

2589078

Initial Projects Limited

Report and Financial Statements

Year Ended

30 September 2006

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BDO Stoy Hayward
Chartered Accountants

Initial Projects Limited

Annual report and financial statements for the year ended 30 September 2006

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Directors

A J Chell
R D Evans
I D Parry

Secretary and registered office

R D Evans, Enital, Enterprise Drive, Four Ashes, Wolverhampton, WV10 7DE

Company number

2589078

Auditors

BDO Stoy Hayward LLP, 125 Colmore Row, Birmingham, B3 3SD

Bankers

National Westminster Bank PLC, Granville Steps, Granville Square, Stone, Staffs, ST15 8AE

Initial Projects Limited

Report of the directors for the year ended 30 September 2006

The directors present their report together with the audited financial statements for the year ended 30 September 2006

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year

Principal activities, review of business and future developments

The company's principal activity is the provision of a variety of specialist services to the waste management and environmental sectors

During the year the company continued to expand its higher margin activities and incurred significant costs in curtailing less profitable operations. The focus on higher margin business has continued since the year end and the directors are optimistic that this will result in improved profitability into the foreseeable future

Directors

The directors of the company during the year were

A J Chell
D A Edwards (Resigned 7th July 2006)
R D Evans
I D Parry

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which 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 year. 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, 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 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 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

Initial Projects Limited

Report of the directors for the year ended 30 September 2006 (*Continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the Board

R D Evans

Secretary



26 July 2007

Initial Projects Limited

Independent auditor's report

To the shareholders of Initial Projects Limited

We have audited the financial statements of Initial Projects Limited for the year ended 30 September 2006 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the note of historical cost profits and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 misstatement, 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.

Initial Projects Limited

Independent auditor's report (*Continued*)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements



BDO STOY HAYWARD LLP

Chartered Accountants

and Registered Auditors

Birmingham

26 July 2007

Initial Projects Limited**Profit and loss account for the year ended 30 September 2006**

	Note	Year ended 30 September 2006 £	18 months ended 30 September 2005 £
Turnover	2	2,335,710	3,929,784
Cost of sales		1,672,106	2,545,907
		<hr/>	<hr/>
Gross profit		663,604	1,383,877
Administrative expenses		1,066,088	1,717,203
		<hr/>	<hr/>
		(402,484)	(333,326)
Other operating income		195,000	295,983
		<hr/>	<hr/>
Operating loss	3	(207,484)	(37,343)
Income from shares in group undertakings		300,000	150,000
Interest payable and similar charges	6	(50,244)	(95,581)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		42,272	17,076
Taxation on profit on ordinary activities	7	59,320	(4,771)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		101,592	12,305
		<hr/>	<hr/>
All amounts relate to continuing activities			

The notes on pages 8 to 19 form part of these financial statements

Initial Projects Limited

Statement of total recognised gains and losses and note of historical cost profits and losses for the year ended 30 September 2006

	Year ended 30 September 2006 £	18 months ended 30 September 2005 £
Statement of total recognised gains and losses		
Profit for the financial year/period	101,592	12,305
Unrealised surplus on revaluation of properties	-	132,934
	<hr/>	<hr/>
Total recognised gains and losses for the financial year/period	101,592	145,239
	<hr/>	<hr/>

	Year ended 30 September 2006 £	18 months ended 30 September 2005 £
Note of historical cost profits and losses		
Reported profit on ordinary activities before taxation	42,272	17,076
Difference between actual and historical cost depreciation charge	1,962	-
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	44,234	17,076
	<hr/>	<hr/>
Historical cost profit for the year after taxation	103,554	12,305
	<hr/>	<hr/>

The notes on pages 8 to 19 form part of these financial statements

Initial Projects Limited

Balance sheet at 30 September 2006

	Note	30 September 2006 £	30 September 2006 £	30 September 2005 £	30 September 2005 £
Fixed assets					
Tangible assets	9		692,425		714,252
Fixed asset investments	10		2		2
			<u>692,427</u>		<u>714,254</u>
Current assets					
Stocks	11	75,915		37,404	
Debtors	12	471,205		1,104,998	
		<u>547,120</u>		<u>1,142,402</u>	
Creditors: amounts falling due within one year	13	1,008,547		1,536,364	
		<u>1,008,547</u>		<u>1,536,364</u>	
Net current liabilities			<u>(461,427)</u>		<u>(393,962)</u>
Total assets less current liabilities			<u>231,000</u>		<u>320,292</u>
Creditors: amounts falling due after more than one year	14	184,718		234,491	
Provisions for liabilities	15	-		45,000	
		<u>-</u>		<u>45,000</u>	
			<u>184,718</u>		<u>279,491</u>
			<u>46,282</u>		<u>40,801</u>
Capital and reserves					
Called up share capital	16		5,000		5,000
Revaluation reserve	17		130,972		132,934
Profit and loss account	17		(89,690)		(97,133)
			<u>46,282</u>		<u>40,801</u>
Shareholders' funds	18		<u>46,282</u>		<u>40,801</u>

