

INITIAL PROJECTS LIMITED

COMPANY NO. 2589078

**Report and financial statements
for the year ended 30 September 2009**

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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 2009

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 reducing requirements which had an adverse impact on margins. Month on month profits showed an upward trend from the second quarter of the year.

Profits and cash flow since the year end have been in line with budget, working capital and net debt are both improved. The full year operating profit is expected to show a marked increase over the previous year.

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 uncertain economic outlook.

Directors

The directors who served the company throughout the year were

A J Chell
R D Evans
ID Parry (appointed 1 April 2009)

Charitable and political contributions

The company made payments totalling £250 and £nil (2008 £350 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



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Four Ashes
Wolverhampton
WV10 7DE

By Order of the Board

R D Evans
Secretary

1 April 2010

INITIAL PROJECTS LIMITED**Profit and loss account for the year ended 30 September 2009**

	Note	2009 £	2008 £
Turnover	2	2,947,435	2,660,774
Cost of sales		1,680,166	1,437,006
Gross profit		1,267,269	1,223,768
Administrative expenses		1,170,942	1,077,652
Other operating income		96,327 54	146,116 221
Operating profit	3	96,381	146,337
Interest payable and similar charges	6	30,952	48,420
Profit on ordinary activities before taxation		65,429	97,917
Taxation	7	18,010	53,411
Profit for the financial year		47,419	44,506

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 2009

	2009 £	2008 £
Profit for the financial year	47,419	44,506
Unrealised surplus on revaluation of certain fixed assets	-	35,080
	<hr/>	<hr/>
Total gains and losses recognised since last financial statements	47,419	79,586
	<hr/>	<hr/>

Balance sheet at 30 September 2009

	Note	£	2009 £	£	2008 £
Fixed assets					
Tangible assets	8		739,901		818,808
Fixed asset investments	9		2		2
			<hr/>		<hr/>
			739,903		818,810
Current assets					
Stocks	10	24,092		32,733	
Debtors	11	878,427		660,762	
			<hr/>	<hr/>	
			902,519	693,495	
Creditors: amounts falling due within one year	12	941,599		1,055,427	
Net current liabilities			<hr/>	<hr/>	
			(39,080)	(361,932)	
Total assets less current liabilities			<hr/>	<hr/>	
			700,823	456,878	
Creditors, amounts falling due after one year	13		(391,481)	(189,890)	
Provisions for liabilities and charges	14		(29,161)	(34,226)	
			<hr/>	<hr/>	
Net assets			280,181	232,762	
Capital and reserves			<hr/>	<hr/>	
Called up share capital	16		5,000	5,000	
Revaluation reserve	15		160,228	161,975	
Profit and loss account	15		114,953	65,787	
			<hr/>	<hr/>	
Shareholders' funds			280,181	232,762	
			<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 2009, 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 1 April 2010


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 2009

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 £39,080 (2008 £361,932) 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.

c) 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.

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 2006.

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 2009 (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

	2009 £	2008 £
The operating profit is stated after charging		
Depreciation of tangible fixed assets	107,847	98,419
Loss on disposal of tangible fixed assets	3,532	20,804
Hire of other assets – operating leases	60,316	68,536
Exceptional costs – guarantees	4,681	22,636
	<hr/>	<hr/>

4 Directors' emoluments

Aggregate emoluments including benefits in kind	182,778	153,174
	<hr/>	<hr/>

5 Employees

Staff costs (including Directors) consist of

Wages and salaries	1,138,617	1,029,549
Social security costs	133,951	108,298
Other pension costs	13,832	6,000
	<hr/>	<hr/>
	1,286,400	1,143,847
	<hr/>	<hr/>

The average number of employees (including Directors) during the year was 57 (2008: 50).

INITIAL PROJECTS LIMITED

Notes to the financial statements for the year ended 30 September 2009 (continued..)

6.	Interest payable and similar charges	2009	2008
		£	£
	Bank loans and overdrafts	16,607	23,877
	Finance leases	(2,584)	2,451
	Factoring interest	15,412	22,092
	Other interest	1,517	-
		<hr/>	<hr/>
		30,952	48,420
		<hr/>	<hr/>
7	Taxation		
	Corporation tax	23,075	2,685
	Deferred taxation (note 14)	(5,065)	50,726
		<hr/>	<hr/>
		18,010	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	65,429	97,917
		<hr/>	<hr/>
	Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2008: 28% and 30%)	18,320	28,396
	Effect of:		
	Small companies rate	(4,580)	(8,323)
	Expenses not deductible for tax purposes	3,366	6,812
	Depreciation for period in excess of capital allowances	8,847	11,763
	Utilisation of tax losses brought forward	(193)	(35,963)
	Adjustment to prior year	(2,685)	-
		<hr/>	<hr/>
	Current tax charge for the year	23,075	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 2009 (continued.)

