other interest	-	16
	<hr/>	<hr/>
	-	44,594
	<hr/>	<hr/>

## Notes to the financial statements (*continued*)

### 7. Interest payable and similar charges

	52 week period ended 26 September 1999 £	Period from 5 January 1998 to 27 September 1998 £
On bank overdrafts and other loans wholly repayable within 5 years	45,029	1,122
On all other loans	890	18,166
On finance lease and hire purchase contracts	23,983	15,961
Finance charge on deep discounted bond	-	11,400
	<hr/> 69,902 <hr/>	<hr/> 46,649 <hr/>

### 8. Tax on (loss)/profit on ordinary activities

There is no tax charge in either period due to the availability of tax losses. Tax losses carried forward at 26 September 1999 amounted to £56,458 (27 September 1998: £55,763).

### 9. Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At beginning and end of period	242,791
<b>Amortisation</b>	
At beginning of period	45,372
Charged in period	12,140
	<hr/>
At end of period	57,512
	<hr/>
<b>Net book amount</b>	
At 26 September 1999	185,279
	<hr/>
At 27 September 1998	197,419
	<hr/>

## Notes to the financial statements *(continued)*

### 10. Tangible fixed assets

	Motor vehicles £	Fixtures and fittings £	Plant And Machinery £	Total £
<b>Cost</b>				
At beginning of period	117,192	100,776	690,698	908,666
Additions	49,879	4,862	28,418	83,159
Disposals	(19,445)	-	-	(19,445)
Group transfers	(25,300)	-	(136,540)	(161,840)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	122,326	105,638	582,576	810,540
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation and Diminution in value</b>				
At beginning of period	30,291	73,638	452,900	556,829
Charge for period	38,201	9,421	61,238	108,860
Disposals	(11,121)	-	-	(11,121)
Group transfers	(4,726)	-	(18,906)	(23,632)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	52,645	83,059	495,232	630,936
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book amount</b>				
At 26 September 1999	69,681	22,579	87,344	179,604
	<hr/>	<hr/>	<hr/>	<hr/>
At 27 September 1998	86,901	27,138	237,798	351,837
	<hr/>	<hr/>	<hr/>	<hr/>
Included in tangible fixed assets are the following amounts in respect of assets acquired under finance lease and hire purchase contracts. Depreciation for the period on such assets was £51,268 ( <i>period ended 27 September 1998: £20,789</i> ).				
Cost	97,869	-	14,992	112,861
Accumulated depreciation	(34,746)	-	(11,365)	(46,111)
	<hr/>	<hr/>	<hr/>	<hr/>
Net book amount	63,123	-	3,627	66,750
	<hr/>	<hr/>	<hr/>	<hr/>

## Notes to the financial statements *(continued)*

### 11. Fixed asset investments

	Shares in subsidiary undertakings	
	Cost £	Provision £
		Net book amount £
At beginning of period	43,370	-
Provision ..... in current period	-	(43,370)
	<hr/>	<hr/>
At end of period	43,370	(43,370)
	<hr/>	<hr/>

At 26 September 1999 the company's subsidiary undertakings were as follows:

Two Flags Excellence Limited (held directly)

Two Flags Connect Business Services Limited (held indirectly)

Each company is registered in England and provided support services to the travel industry. The investments held represent 100% of the issued ordinary share capital of each company. Two Flags Connect Business Services Limited ceased trading during the current year.

### 12. Stocks

	26 September 1999 £	27 September 1998 £
Raw materials and consumables	13,655	13,655
	<hr/>	<hr/>

### 13. Debtors

	26 September 1999 £	27 September 1998 £
Amounts falling due within one year:		
Trade debtors	1,033,187	591,419
Prepayments and accrued income	31,745	506,732
Other debtors	19,944	3,709
Amounts due from groups companies	913,538	432,559
Corporation tax	807	807
	<hr/>	<hr/>
	1,999,221	1,535,226
	<hr/>	<hr/>

## Notes to the financial statements (continued)

### 14. Creditors: amounts falling due within one year

	26 September 1999 £	27 September 1998 £
Bank overdraft	353,138	36,084
Obligations under finance lease and hire purchase contracts	36,089	59,379
Trade creditors	161,840	296,972
Other taxes and social security	120,128	254,117
Other creditors	844,970	360,396
Accruals and deferred income	168,345	206,674
Amounts due to group companies	320,003	25,361
	<hr/> 2,004,513 <hr/>	<hr/> 1,238,983 <hr/>

Other creditors of £844,790 (27 September 1998: £337,456) are secured by a fixed charge over the debtors of the company.

The bank overdraft facility is secured by a fixed and floating charge over the assets of the company and is repayable on demand.

### 15. Creditors: amounts falling due in more than one year

	26 September 1999 £	27 September 1998 £
Obligations under finance lease and hire purchase contracts		
Due in one to five years	24,150	130,398
	<hr/>	<hr/>

The amounts owing under finance lease and hire purchase contracts are secured against the related assets acquired under those contracts. No amounts are payable after more than five years from the balance sheet date.

### 16. Provisions for liabilities and charges

The full potential deferred tax asset calculated at 30% (27 September 1998: 21%) and the amount recognised are as follows:

	26 September 1999		27 September 1998
	Recognised £	Full potential £	Recognised £
Accelerated capital allowances	-	29,758	-
Other timing differences	-	-	-
Losses	-	16,937	-
	<hr/>	<hr/>	<hr/>
	-	46,695	-
	<hr/>	<hr/>	<hr/>
	-	18,618	-

## Notes to the financial statements (continued)

### 17. Called up share capital

	26 September 1999 £	27 September 1998 £
<i>Authorised</i>		
Ordinary shares of £1 each	1,350,000	1,350,000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	827,468	827,468

### 18. Profit and loss account

	£
As at 27 September 1998	(55,342)
(Loss) for the period	(421,471)
As at 26 September 1999	(476,813)

### 19. Contingent liabilities

The company has provided cross-guarantees in respect of bank overdrafts and other liabilities for fellow group companies.

### 20. Commitments

- i) Capital commitments at the end of the period for which no provision has been made totalled £nil (27 September 1998: £nil)
- ii) Annual commitments under non-cancellable operating leases are as follows:-

	26 September 1999		27 September 1998	
	Land and buildings £	Other £	Land and Buildings £	Other £
Operating leases which expire:				
Within one year	-	19,633	-	8,448
Within two to five years	39,800	36,645	19,520	60,396
Over five years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	39,800	56,278	19,520	68,844

## **Notes to the financial statements (*continued*)**

### **21. Related party transactions**

The company has taken advantage of the exemption provided by Financial Reporting Standard No 8 ("Related Party Disclosures") in not disclosing transactions between group companies where there is a common ownership interest in excess of 90% and where such transactions are fully eliminated on consolidation.

### **22. Parent undertaking**

The company's ultimate parent undertaking is Jordec Group plc, a company incorporated in Great Britain and registered in England and Wales.

The consolidated financial statements of Jordec Group plc are available to the public and may be obtained from 14 Millbrook Road, Yate, Bristol, BS37 5JW. No other group financial statements include the results of the company.