

**Business Link West Midlands
Limited**

Report and Financial Statements

Year Ended

31 March 2011

Company Number 06456441

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Business Link West Midlands Limited

**Report and financial statements
for the year ended 31 March 2011**

Contents

Page

2	Report of the directors
5	Independent auditor's report
7	Consolidated income and expenditure account
8	Consolidated balance sheet
9	Company balance sheet
10	Consolidated cash flow statement
11	Notes forming part of the financial statements

Business Link West Midlands Limited

**Report and financial statements
for the year ended 31 March 2011**

Directors

S L Holmes
M F P Lavery
Advantage West Midlands
J Doherty

Secretary and registered office

P J Brookes, 19 Ridgeway, Quinton Business Park, Quinton, Birmingham, West Midlands, B32 1AL

Company number

06456441

Auditors

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

Bankers

Natwest Bank Plc, 141 High Street, Solihull, B91 3SR
Barclays Bank Plc, Queens Square, Wolverhampton

Business Link West Midlands Limited

Report of the directors for the year ended 31 March 2011

The directors present their report together with the audited financial statements for the year ended 31 March 2011

Results and dividends

The income and expenditure account is set out on page 7 and shows the deficit the year

Principal activities, review of business and future developments

The company's principle activity is that of a holding company

Its subsidiary company, West Midlands Brokerage Services Limited delivers business support in the West Midlands region through the Regional Development Agency funded Business Link service, and through other contracts funded by the Skills Funding Agency and Birmingham City Council

In the year to March 2011, its subsidiaries provided business information and advice to 37,000 companies and individuals through various events and workshops and through the company's telephone contact centre and web site. Over 25,000 individuals planning to start a business enterprise requested relevant information and in addition there were in excess of 40,000 unique visitors to the web site

Intensive advice and assistance was provided to 6,800 SMEs, training needs were analysed and provided to 3,500 companies and start-up advice and assistance provided to individuals or groups of individuals led to 3,800 new business starts

The financial statements have been prepared on a going concern basis. In considering the appropriateness of the going concern assumption, the directors have taken into consideration the existing funding contract with AWM, together with the company's reserves and ability to meet committed costs. As at the date of approval of these financial statements the business has a contract to deliver the Business Link service until November 2011. Subsequent to this date, the company will enter an orderly wind down of its business activities. The directors are confident that the conditions of the contract will be fulfilled and consequently that the Company will have sufficient funding to continue as going concern during this period. The company is able to demonstrate this through its cash flow forecasts which have been prepared to 31 March 2012.

Indemnity cover

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report

Business Link West Midlands Limited

Report of the directors for the year ended 31 March 2011 (*continued*)

Corporate Governance

The Board is responsible for establishing and maintaining the company's system of internal financial control. Internal control systems are designed to meet the particular needs of the company and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against misstatement or loss. The directors have established the following with a view to providing effective internal financial control:

The Board

The Board has overall responsibility for the company and there is a formal schedule of matters specifically reserved for decision by the Board. It is responsible for the overall health and effective performance of the business, determining the strategic direction and identifying the major business risks faced by the company and for determining the appropriate course of action to manage those risks.

The executive directors as a management team are responsible for the delivery of board policy and meet weekly to discuss day-to-day operational matters.

Each year the Board approves the annual budget and delivery plan. Performance is monitored and relevant action taken throughout the year through the reporting to the Board and its committees.

The Board is supported by the audit sub-committee.

Audit Committee

The audit committee comprises a non-executive board member appointed by the Board of the company. These committee meetings are also attended by the Chief Executive, Finance Director and Audit Partner periodically.

The committee has written terms of reference and is responsible for external and internal audit arrangements, review of financial statements and issues concerning the company's compliance with legislative and regulatory requirements. The committee also considers and determines relevant action in respect of control issues raised by the auditors and controls issues identified internally. The committee is also tasked with overseeing all closure activities and related costs.

