

INITIAL PROJECTS LIMITED

COMPANY NO. 2589078

**Report and financial statements
for the year ended 30 September 2011**

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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 2011

Principal activities, review of business and future developments

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

Sales overall were higher than the previous year due to new contracts becoming operational during the year. There was some sales contraction from existing contracts due to customers' changing requirements. Underlying margins remained stable during the year. Significant additional sales were achieved on a research-based contract where enital was the lead partner of a consortium, although a healthy margin was applied to the Company's work no margin was applied to the other consortium members' work. The contract award brought exposure to a new business sector resulting in further similar work since the year end.

Throughout the year the company's net debt has reduced by £228,439 to £527,154. The company has had no bad debts in the year as a consequence of its credit control and quality of debtors.

Profits and cash flow in the current year are in line with expectations and working capital and net debt have continued to improve. The full year operating profit is expected to be similar to last year and maintain the improvement seen in recent years.

The company has on-going repeat activity business with public bodies and medium-term contracts with other customers required to comply with environmental legislation. The company continues to research and develop new technology and invest in its staff and equipment. As a consequence the Directors believe the company is well placed to manage its business risks successfully despite the uncertain economic outlook.

Directors

The directors who served the company throughout the year were

A J Chell
R D Evans
ID Parry

Charitable and political contributions

The company made payments totalling £75 and £nil (2010: £nil and £nil) for charitable and 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.

The Companies Act 2006 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. 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..)

Small company provisions

The Directors' report is prepared in accordance with the provisions applicable to companies subject to the small companies regime

By Order of the Board

R D Evans
Secretary

entiaf
Enterprise Drive
Four Ashes
Wolverhampton
WV10 7DE

A handwritten signature in black ink, appearing to read 'R D Evans', with a large, stylized flourish at the end.

11 January 2012

INITIAL PROJECTS LIMITED**Profit and loss account for the year ended 30 September 2011**

	Note	2011 £	2010 £
Turnover	2	4,766,210	3,588,437
Cost of sales		3,149,243	2,013,268
Gross profit		1,616,967	1,575,169
Administrative expenses		1,390,213	1,362,880
Other operating income		226,754 41	212,289 205
Operating profit	3	226,795	212,494
Interest payable and similar charges	6	22,944	37,302
Profit on ordinary activities before taxation		203,851	175,192
Taxation	7	29,885	44,360
Profit for the financial year		173,966	130,832

All amounts relate to continuing activities

There were no gains or losses other than the profit for the year

The notes on pages 5 to 12 form part of these financial statements

INITIAL PROJECTS LIMITED

COMPANY NO. 2589078

Balance sheet at 30 September 2011

	Note	£	2011 £	2010 £
Fixed assets				
Tangible assets	8		692,753	767,358
Fixed asset investments	9		2	2
			<hr/>	<hr/>
			692,755	767,360
Current assets				
Stocks	10	14,352		20,005
Debtors	11	1,450,647		1,135,728
Cash at bank		105,791		20,185
			<hr/>	<hr/>
			1,570,785	1,175,918
Creditors: amounts falling due within one year	12	1,360,594		1,132,496
			<hr/>	<hr/>
Net current assets			210,191	43,422
			<hr/>	<hr/>
Total assets less current liabilities			902,946	810,782
Creditors: amounts falling due after one year	13		(344,192)	(369,449)
Provisions for liabilities and charges	14		(19,900)	(30,320)
			<hr/>	<hr/>
Net assets			538,854	411,013
			<hr/>	<hr/>
Capital and reserves				
Called up share capital	16		5,000	5,000
Revaluation reserve	15		155,913	158,071
Profit and loss account	15		377,941	247,942
			<hr/>	<hr/>
Shareholders' funds			538,854	411,013
			<hr/>	<hr/>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime

For the year ended 30 September 2011, the company was entitled to the exemption from audit under section 477 of the Companies Act 2006 (the Act) relating to small companies

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the Act

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements

The financial statements were approved by the Board and authorised for issue on 11 January 2012


A J Chell
Director

The notes on pages 5 to 12 form part of these financial statements
INITIAL PROJECTS LIMITED

Notes to the financial statements for the year ended 30 September 2011

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) Consolidated financial statements

The company is exempt from the requirements to prepare consolidated financial statements by virtue of the Companies Act 2006 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.

c) 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 2006.

d) 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% - 50% straight line p a
Motor vehicles	25% straight line p a

e) 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.

f) 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 2011 (continued .)

g) 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.

h) 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.

i) 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

	2011 £	2012 £
The operating profit is stated after charging		
Depreciation of tangible fixed assets	81,599	110,383
Loss on disposal of tangible fixed assets	408	11,587
Hire of other assets – operating leases	22,224	29,632
	<hr/>	<hr/>

4. Directors' emoluments

Aggregate emoluments including benefits in kind	202,376	229,783
	<hr/>	<hr/>

5 Employees

Staff costs (including Directors) consist of

Wages and salaries	1,362,204	1,355,484
Social security costs	146,357	149,027
Other pension costs	32,264	20,412
	<hr/>	<hr/>
	1,540,825	1,524,923
	<hr/>	<hr/>

The average number of employees (including Directors) during the year was 67 (2010: 67).

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Notes to the financial statements for the year ended 30 September 2011 (continued..)

