

Co. House.

COMPANY REGISTRATION NUMBER 2589078

INITIAL PROJECTS LIMITED

REPORT AND FINANCIAL STATEMENTS

31 MARCH 1996



INITIAL PROJECTS LIMITED

REPORT AND FINANCIAL STATEMENTS

31 MARCH 1996

CONTENTS

Page

Company information

1

Directors' report

2

Auditors' report

3

Profit and loss account

4

Balance sheet

5

Notes to the financial statements

6 - 10

INITIAL PROJECTS LIMITEDCOMPANY INFORMATION31 MARCH 1996

## Directors

A J Chell  
I D Parry  
C M Chell (Mrs)  
M J Parry (Mrs)

## Secretary

A J Chell

## Auditors

Garratt & Co  
Chartered Accountants  
& Registered Auditors  
27 Waterloo Road  
Wolverhampton  
WV1 4DJ

## Bankers

National Westminster Bank Plc  
Granville Square  
Stone  
Staffs  
ST15 8AE

## Registered office

101 Sunbeam Studios  
Imex Business Park  
Villiers Street  
Wolverhampton  
WV2 4PF

## Company registration number

2589078

INITIAL PROJECTS LIMITED  
DIRECTORS' REPORT

2

The directors present their annual report and the audited financial statements for the year ended 31 March 1996.

**DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view. In preparing those financial statements, the directors are required to;

Select suitable accounting policies and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable;

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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**ACTIVITIES**

The principal activity of the company is the provision of specialist services re landfill operations.

**SHARE CAPITAL**

By special resolution on 29 March 1996 the company's authorised share capital was increased from £100 to £5,000.

On 11 December 1995 98 ordinary shares of £1 each were allotted to the existing shareholders as a bonus issue by way of a capitalisation of retained reserves.

On 29 March 1996 4900 ordinary shares of £1 each were allotted to the existing shareholders as a bonus issue by way of a capitalisation retained reserves.

**RESULTS AND DIVIDENDS**

The results for the year are set out in detail on page 4. An interim dividend of £20,000 was paid. The directors do not recommend payment of a final dividend.

**FIXED ASSETS**

The movements in fixed assets are shown in note 8 to the financial statements.

**DIRECTORS AND THEIR INTERESTS**

The present membership of the board is set out on page 1 Mrs C Chell and Mrs M J Parry were appointed directors on 1 January 1996. The other directors served throughout the year. The directors' interests as defined by the Companies Act 1985, in the shares of the company at 31 March 1996 and at 31 March 1995 were as follows:

	Ordinary shares of £1 each	
	31 March 1996	1 April 1995
A J Chell	1,300	1
Mrs C M Chell	1,200	-
I D Parry	1,300	1
Mrs M J Parry	<u>1,200</u>	<u>-</u>
	<u>5,000</u>	<u>2</u>

**AUDITORS**

Garratt & Co continue in office in accordance with an Elective Resolution passed in accordance with Section 379A of the Companies Act 1985 on 25 April 1994.

By order of the Board

A J Chell  
Secretary  
31 July 1996

AUDITORS' REPORTTO THE MEMBERS OF INITIAL PROJECTS LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

**Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on the audit, on those statements and to report our opinion to you.

**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 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.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Garratt & Co*

Garratt & Co  
Registered Auditors  
Chartered Accountants  
27 Waterloo Road  
Wolverhampton  
WV1 4DJ

31 July 1996

INITIAL PROJECTS LIMITEDPROFIT AND LOSS ACCOUNTYEAR ENDED 31 MARCH 1996

	<u>Note</u>	<u>1996</u> £	<u>1995</u> £
TURNOVER	2	546,302	382,836
COST OF SALES		(390,056)	(265,375)
GROSS PROFIT		156,246	117,461
Administrative expenses		(116,902)	(100,743)
OPERATING PROFIT	3	39,344	16,718
Interest payable and similar charges	5	(4,255)	(2,630)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		35,089	14,088
Tax on profit on ordinary activities	6	(8,976)	(3,364)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		26,113	10,724
Dividends	7	(20,000)	(7,000)
PROFIT FOR THE YEAR	15	<u>£6,113</u>	<u>£3,724</u>

The turnover and operating profit are in respect of continuing activities.