Incorporation

The company was incorporated on 18 December 2007.

Directors

The directors of the company during the year were:

S L Holmes
R K Hutchins (resigned 30 September 2010)
M F P Lavery (appointed 1 April 2010)
Advantage West Midlands (appointed 1 April 2010)
J Doherty (appointed 1 October 2010)

Business Link West Midlands Limited

Report of the directors for the year ended 31 March 2011 (*continued*)

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the surplus or deficit of the group for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

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 LLP were appointed as auditors during the year and have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board

S L Holmes

S L Holmes

Director

5 July 2011

Business Link West Midlands Limited

Independent auditor's report

TO THE MEMBERS OF BUSINESS LINK WEST MIDLANDS LIMITED

We have audited the financial statements of Business Link West Midlands Limited for the year ended 31 March 2011 which comprise the consolidated income and expenditure account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2011 and of the group's deficit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Business Link West Midlands Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

BDO LLP

Stephen Ward (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom

Date *7 Jul 2011*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Business Link West Midlands Limited

Consolidated income and expenditure account for the year ended 31 March 2011

	Note	2011 £	2010 £
Income	3	34,633,926	37,470,554
Direct expenditure		<u>20,438,972</u>	<u>18,440,107</u>
Gross surplus		14,194,954	19,030,447
Administrative expenses including exceptional costs of £2,528,698 (2010 - £1,113,240)	2	<u>14,446,671</u>	<u>19,161,965</u>
		(251,717)	(131,518)
Other operating income		<u>-</u>	<u>765,336</u>
Group operating (deficit)/surplus	4	(251,717)	633,818
Other interest receivable and similar income	7	<u>8,293</u>	<u>13,587</u>
(Deficit)/surplus on ordinary activities before taxation		(243,424)	647,405
Taxation on (deficit)/surplus on ordinary activities	9	<u>(1,742)</u>	<u>(1,877)</u>
(Deficit)/surplus on ordinary activities after taxation		(245,166)	645,528

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the income and expenditure account

The notes on pages 11 to 20 form part of these financial statements

Business Link West Midlands Limited

Consolidated balance sheet at 31 March 2011

<i>Company number 06456441</i>	Note	2011 £	2011 £	2010 £	2010 £
Current assets					
Debtors	12	3,458,745		6,944,872	
Cash at bank and in hand		5,256,233		11,788,138	
		<u>8,714,978</u>		<u>18,733,010</u>	
Creditors, amounts falling due within one year	13	<u>3,299,389</u>		<u>13,398,255</u>	
Total assets less current liabilities			5,415,589		5,334,755
Provisions for liabilities	14		326,000		-
			<u>5,089,589</u>		<u>5,334,755</u>
Capital and reserves					
Other reserves			2,775,185		2,775,185
Income and expenditure account			2,314,404		2,559,570
Shareholders' funds	18		<u>5,089,589</u>		<u>5,334,755</u>

The financial statements were approved by the board of directors and authorised for issue on 5 July 2011.

L S Holmes
Director

S L Holmes

The notes on pages 11 to 20 form part of these financial statements

Business Link West Midlands Limited

Company balance sheet at 31 March 2011

<i>Company number 06456441</i>	Note	2011 £	2010 £
Fixed assets			
Fixed asset investments	11	600,000	600,000
Current assets			
Cash at bank and in hand		42,346	42,375
Total assets		<u>642,346</u>	<u>642,375</u>
Capital and reserves			
Income and expenditure account		<u>642,346</u>	<u>642,375</u>
Shareholders' funds	18	<u>642,346</u>	<u>642,375</u>

