

**INITIAL PROJECTS LIMITED**

**COMPANY NO. 2589078**

**Report and financial statements  
for the year ended 30 September 2008**

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**WEDNESDAY**



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## **INITIAL PROJECTS LIMITED**

### **Report of the directors**

The directors have pleasure in presenting their report and financial statements for the year ended 30 September 2008.

### **Principal activities, review of business and future developments**

The principal activity of the company throughout the year was the provision of specialist services to the waste management and environmental sectors under the trading name of Enital.

During the year the company continued to expand its higher margin activities, which resulted in improved profitability. The overall profit for the year was depressed, however, as the result of exceptional costs of £22,636 arising from guarantees given to finalise the administration of the company's subsidiary, Flaretech Limited.

There has been some contraction in sales and margins since the year end in line with budget, however, the directors expect to see an upturn in sales and profitability as 2009 progresses due to new contracts becoming operational during the year. The full year operating profit is expected to show an improvement over the previous year.

Re-financing on 2 October 2008, involving a change of bankers, resulted in a £230,000 reduction in net current liabilities and the directors expect to report a net current asset position by the current year end.

The company has on-going repeat activity business with public bodies and medium-term contracts with other customers required to comply with environmental legislation. As a consequence the directors believe the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

### **Directors**

The directors who served the company throughout the year were:

A J Chell  
R D Evans  
I D Parry (resigned 7 March 2008)

### **Charitable and political contributions**

The company made payments totalling £350 and £nil (2007: £100 and £nil) for charitable or political purposes respectively during the year.

### **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 (continued..)**

The directors' report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By Order of the Board

R D Evans  
Secretary

A handwritten signature in black ink, appearing to read 'R Evans', written over the printed name of the Secretary.

Enital  
Enterprise Drive  
Four Ashes  
Wolverhampton  
WV10 7DE

19 December 2008

# **INITIAL PROJECTS LIMITED**

## **Profit and loss account for the year ended 30 September 2008**

	Note	2008 £	2007 £
<b>Turnover</b>	2	2,660,774	2,363,114
Cost of sales		1,437,006	1,373,553
<b>Gross profit</b>		1,223,768	989,561
Administrative expenses		1,077,652	1,000,939
Other operating income		146,116 221	(11,378) 48,750
<b>Operating profit</b>	3	146,337	37,372
Income from shares in group undertakings		-	140,000
Interest payable and similar charges	6	(48,420)	(49,367)
<b>Profit on ordinary activities before taxation</b>		97,917	128,005
Taxation	7	53,411	-
<b>Profit for the financial year</b>		44,506	128,005

All amounts relate to continuing activities.

The notes on pages 6 to 13 form part of these financial statements.

## INITIAL PROJECTS LIMITED

### Statement of total recognised gains and losses for the year ended 30 September 2008

	2008 £	2007 £
Profit for the financial year	44,506	128,005
Unrealised surplus on revaluation of certain fixed assets	35,080	-
	<hr/>	<hr/>
Total gains and losses recognised since last financial statements	79,586	128,005
	<hr/>	<hr/>

# **INITIAL PROJECTS LIMITED**

## **Balance sheet at 30 September 2008**

	Note	£	2008 £	2007 £
<b>Fixed assets</b>				
Tangible assets	8		818,808	938,442
Fixed asset investments	9		2	2
			<hr/>	<hr/>
			818,810	938,444
<b>Current assets</b>				
Stocks	10	32,733		28,401
Debtors	11	660,762		607,241
		<hr/>	<hr/>	<hr/>
		693,495		635,642
<b>Creditors: amounts falling due within one year</b>	12	1,055,427		1,195,550
<b>Net current liabilities</b>		<hr/>	(361,932)	(559,908)
<b>Total assets less current liabilities</b>			<hr/>	<hr/>
			456,878	378,536
<b>Creditors: amounts falling due after one year</b>	13		(189,890)	(225,360)
Provisions for liabilities and charges	14		(34,226)	-
			<hr/>	<hr/>
<b>Net assets</b>			232,762	153,176
<b>Capital and reserves</b>			<hr/>	<hr/>
Called up share capital	16	5,000		5,000
Revaluation reserve	15	161,975		129,300
Profit and loss account	15	65,787		18,876
		<hr/>	<hr/>	<hr/>
<b>Shareholders' funds</b>			232,762	153,176

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

For the year ended 30 September 2008, the company was entitled to the exemption under s249A(1) of the Companies Act 1985 not to have these financial statements audited.

No notice has been deposited under s249B(2) of the Companies Act 1985 in relation to the financial statements for the year.

The directors acknowledge their responsibility for:

- ensuring that the company keeps accounting records which comply with s221 of the Companies Act 1985; and
- preparing financial statements which give a true and fair view of the state of the company's affairs as at the end of the year and of its profit or loss for the year in accordance with the requirements of s226, and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

The financial statements were approved by the Board and authorised for issue on 19 December 2008.