The financial statements were approved by the board of directors and authorised for issue on 26 July 2007

I D Parry
Director

The notes on pages 8 to 19 form part of these financial statements

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of freehold land and buildings

The following principal accounting policies have been applied

Accounting period

The financial statements cover the year ended 30 September 2006. The comparative figures are for the eighteen month period from 1 April 2004 to 30 September 2005

Going concern

The company has net current liabilities of £461,427 (2005: £393,962) at the balance sheet date. The company is dependent upon the continuing financial support of its bankers who have indicated that they will continue with this support. Given the continuation of this support, the directors are satisfied that the financial statements can be prepared on a going concern basis.

Consolidated financial statements

The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 248 of the Companies Act 1985 as the group it heads qualifies as a small group. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Freehold property	- 2% straight line
Plant and machinery	- 15% straight line
Motor vehicles	- 25% straight line
Fixtures and fittings	- 15% straight line
Computer equipment	- 25% straight line
Leachate treatment plant	- 10% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal. Work in progress includes labour and attributable overheads.

Work in progress is assessed on a contract by contract basis and is reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Where the outcome of the contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between reported turnover and related costs for that contract.

1 Accounting policies (continued)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief, and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met

Deferred tax balances are not discounted

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 1985

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

Initial Projects Limited

Notes forming part of the financial statements for the year ended 30 September 2006 (Continued)

3 Operating loss

	Year ended 30 September 2006 £	18 months ended 30 September 2005 £
This is arrived at after charging		
Depreciation of tangible fixed assets	46,049	141,313
Hire of other assets - operating leases	22,237	20,305
Audit services	6,250	6,000
	<u> </u>	<u> </u>

4 Employees

Staff costs (including directors) consist of

	Year ended 30 September 2006 £	18 months ended 30 September 2005 £
Wages and salaries	860,906	1,270,817
Social security costs	84,288	158,796
Other pension costs	1,983	5,703
	<u> </u>	<u> </u>
	947,177	1,435,316
	<u> </u>	<u> </u>

The average number of employees (including directors) during the year was 42 (2005 - 38)

5 Directors' remuneration

	Year ended 30 September 2006 £	18 months ended 30 September 2005 £
Directors' emoluments	234,239	355,909
Compensation for loss of office	30,000	-
	<u> </u>	<u> </u>

There were no directors in the company's defined contribution pension scheme during the year (2005 - NIL)

The total amount payable to the highest paid director in respect of emoluments was £108,856 (2005 - £128,838)

Initial Projects Limited**Notes forming part of the financial statements for the year ended 30 September 2006 (Continued)****6 Interest payable and similar charges**

	Year ended 30 September 2006 £	18 months ended 30 September 2005 £
Bank loans and overdrafts	13,069	28,918
Finance leases and hire purchase contracts	4,294	6,651
Factoring interest	18,938	55,949
Other interest payable	13,943	4,063
	<u>50,244</u>	<u>95,581</u>

7 Taxation on profit on ordinary activities

	Year ended 30 September 2006 £	18 months ended 30 September 2005 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	-	(16,750)
Adjustment in respect of previous periods	2,180	8,787
	<u>2,180</u>	<u>(7,963)</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(61,500)	20,065
Adjustment in respect of previous periods	-	(7,331)
	<u>(61,500)</u>	<u>12,734</u>
Movement in deferred tax provision	(61,500)	12,734
Taxation on profit on ordinary activities	<u>(59,320)</u>	<u>4,771</u>

Initial Projects Limited

Notes forming part of the financial statements for the year ended 30 September 2006 (Continued)