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

S L Holmes

L S Holmes
Director

The notes on pages 11 to 20 form part of these financial statements

Business Link West Midlands Limited

Consolidated cashflow statement for the year ended 31 March 2011

	Note	2011 £	2010 £
Net cash (outflow)/inflow from operating activities	22	(6,537,345)	860,577
Returns on investments and servicing of finance			
Interest received		8,293	13,587
Taxation			
Corporation tax paid		(2,853)	(25,745)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		-	(4,988)
(Decrease)/increase in cash	23	(6,531,905)	843,431

The notes on pages 11 to 20 form part of these financial statements

Business Link West Midlands Limited

Notes forming part of the financial statements for the year ended 31 March 2011

1 Accounting policies

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

The following principal accounting policies have been applied

Basis of consolidation

The consolidated financial statements incorporate the results of Business Link West Midlands Limited and all of its subsidiary undertakings as at 31 March 2011 using the acquisition method of accounting as required. The results of the subsidiary undertakings are included from the date of acquisition.

Income recognition

Income comprises income generated from grants received from UK Government sources, and from European funding sources, together with client income derived from operational activities.

In accordance with UITF 40, the company can recognise grant income when it obtains a contractual right to receive this consideration in exchange for its performance. On this basis, in line with the company's grant funding agreement with its funding provider, income is recognised when the eligible expenditure to which it relates has been defrayed.

Where costs are incurred which have not yet been defrayed under the terms of the company's contract with its grant funding provider, this expenditure will be recognised as work in progress in the balance sheet and released to the income and expenditure account in the following accounting period matched against the grant funding income to which it relates.

Depreciation

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

Computer equipment and software	- Over the life of the funding agreement with the company's grant funding body
Fixtures and fittings and office equipment	- Over the life of the funding agreement with the company's grant funding body
Leasehold property	- Over the life of the funding agreement with the company's grant funding body

Operating leases

Operating lease payments are charged to the income and expenditure account in the period in which they are incurred.

Pension costs

Contributions to the group's defined contribution pension scheme are charged to the income and expenditure account in the year in which they become payable.

Capital Grants

Grants received for tangible fixed assets are released to the income and expenditure account over the estimated useful lives of the assets to which they relate. The balance is shown as a grant fund creditor.

Business Link West Midlands Limited

Notes forming part of the financial statements for the year ended 31 March 2011 (continued)

1 Accounting policies (continued)

True and fair override

During the 2009 the company acquired 2 subsidiaries, West Midlands Brokerage Services Limited and Gateway West Midlands Limited. The consideration paid of £600,000 for these subsidiaries was significantly less than the fair value of the assets acquired of £3.4 million. The reason for the apparently low consideration was due to the restricted use of the reserves of the subsidiaries imposed by the government and the general nature of the activities of these newly acquired subsidiaries. As such the directors were of the view that recognising the resulting balance as negative goodwill as required by FRS 10 would not give a true and fair view of the state of affairs of the group or of its results. As such the credit balance of £2,775,185 was taken directly to reserves. FRS 10 would have treated this amount as negative goodwill which would have decreased net assets and other reserves by £2,775,185.

Basis of preparation - Going concern

The company's business activities are set out in the directors' business review on page 1.

The financial statements have been prepared on a going concern basis. In considering the appropriateness of the going concern assumption, the directors have taken into consideration the existing funding contract with AWM, together with the group's reserves and ability to meet committed costs. As at the date of approval of these financial statements the business has a contract to deliver the Business Link service until November 2011. Subsequent to this date, the company will enter an orderly wind down of its business activities. The directors are confident that the conditions of the contract will be fulfilled and consequently that the group will have sufficient funding to continue as going concern during this period. The company is able to demonstrate this through its cash flow forecasts which have been prepared to 31 March 2012.

Continuing operations

As detailed in the Financial Review, the Company has taken the decision to close the business after the year end, and all external operations will be terminated in November 2011. The requirements of Financial Reporting Standard No. 3 only permit those activities ceased prior to 30 June 2011 to be classified for the purposes of these financial statements as a discontinued operation. As all commercial activities will continue until November 2011, in advance of an orderly wind down of the business, for the purposes of these financial statements, the Group's activities are stated as continuing operations.