6	Interest payable and similar charges	2011 £	2010 £
	Bank loans and overdrafts	11,933	12,447
	Finance leases	(7,497)	2,016
	Factoring interest	15,804	16,764
	Other interest	2,704	6,075
		<u>22,944</u>	<u>37,302</u>
7.	Taxation		
	Corporation tax	40,305	43,201
	Deferred taxation (note 14)	(10,420)	(1,159)
		<u>29,885</u>	<u>44,360</u>
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	203,851	175,192
		<u>203,851</u>	<u>175,192</u>
	Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% and 26% (2010 28%)	55,040	49,054
	Effect of		
	Small companies rate	(13,250)	(12,264)
	Expenses not deductible for tax purposes	1,543	3,072
	Depreciation in excess of capital allowances	7,996	2,918
	Research and development relief	(6,229)	-
	Adjustment to prior year	(4,795)	421
		<u>40,305</u>	<u>43,201</u>
	Current tax charge for the year	40,305	43,201

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 2011 (continued .)

8. Tangible assets

Cost or valuation	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
At 30 September 2010	511,934	627,001	70,089	1,209,024
Additions	-	17,886	-	17,886
Disposals	-	(12,067)	(51,770)	(63,837)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2011	511,934	632,820	18,319	1,163,073
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 30 September 2010	12,324	387,279	42,063	441,666
Charge for the year	4,797	67,908	8,894	81,599
Disposals	-	(6,570)	(46,375)	(52,945)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2011	17,121	448,617	4,582	470,320
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 30 September 2011	494,813	184,203	13,737	692,753
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2010	499,610	239,722	28,026	767,358
	<hr/>	<hr/>	<hr/>	<hr/>
The gross value of land and buildings are stated as			2011 £	2010 £
Open market value			157,184	157,184
Cost			354,750	354,750
			<hr/>	<hr/>
			511,934	511,934
			<hr/>	<hr/>

The depreciation charge for the year in respect of assets held under finance leases was £8,894 (2010 £12,939) and their net book value at 30 September 2011 was £13,737 (2010 £28,026)

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

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Notes to the financial statements for the year ended 30 September 2011 (continued..)

9. Fixed asset investments

Group
Undertakings
£

Cost
At 30 September 2010 and 30 September 2011 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
enital Water Limited	United Kingdom	100%	Dormant

Unless otherwise stated, the following figures have been extracted from the unaudited financial statements for the year ended 30 September 2011

	Aggregate share capital and reserves		Profit (loss) for the year	
	2011 £	2010 £	2011 £	2010 £
enital Water Limited	(58,935)	(58,935)	-	-

10 Stocks

	2011 £	2010 £
Materials and consumables	14,352	20,005

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 2011 (continued .)

11. Debtors	2011	2010
	£	£
Amounts falling due within one year		
Trade debtors	1,369,509	1,062,433
Prepayments and accrued income	76,624	69,996
Other debtors	4,509	3,299
	<hr/>	<hr/>
	1,450,642	1,135,728
	<hr/>	<hr/>
12 Creditors: amounts falling due within one year		
Bank loan and overdraft (secured)	20,000	20,000
Director loan	4,000	4,000
Trade creditors	747,429	483,752
Corporation tax	45,100	42,780
Other taxation and social security	219,417	166,137
Obligations under finance leases and hire purchase contracts	6,000	23,025
Accruals and deferred income	59,895	29,851
Other creditors	258,753	362,951
	<hr/>	<hr/>
	1,360,594	1,132,496
	<hr/>	<hr/>

The bank borrowings are secured by a charge over the company's freehold property. Advances from discounters of £258,753 (2010: £359,304) included in other creditors, are secured by amounts due from trade debtors.

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Notes to the financial statements for the year ended 30 September 2011 (continued.)

13. Creditors: amounts falling due after one year	2011 £	2010 £
Bank loan (secured)	336,358	351,616
Director loan	2,334	6,333
Obligations under finance leases and hire purchase contracts	5,500	11,500
	<u>344,192</u>	<u>369,449</u>

Maturity of debt:

	Director loan		Bank loan and overdraft		Finance leases and hire purchase contracts	
	2011 £	2010 £	2011 £	2010 £	2011 £	2010 £
In one year or less or on demand	4,000	4,000	20,000	20,000	6,000	23,025
Between one and two years	2,334	4,000	20,000	20,000	5,500	6,000
Between two and five years	-	2,333	80,000	80,000	-	5,500
In more than five years	-	-	236,358	251,616	-	-
	<u>2,334</u>	<u>6,333</u>	<u>336,358</u>	<u>351,616</u>	<u>5,500</u>	<u>11,500</u>

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

	2011 £	2010 £
Bank loan	236,358	251,616

The bank loan is repayable by fixed monthly instalments over a period of 20 years. The loan bears interest at 2.8% above the bank's base rate.

14. Deferred taxation

	£
At 30 September 2010	30,320
Amounts transferred to the profit and loss account in the year	(10,420)
	<u>19,900</u>
At 30 September 2011	19,900
The amounts provided for are as follows	
Short-term timing differences	
Accelerated capital allowances	19,900

Notes to the financial statements for the year ended 30 September 2011 (continued..)

15 Reconciliation of reserves

	Revaluation reserve £	Profit and loss account £
At 30 September 2010	158,071	247,942
Difference between actual and historical cost depreciation charge	(2,158)	2,158
Transfer of profit		173,966
Dividends		(46,125)
At 30 September 2011	155,913	377,941

16 Share capital

	2011 £	2010 £
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 defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension charge amounted to £32,264 (2010 £20,412). 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

	2011 £	2010 £
Operating leases which expire		
Within one year	-	22,224

19 Director and related party loans and transactions

Amounts shown at notes 12 and 13 as director loan are due to AJ Chell, interest of £1,071 (2010 £1,071) was paid on the loan during the year.

Included in other debtors is an amount of £3,750 (2010 £nil) due from I D Parry.