  
A J Chell  
Director

The notes on pages 6 to 13 form part of these financial statements.

## INITIAL PROJECTS LIMITED

### Notes to the financial statements for the year ended 30 September 2008

#### 1. Accounting policies

##### a) Accounting basis and standards

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

##### b) Going concern

The company had net current liabilities of £361,932 (2007: £559,908) at the balance sheet date. Re-financing after the balance sheet date resulted in a £230,000 reduction in net current liabilities. 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.

##### c) Consolidated financial statements

The company is exempt from the requirements 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.

##### d) 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.

##### e) Depreciation

Depreciation on fixed assets is provided at rates estimated to write off the cost or revalued amounts, less estimated residual value of each asset over its expected useful life as follows:

Freehold buildings:	2% straight line p.a.
Plant and equipment:	10% - 25% straight line p.a.
Motor vehicles:	25% straight line p.a.

##### f) 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.

##### g) Turnover

Turnover represents the invoiced value of goods and services provided net of value added tax.

**Notes to the financial statements for the year ended 30 September 2008 (continued..)**

**h) 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 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.

**i) Deferred taxation**

Deferred taxation, on losses, accelerated capital allowances and other timing differences, is calculated on the liability method, and is provided to the extent that an asset is expected to become recoverable or a liability is expected to become payable in the foreseeable future.

**j) Pension costs**

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

**2. Turnover**

Turnover is wholly attributable to the one principal activity of the company which arose in the United Kingdom.

**3. Operating profit**

	2008 £	2007 £
The operating profit is stated after charging:		
Depreciation of tangible fixed assets	98,419	75,474
(Loss) profit on disposal of tangible fixed assets	20,804	(4,875)
Hire of other assets – operating leases	68,536	74,459
Exceptional costs – guarantees	22,636	80,000
	<hr/>	<hr/>

**4. Directors' emoluments**

Aggregate emoluments including benefits in kind	153,174	165,761
	<hr/>	<hr/>

**5. Employees**

Staff costs (including directors) consist of:

Wages and salaries	1,029,549	824,594
Social security costs	108,298	91,108
Other pension costs	6,000	-
	<hr/>	<hr/>
	1,143,847	915,702
	<hr/>	<hr/>

The average number of employees (including directors) during the year was 50 (2007: 42).



# **INITIAL PROJECTS LIMITED**

## **Notes to the financial statements for the year ended 30 September 2008 (continued..)**

<b>6. Interest payable and similar charges</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	23,877	22,611
Finance leases	2,451	2,149
Factoring interest	22,092	19,670
Other interest	-	4,937
	<hr/>	<hr/>
	48,420	49,367
	<hr/>	<hr/>
<b>7. Taxation</b>		
Corporation tax	2,685	-
Deferred taxation (note 14)	50,726	-
	<hr/>	<hr/>
	53,411	-
	<hr/>	<hr/>
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below.		
Profit on ordinary activities before tax	97,917	128,005
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% and 28% (2007: 30%)	28,396	38,402
Effect of:		
Small companies rate	(8,323)	-
Expenses not deductible for tax purposes	6,812	3,644
Capital allowances for period in excess of depreciation	11,763	(15,300)
Utilisation of tax losses brought forward	(35,963)	(1,246)
Income not taxable for tax purposes	-	(42,000)
Other short term timing differences	-	16,500
	<hr/>	<hr/>
Current tax charge for the year	2,685	-
	<hr/>	<hr/>

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount of tax that would be payable in the event of a sale is not quantifiable as the company has no plans to sell the premises in the foreseeable future. Similarly no provision has been made for deferred taxation on capital losses carried forward which could be offset against future gains.

**Notes to the financial statements for the year ended 30 September 2008 (continued..)**

**8. Tangible assets**

<b>Cost or valuation</b>	<b>Freehold land and buildings £</b>	<b>Plant and equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
At 30 September 2007	475,750	582,668	82,831	1,141,249
Revaluation	24,250	-	-	24,250
Additions	-	44,281	-	44,281
Disposals	-	(136,256)	-	(136,256)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2008	500,000	490,693	82,831	1,073,524
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 30 September 2007	9,390	188,240	5,177	202,807
Revaluation	(10,830)	-	-	(10,830)
Charge for the year	4,473	73,237	20,709	98,419
Disposals	-	(35,680)	-	(35,680)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2008	3,033	225,797	25,886	254,716
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 30 September 2008	496,967	264,896	56,945	818,808
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2007	466,360	394,428	77,654	938,442
	<hr/>	<hr/>	<hr/>	<hr/>
The gross value of land and buildings are stated as:			2008 £	2007 £
Open market value			132,934	132,934
Cost			367,066	342,816
			<hr/>	<hr/>
			500,000	475,750
			<hr/>	<hr/>

The depreciation charge for the year in respect of assets held under finance leases was £20,709 (2007: £15,995) and their net book value at 30 September 2008 was £56,945 (2007: £77,654).