8 Tangible assets

Cost or valuation	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
At 30 September 2008	500,000	490,693	82,831	1,073,524
Additions	-	45,117	-	45,117
Disposals	-	(3,023)	(31,062)	(34,085)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2009	500,000	532,787	51,769	1,084,556
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 30 September 2008	3,033	225,797	25,886	254,716
Charge for the year	4,549	83,020	20,278	107,847
Disposals	-	(868)	(17,040)	(17,908)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2009	7,582	307,949	29,124	344,655
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 30 September 2009	492,418	224,838	22,645	739,901
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2008	496,967	264,896	56,945	818,808
	<hr/>	<hr/>	<hr/>	<hr/>
The gross value of land and buildings are stated as			2009 £	2008 £
Open market value			157,184	157,184
Cost			342,816	342,816
			<hr/>	<hr/>
			500,000	500,000
			<hr/>	<hr/>

The depreciation charge for the year in respect of assets held under finance leases was £20,278 (2008 £20,709) and their net book value at 30 September 2009 was £22,645 (2008 £56,945)

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 2009 (continued..)

9 Fixed asset investments

Group
Undertakings
£

Cost

At 30 September 2008 and 30 September 2009

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
Flaretech 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 2009

	Aggregate share capital and reserves		Profit (loss) for the year	
	2009	2008	2009	2008
	£	£	£	£
enital Water Limited	(58,935)	(58,935)	-	-
Flaretech Limited	438	438	-	-

Flaretech Limited went into administration on 22 December 2006 and entered into liquidation 16 July 2008, its position and results are shown to the former date

10 Stocks

2009
£

2008
£

Materials and consumables
Work in progress

24,092 28,589
- 4,144

24,092 32,733

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 2009 (continued..)

11 Debtors	2009 £	2008 £
Amounts falling due within one year		
Trade debtors	804,926	623,259
Prepayments and accrued income	73,077	31,447
Other debtors	424	6,056
	<hr/>	<hr/>
	878,427	660,762
	<hr/>	<hr/>
12. Creditors amounts falling due within one year		
Bank loan and overdraft (secured)	23,263	156,134
Director loan	4,000	-
Trade creditors	358,076	220,110
Amounts owed to group undertakings	-	144,956
Corporation tax	24,828	2,685
Other taxation and social security	142,297	183,473
Obligations under finance leases and hire purchase contracts	16,194	16,015
Accruals and deferred income	22,497	31,070
Other creditors	350,444	300,984
	<hr/>	<hr/>
	941,599	1,055,427
	<hr/>	<hr/>

The bank borrowings are secured by a charge over the company's freehold property. Advances from discounters of £350,444 (2008 £249,348) 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 2009 (continued.)

13	Creditors amounts falling due after one year	2009 £	2008 £
	Bank loan (secured)	366,601	147,449
	Director loan	10,262	-
	Obligations under finance leases and hire purchase contracts	14,618	42,441
		<u>391,481</u>	<u>189,890</u>

Maturity of debt:

	Director loan		Bank loan and overdraft		Finance leases and hire purchase contracts	
	2009 £	2008 £	2009 £	2008 £	2009 £	2008 £
In one year or less or on demand	4,000	-	23,263	156,134	16,194	16,015
Between one and two years	4,000	-	20,000	18,257	11,694	16,015
Between two and five years	6,262	-	80,000	54,771	2,924	26,426
In more than five years	-	-	266,601	74,421	-	-
	<u>10,262</u>	<u>-</u>	<u>366,601</u>	<u>147,449</u>	<u>14,618</u>	<u>42,441</u>

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

	2009 £	2008 £
Bank loan	266,601	74,421

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

14 Deferred taxation

	£
At 30 September 2008	34,226
Amounts transferred from the profit and loss account in the year	(5,065)
	<u>29,161</u>
At 30 September 2009	29,161
The amounts provided for are as follows	
Short-term timing differences	
Accelerated capital allowances	29,161

Notes to the financial statements for the year ended 30 September 2009 (continued)

15 Reconciliation of reserves

	Revaluation reserve £	Profit and loss account £
At 30 September 2008	161,975	65,787
Difference between actual and historical cost depreciation charge	(1,747)	1,747
Transfer of profit		47,419
At 30 September 2009	160,228	114,953

16 Share capital

	2009 £	2008 £
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 £13,832 (2008 £6,000). 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

	2009 £	2008 £
Operating leases which expire		
Within one year	-	32,041
In one to two years	29,632	-
In two to five years	-	31,236
	29,632	63,277

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 £nil (2008 £1,960) due from ID Parry

Amounts shown at notes 12 and 13 as director loan are due to AJ Chell, interest of £1,517 was paid on the loan during the year