2 Exceptional item

Exceptional costs of £2,528,698 (2010: £1,113,240) included in administration expenses are in respect of redundancy costs incurred during the year.

3 Income

Income is wholly attributable to the principal activity of the group and arises solely within the United Kingdom.

All income is funded by government agencies.

Business Link West Midlands Limited

Notes forming part of the financial statements
for the year ended 31 March 2011 (*continued*)

4 Operating (deficit)/surplus

	2011 £	2010 £
This is arrived at after charging/(crediting)		
Depreciation of tangible fixed assets	-	1,188,008
Amortisation of other intangible fixed assets	-	(1,147,419)
Hire of other assets - operating leases	416,559	561,485
Auditors' remuneration		
- fees payable to the group's auditor for the audit of the group's annual accounts	28,000	37,000
- financial statement preparation and other advisory services	12,000	12,000
- other taxation services	2,000	3,000
- all other services	22,000	-
Defined contribution pension cost	295,158	388,481
	<u> </u>	<u> </u>

5 Employees

Staff costs (including directors) consist of

	Group 2011 £	Group 2010 £
Wages and salaries	7,368,110	10,129,713
Social security costs	751,376	985,587
Other pension costs	295,158	388,481
	<u> </u>	<u> </u>
	8,414,644	11,503,781
	<u> </u>	<u> </u>

The average number of employees (including directors) during the year was 218 (2010 - 278)

6 Directors' remuneration

	2011 £	2010 £
Directors' emoluments	126,200	169,443
Compensation for loss of office	-	77,125
	<u> </u>	<u> </u>

There were no directors in the group's defined contribution pension scheme during the year (2010 - nil)

Business Link West Midlands Limited

Notes forming part of the financial statements
for the year ended 31 March 2011 (*continued*)

7 Other interest receivable and similar income

	2011 £	2010 £
Bank deposits	8,293	13,587

8 Other operating income

	Group Year ended 2011	Group Year ended 2010
Transfer from South Staffordshire Business Link	-	33,014
Transfer from Coventry and Warwickshire Chamber of Commerce and Industry	-	300,000
Transfer from Black Country Small Business Service Limited	-	432,322

The reserves transferred relate to the surpluses realised following the winding-up of the activities of the former sub-regional Business Link organisations

9 Taxation on (deficit)/surplus on ordinary activities

	2011 £	2010 £
<i>UK Corporation tax</i>		
Current tax on surplus of the period	1,742	1,877

The tax assessed for the year is higher than/lower than the standard rate of corporation tax in the UK applied to the (deficit)/surplus before tax. The differences are explained below

	2011 £	2010 £
(Deficit)/surplus on ordinary activities before tax	(243,424)	647,405
(Deficit)/surplus on ordinary activities at the standard rate of corporation tax in the UK of 21% (2010 - 21%)	(51,119)	135,955
Effect of		
Adjustment to tax charge in respect of previous periods	-	(976)
Tax at 21% on non-taxable surplus	52,861	(133,102)
Current tax charge for the year	1,742	1,877

Business Link West Midlands Limited

Notes forming part of the financial statements for the year ended 31 March 2011 (*continued*)

10 Surplus for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own income and expenditure account in these financial statements. The group deficit for the year includes a deficit after tax of £29 (2010 - £179) which is dealt with in the financial statements of the parent company.