7 Taxation on profit on ordinary activities (continued)

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below

	Year ended 30 September 2006 £	18 months ended 30 September 2005 £
Profit on ordinary activities before tax	42,272	17,076
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2005 - 30%)	12,682	5,123
Effect of		
Expenses not deductible for tax purposes	7,438	8,205
Capital allowances for period in excess of depreciation	1,650	(3,096)
Surrender of tax losses	-	43,925
Adjustment to tax charge in respect of previous periods	2,180	8,787
Unrelieved tax losses to carry forward	61,522	-
Income not taxable for tax purposes	(90,000)	(45,000)
Other short term timing differences	6,708	3,569
Prior year adjustment	-	(29,476)
Current tax charge for period	2,180	(7,963)

8 Dividends

	Year ended 30 September 2006 £	18 months ended 30 September 2005 £
Ordinary shares		
Interim paid of £19.22 (2005 - £30.00) per share	96,111	150,000

Initial Projects Limited

Notes forming part of the financial statements for the year ended 30 September 2006 (*Continued*)

9 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Total £
<i>Cost or valuation</i>			
At 1 October 2005	475,750	342,183	817,933
Additions	-	24,222	24,222
Disposals	-	(22,304)	(22,304)
	<hr/>	<hr/>	<hr/>
At 30 September 2006	475,750	344,101	819,851
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 October 2005	-	103,681	103,681
Provided for the year	5,070	40,979	46,049
Disposals	-	(22,304)	(22,304)
	<hr/>	<hr/>	<hr/>
At 30 September 2006	5,070	122,356	127,426
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 September 2006	470,680	221,745	692,425
	<hr/>	<hr/>	<hr/>
At 30 September 2005	475,750	238,502	714,252
	<hr/>	<hr/>	<hr/>

The gross value of land and buildings are stated at

	30 September 2006 £	30 September 2005 £
Open market value - 2005	132,934	132,934
Cost	342,816	342,816
	<hr/>	<hr/>
	475,750	475,750
	<hr/>	<hr/>

The net book value of tangible fixed assets includes an amount of £173,092 (2005 - £194,728) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £21,636 (2005 - £21,636).

The company's freehold land and buildings were revalued on 30 September 2005 by the directors based on a valuation by Bulley's Chartered Surveyors in November 2005.

Initial Projects Limited

Notes forming part of the financial statements for the year ended 30 September 2006 (Continued)

10 Fixed asset investments

	Group undertakings £
<i>Cost</i>	
At 1 October 2005 and 30 September 2006	2

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the year end is 20% or more are as follows

	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
Enitall Water Limited	United Kingdom	100%	Supply of control equipment
Flaretech Limited	United Kingdom	100%	Manufacture, service and hire of methane gas control flares
Flaretech (New Zealand) Limited	New Zealand	100%	Manufacture, service and hire of methane gas control flares

Unless otherwise stated, the following figures have been extracted from the unaudited financial statements for the year ended 30 September 2006

	Aggregate share capital and reserves		Profit/(loss) for the period	
	30 September 2006	30 September 2005	30 September 2006	30 September 2005
	£	£	£	£
Enitall Water Limited	(58,935)	(57,946)	(989)	(61,516)
Flaretech Limited	191,118	136,082	355,037	313,363

Flaretech went into administration after the balance sheet date

11 Stocks

	30 September 2006 £	30 September 2005 £
Work in progress	46,148	18,404
Finished goods and goods for resale	29,767	19,000
	75,915	37,404

Initial Projects Limited

Notes forming part of the financial statements for the year ended 30 September 2006 (Continued)

11 Stocks (continued)

There is no material difference between the replacement cost of stocks and the amounts stated above

12 Debtors

	30 September 2006 £	30 September 2005 £
Amounts receivable within one year		
Trade debtors	387,964	879,610
Amounts owed by group undertakings	-	31,204
Corporation tax recoverable	15,541	-
Other debtors	22,914	18,956
Prepayments and accrued income	28,286	25,228
Dividends receivable	-	150,000
	<hr/> 454,705	<hr/> 1,104,998
Amounts receivable after more than one year		
Deferred taxation (see note 15)	16,500	-
	<hr/> 471,205	<hr/> 1,104,998

13 Creditors: amounts falling due within one year

	30 September 2006 £	30 September 2005 £
Bank loan and overdrafts (secured)	24,093	39,592
Payments received on account	2,730	-
Trade creditors	366,475	285,818
Amounts owed to group undertakings	267,569	319,728
Corporation tax	-	4,674
Other taxation and social security	124,523	320,387
Obligations under finance lease and hire purchase contracts	25,337	49,037
Other creditors	172,710	362,141
Accruals and deferred income	25,110	154,987
	<hr/> 1,008,547	<hr/> 1,536,364

Initial Projects Limited

Notes forming part of the financial statements for the year ended 30 September 2006 (Continued)

13 Creditors: amounts falling due within one year (Continued)

The bank borrowings are secured by a legal charge over the company's freehold property together with a debenture over the other assets. Advances from discounters, included in other creditors, are secured by amounts due from certain trade debtors.