The company's freehold land and buildings were revalued at 31 January 2008 by the directors based on a valuation by Andrew Dixon & Company Chartered Surveyors in January 2008.

# INITIAL PROJECTS LIMITED

## Notes to the financial statements for the year ended 30 September 2008 (continued..)

### 9. Fixed asset investments

Group  
Undertakings  
£

Cost

At 30 September 2007 and 30 September 2008

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
Enitial Water Limited	United Kingdom	100%	Dormant
Flaretech Limited	United Kingdom	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 2008:

	Aggregate share capital and reserves		Profit (loss) for the year	
	2008 £	2007 £	2008 £	2007 £
Enitial Water Limited	(58,935)	(58,935)	-	-
Flaretech Limited	438	438	-	(15,680)

Flaretech Limited went into administration on 22 December 2006, its position and results are shown to that date.

### 10. Stocks

2008  
£

2007  
£

Work in progress	4,144	4,144
Finished goods and goods for resale	28,589	24,257
	<hr/>	<hr/>
	32,733	28,401
	<hr/>	<hr/>

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

**Notes to the financial statements for the year ended 30 September 2008 (continued..)**

<b>11. Debtors</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year:		
Trade debtors	623,259	551,133
Prepayments and accrued income	31,447	33,001
Other debtors	6,056	6,607
	<hr/>	<hr/>
	660,762	590,741
Amounts receivable after more than one year:		
Deferred taxation (note 14)	-	16,500
	<hr/>	<hr/>
	660,762	607,241
	<hr/>	<hr/>
<b>12. Creditors: amounts falling due within one year</b>		
Bank loan and overdraft (secured)	156,134	188,441
Trade creditors	220,110	333,322
Amounts owed to group undertakings	144,956	145,699
Corporation tax	2,685	-
Other taxation and social security	183,473	177,158
Obligations under finance leases and hire purchase contracts	16,015	16,022
Accruals and deferred income	31,070	17,509
Other creditors	300,984	317,399
	<hr/>	<hr/>
	1,055,427	1,195,550
	<hr/>	<hr/>

The bank borrowings are secured by a charge over the company's freehold property together with a debenture over the other assets. Advances from discounters of £249,348 (2007: £262,399) included in other creditors, are secured by amounts due from certain trade debtors.

# **INITIAL PROJECTS LIMITED**

## **Notes to the financial statements for the year ended 30 September 2008 (continued..)**

<b>13. Creditors: amounts falling due after one year</b>	<b>2008 £</b>	<b>2007 £</b>
Bank loan (secured)	147,449	166,082
Obligations under finance leases and hire purchase contracts	42,441	59,278
	<u>189,890</u>	<u>225,360</u>

### **Maturity of debt:**

	<b>Bank loan and overdraft</b>		<b>Finance leases and hire purchase contracts</b>	
	<b>2008 £</b>	<b>2007 £</b>	<b>2008 £</b>	<b>2007 £</b>
In one year or less or on demand	156,134	188,441	16,015	16,022
Between one and two years	18,257	20,804	16,015	16,022
Between two and five years	54,771	62,412	26,426	43,256
In more than five years	74,421	82,866	-	-
	<u>147,449</u>	<u>166,082</u>	<u>42,441</u>	<u>59,278</u>

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

	<b>2008 £</b>	<b>2007 £</b>
Bank loan	74,421	82,866

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.

### **14. Deferred taxation**

	<b>£</b>
At 30 September 2007	(16,500)
Amounts transferred from the profit and loss account in the year	<u>50,726</u>
At 30 September 2008	<u>34,226</u>
The amounts provided for are as follows:	
Short-term timing differences	<u>34,226</u>

**Notes to the financial statements for the year ended 30 September 2008 (continued..)**

**15. Reconciliation of reserves**

	Revaluation reserve £	Profit and loss account £
At 30 September 2007	129,300	18,876
Revaluation	35,080	
Difference between actual and historical cost depreciation charge	(2,405)	2,405
Transfer of retained profit		445,506
At 30 September 2008	161,975	65,787

**16. Share capital**

	2008 £	2007 £
The share capital comprises:		
Authorised:		
5,000 ordinary shares of £1 each	5,000	5,000
Called-up, allotted and fully paid:		
5,000 ordinary shares of £1 each	5,000	5,000

**17. Pensions**

The company operated 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 £6,000 (2007: £nil). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

**18. Commitments under operating leases**

The company had annual commitments under non-cancellable operating leases as follows:

	2008 £	2007 £
Operating leases which expire:		
Within one year	32,041	-
In two to five years	31,236	60,727
	63,277	60,727

**19. Director and related party loans and transactions**

Amounts shown at note 12 as due to group undertakings relate to Flaretech Limited.

Included in other debtors is an amount of £1,960 (2007: £5,500) due from I D Parry.