The company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

INITIAL PROJECTS LIMITEDBALANCE SHEET31 MARCH 1996

	<u>Note</u>	<u>1996</u> £	<u>1995</u> £
<b>FIXED ASSETS</b>	8	<u>55,729</u>	<u>24,486</u>
<b>CURRENT ASSETS</b>			
Stock	9	52,676	8,594
Debtors	10	145,191	66,394
Cash and bank balances		<u>302</u>	<u>20,866</u>
		<u>198,169</u>	<u>95,854</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	11	<u>(224,524)</u>	<u>(106,381)</u>
<b>NET CURRENT (LIABILITIES)</b>		<u>(26,355)</u>	<u>(10,527)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		29,374	13,959
<b>CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR</b>	12	(12,710)	(4,815)
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	13	<u>(1,819)</u>	<u>(412)</u>
		<u>£14,845</u>	<u>£8,732</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	5,000	2
Profit and loss account	15	<u>9,845</u>	<u>8,730</u>
		<u>£14,845</u>	<u>£8,732</u>

The financial statements were approved by the directors on 31 July 1996.

.....  
A J Chell Director

.....  
I D Parry Director

INITIAL PROJECTS LIMITEDNOTES TO THE FINANCIAL STATEMENTSYEAR ENDED 31 MARCH 1996**1 ACCOUNTING POLICIES****a) Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

**b) Accounting convention**

The financial statements are prepared under the historical cost convention.

**c) Cash flow statement**

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from producing a cash flow statement on the grounds that it is a small company.

**d) Tangible fixed assets**

Depreciation is provided so as to write off the cost of tangible fixed assets over their anticipated useful lives. The rates of depreciation are as follows:

Plant and equipment:	15% per annum, reducing balance
Motor vehicles:	25% per annum, reducing balance

**e) Leases and hire purchase**

Assets on finance leases and hire purchase are capitalised and depreciated as above or over the term of the agreements. The amounts outstanding in respect thereof are treated as creditors. Interest payments are charged to the profit and loss account using the actuarial method.

The rental payments in respect of operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

**f) Stock**

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes materials, labour and appropriate overheads.

**g) Deferred taxation**

Deferred taxation is provided at the current tax rate on differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements except where the tax reduction is expected to continue for the foreseeable future.



INITIAL PROJECTS LIMITEDNOTES TO THE FINANCIAL STATEMENTSYEAR ENDED 31 MARCH 1996**2 ANALYSIS OF TURNOVER**

The whole of the turnover was achieved in the United Kingdom.

**3 OPERATING PROFIT**

	<u>1996</u> £	<u>1995</u> £
The operating profit is arrived at after charging:		
Depreciation	9,995	5,351
Auditors' remuneration	3,000	1,200
Operating lease rentals: land and buildings	<u>4,433</u>	<u>3,060</u>

**4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES****a) Employees**

Average number of people (including directors) employed by the company during the year:	<u>1996</u>	<u>1995</u>
Administration	4	4
Technical	<u>6</u>	<u>5</u>
	10	9
	<u>      </u>	<u>      </u>

Cost in respect of these employees:	<u>1996</u>	<u>1995</u>
	£	£
Wages and salaries	£109,986	80,916
Social security costs	<u>10,839</u>	<u>8,098</u>
	<u>£120,825</u>	<u>£89,014</u>

**b) Directors**

	<u>1996</u>	<u>1995</u>
	£	£
Directors' remuneration	<u>£36,993</u>	<u>£34,276</u>

**5 INTEREST PAYABLE AND SIMILAR CHARGES**

	<u>1996</u>	<u>1995</u>
	£	£
Hire purchase interest	2,515	2,121
Bank interest and charges	<u>1,740</u>	<u>509</u>
	<u>£4,255</u>	<u>£2,630</u>

**6 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<u>1996</u>	<u>1995</u>
United Kingdom corporation tax at 25% (1995-25%) based on the profit for the year	7,500	2,900
Adjustments in respect of prior year	69	206
Deferred tax	<u>1,407</u>	<u>258</u>
	<u>£8,976</u>	<u>£3,364</u>