14 Creditors: amounts falling due after more than one year

	30 September 2006 £	30 September 2005 £
Bank loans (secured)	184,718	208,585
Obligations under finance lease and hire purchase contracts	-	25,906
	<u>184,718</u>	<u>234,491</u>

Maturity of debt

	Loans and overdrafts 30 September 2006 £	Loans and overdrafts 30 September 2005 £	Finance leases 30 September 2006 £	Finance leases 30 September 2005 £
In one year or less, or on demand	<u>24,093</u>	<u>39,592</u>	<u>25,337</u>	<u>49,037</u>
In more than one year but not more than two years	23,000	25,000	-	25,906
In more than two years but not more than five years	69,000	75,000	-	-
In more than five years	<u>92,718</u>	<u>108,585</u>	<u>-</u>	<u>-</u>
	<u>184,718</u>	<u>208,585</u>	<u>-</u>	<u>25,906</u>

Included in creditors due after more than one year are the following amounts repayable in more than five years:

	30 September 2006 £	30 September 2005 £
Bank loans	<u>92,718</u>	<u>108,585</u>

The bank loan is repayable by fixed monthly instalments over a period of 12 years. The loan bears interest at 2% above the bank's base rate.

Initial Projects Limited

Notes forming part of the financial statements for the year ended 30 September 2006 *(Continued)*

15 Provisions for liabilities

	Deferred taxation £
At 1 October 2005	45,000
Credited to profit and loss account	(61,500)
	<hr/>
	(16,500)
Transferred to debtors (see note 12)	16,500
	<hr/>
At 30 September 2006	-
<i>Deferred taxation</i>	<hr/>
	30 September 2006 30 September 2005
	£ £
Accelerated capital allowances	45,000 45,000
Sundry timing differences	(61,500) -
	<hr/>
	(16,500) 45,000
	<hr/>

16 Share capital

	30 September 2006 £	Authorised 30 September 2005 £	Allotted, called up and fully paid 30 September 2006 £	30 September 2005 £
Ordinary shares of £1 each	5,000	5,000	5,000	5,000
	<hr/>	<hr/>	<hr/>	<hr/>

Initial Projects Limited

Notes forming part of the financial statements for the year ended 30 September 2006 (Continued)

17 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 October 2005	132,934	(97,133)
Profit for the year	-	101,592
Dividends	-	(96,111)
Transfers	(1,962)	1,962
	<hr/>	<hr/>
At 30 September 2006	130,972	(89,690)
	<hr/>	<hr/>

18 Reconciliation of movements in shareholders' funds

	Year ended 30 September 2006 £	18 months ended 30 September 2005 £
Profit for the year	101,592	12,305
Dividends	(96,111)	(150,000)
	<hr/>	<hr/>
	5,481	(137,695)
Other net recognised gains and losses relating to the year		
- Unrecognised surplus on revaluation of properties	-	132,934
	<hr/>	<hr/>
Net additions to/(deductions from) shareholders' funds	5,481	(4,761)
Opening shareholders' funds	40,801	143,816
Prior year adjustment - work in progress	-	(98,254)
	<hr/>	<hr/>
Opening shareholders' funds as restated	40,801	45,562
	<hr/>	<hr/>
Closing shareholders' funds	46,282	40,801
	<hr/>	<hr/>

19 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £1,983 (2005 - £5,703). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Initial Projects Limited

Notes forming part of the financial statements for the year ended 30 September 2006 *(Continued)*

20 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below

	30 September 2006	30 September 2005
	Other £	Other £
Operating leases which expire		
Within one year	26,378	16,256
In two to five years	44,729	44,645
	<u>71,107</u>	<u>60,901</u>

21 Related party disclosures

Related party transactions and balances

	Sales to related party £	Purchases from related party £	Amounts owed by related party £
Related party			
Flaretech Limited	23,368	221,025	267,569

During the year, the company paid £24,000 (2005 - £28,500) in consultancy fees to Wicked Childrens Clothes Limited, a company owned by Mr and Mrs I D Parry