INITIAL PROJECTS LIMITEDNOTES TO THE FINANCIAL STATEMENTSYEAR ENDED 31 MARCH 1996

<b>7 DIVIDENDS</b>		<b><u>1996</u></b>	<b><u>1995</u></b>
		<b>£</b>	<b>£</b>
Interim paid		20,000	7,000
Final proposed		-	-
		<u>£20,000</u>	<u>£7,000</u>
<b>8 TANGIBLE FIXED ASSETS</b>	<b>Plant &amp; Equipment</b>	<b>Motor Vehicles</b>	<b>Total</b>
<b>Cost</b>			
1 April 1995	5,059	27,355	32,414
Additions	9,528	38,235	47,763
Disposals	-	(10,775)	(10,775)
31 March 1996	<u>14,587</u>	<u>54,815</u>	<u>69,402</u>
<b>Depreciation</b>			
1 April 1995	945	6,983	7,928
Charge for the year	2,047	7,948	9,995
Eliminated on disposal	-	(4,250)	(4,250)
31 March 1996	<u>2,992</u>	<u>10,681</u>	<u>13,673</u>
<b>Net book value</b>			
31 March 1996	<u>£11,595</u>	<u>£44,134</u>	<u>£55,729</u>
31 March 1995	<u>£4,114</u>	<u>£20,372</u>	<u>£24,486</u>
Included in the above are assets on hire purchase. Their net book value at 31 March 1996 and the related depreciation charge for the year were as follows:			
		<b><u>1996</u></b>	<b><u>1995</u></b>
		<b>£</b>	<b>£</b>
Motor vehicles: net book value		<u>£42,636</u>	<u>£19,711</u>
depreciation charge		<u>£7,132</u>	<u>£4,581</u>
<b>9 STOCK</b>		<b><u>1996</u></b>	<b><u>1995</u></b>
		<b>£</b>	<b>£</b>
Work in progress		£45,626	£1,830
Consumables		<u>7,050</u>	<u>6,764</u>
		<u>£52,676</u>	<u>£8,594</u>
<b>10 DEBTORS</b>		<b><u>1996</u></b>	<b><u>1995</u></b>
		<b>£</b>	<b>£</b>
Trade debtors		134,448	65,577
Other debtors and prepayments		<u>10,743</u>	<u>817</u>
		<u>£145,191</u>	<u>£66,394</u>

INITIAL PROJECTS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 1996

9

11 CREDITORS: AMOUNTS FALLING DUE  
 WITHIN ONE YEAR

	<u>1996</u>	<u>1995</u>
	£	£
Bank overdraft	3,082	-
Trade creditors	153,012	76,463
Other creditors and accruals	27,094	2,987
Hire purchase liabilities	20,336	9,977
Corporation tax	6,738	1,150
Other taxes and social security	<u>14,262</u>	<u>15,804</u>
	<u>£224,524</u>	<u>£106,381</u>

The bank overdraft is secured by a debenture over the assets of the company.

12 CREDITORS: AMOUNTS FALLING DUE  
 AFTER ONE YEAR

	<u>1996</u>	<u>1995</u>
	£	£
Hire purchase liabilities	<u>£12,710</u>	<u>£4,815</u>

13 PROVISION FOR LIABILITIES AND CHARGES

	Balance at 1 April 1995	Charged to profit and loss account	Balance at 31 March 1996
	£	£	£
Deferred taxation	<u>£412</u>	<u>£1,407</u>	<u>£1,819</u>

The potential amounts of deferred taxation and the portions thereof provided in the financial statements are:

	1996		1995	
	Amount provided	Total potential tax	Amount provided	Total potential tax
	£	£	£	£
Capital allowances in excess of depreciation	<u>£1,819</u>	<u>£1,819</u>	<u>£412</u>	<u>£412</u>

14 CALLED UP SHARE CAPITAL

	<u>1996</u>	<u>1995</u>
	£	£
Authorised		
Ordinary shares of £1 each	<u>£5,000</u>	<u>£100</u>
Allotted and fully paid		
5000 Ordinary shares of £1 each	<u>£5,000</u>	<u>£2</u>

On 11 December 1995 98 ordinary shares of £1 each were allotted to the existing shareholders as a bonus issue by way of a capitalisation of retained reserves.  
 On 29 March 1996 4900 ordinary shares of £1 each were allotted to the existing shareholders as a bonus issue by way of a capitalisation of retained reserves.

15 RESERVES

	<u>Profit and loss account</u>
	£
At 1 April 1995	8,730
Capitalisation of reserves	(4,998)
Profit for the year	<u>6,113</u>
At 31 March 1996	<u>£9,845</u>

INITIAL PROJECTS LIMITEDNOTES TO THE FINANCIAL STATEMENTSYEAR ENDED 31 MARCH 1996

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS	<u>1996</u>	<u>1995</u>
Profit for the financial year	26,113	10,724
Dividends paid	(20,000)	(7,000)
Net addition to shareholders funds	6,113	3,724
Opening shareholders funds	<u>8,732</u>	<u>5,008</u>
Closing shareholders funds	<u>£14,845</u>	<u>£8,732</u>

## 17 OPERATING LEASE COMMITMENTS

The company pays a licence fee for premises at the rate of £5,460 per annum. The licence is capable of cancellation by one month's notice.