11 Fixed asset investments

Company

	Group undertakings £
<i>Cost or valuation</i>	
Additions and at 31 March 2011	600,000

Subsidiary undertakings

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

	Class of share capital held	Proportion of share capital held	Nature of business
<i>Subsidiary undertakings</i>			
West Midlands Brokerage Services Limited	Ordinary shares of £1 each	100%	Provision of diagnostic and advisory services to SME companies, and advice to individuals planning to start a new business venture
Gateway West Midlands Limited*	Ordinary shares of £1 each	100%	Dormant

*Undertaking held indirectly by the company

The results of the entities listed above have been included in these consolidated financial statements

Business Link West Midlands Limited

Notes forming part of the financial statements
for the year ended 31 March 2011 (continued)

12 Debtors

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Trade debtors	292,564	5,780,813	-	-
Amounts due from ultimate parent company	2,650,560	24,000	-	-
Prepayments and accrued income	515,621	1,140,059	-	-
	<u>3,458,745</u>	<u>6,944,872</u>	<u>-</u>	<u>-</u>

All amounts shown under debtors fall due for payment within one year

13 Creditors: amounts falling due within one year

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Trade creditors	50,323	2,494,918	-	-
Corporation tax	1,742	2,853	-	-
Other taxation and social security	-	247,716	-	-
Other creditors	31,217	21,629	-	-
Accruals and deferred income	3,216,107	10,631,139	-	-
	<u>3,299,389</u>	<u>13,398,255</u>	<u>-</u>	<u>-</u>

Accruals and deferred income includes £1,777,929 (2010 £9,205,086) relating to income received in respect of the NHS Joint Investment Framework project. This income will be released to the income and expenditure account in line with the charge for attributable expenditure.

14 Provisions for liabilities

Group

	Provisions for liabilities and charges £
Charged to the income and expenditure account and at 31 March 2011	<u>326,000</u>

The provision relates to income claims that are in dispute with the funding provider

Business Link West Midlands Limited

Notes forming part of the financial statements for the year ended 31 March 2011 (continued)

15 Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £295,158 (2010 - £388,481). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

16 Reserves

Group

	Service provider reserves £	Other reserves £	Total £
At 1 April 2010	2,559,570	2,775,185	5,334,755
Surplus for the year	(243,424)	-	(243,424)
At 31 March 2011	2,316,146	2,775,185	5,091,331

The reserves above relate to that of the company and post acquisition reserves generated by its subsidiary entities.

Company

	Income and expenditure account £
At 1 April 2010	642,375
Deficit for the period	(29)
At 31 March 2011	642,346

It has been agreed between the Board of Directors and Advantage West Midlands Limited that all reserves at the balance sheet date have been ring-fenced to fund future closure costs.

Business Link West Midlands Limited

Notes forming part of the financial statements for the year ended 31 March 2011 (*continued*)

17 Limited Liability

Every member of the company undertakes to contribute such amount as may be required (not exceeding £1) to the company's assets while they are a member, or within one year after they cease to be a member for the payment of the company's debts and liabilities contracted before they cease to be a member, and of the costs, charges and expenses of winding up and for the adjustment of the rights of contributories among themselves

18 Reconciliation of movements in shareholders' funds

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
(Deficit)/surplus for the year	(245,166)	645,528	(29)	(179)
Opening shareholders' funds	5,334,755	4,689,227	642,375	642,554
Closing shareholders' funds	5,089,589	5,334,755	642,346	642,375

19 Contingent liabilities

The grant income claims made are subject to periodic audit by the awarding organisations. These audits could result in income previously claimed having to be repaid. The directors do not consider that any material liability will arise from these audits.

Subsidiary undertaking, West Midlands Brokerage Services Limited and Advantage West Midlands have provided other entities with an indemnity that any future income claw backs will be settled out of the attributable reserves that have been transferred to West Midlands Brokerage Services Limited. The indemnities are made up of £1,032,322 in respect of Black Country Small Business Services Limited, £1,100,000 in respect of Coventry and Warwickshire Chamber of Commerce Limited and £933,014 in respect of Staffordshire Business Support Limited.

Advantage West Midlands and The Learning Skills Council have provided grant funding to West Midlands Brokerage Services Limited of £1,214,869 and £132,869 respectively for the purchase of fixed assets. These assets, which have been fully depreciated, may ultimately be returned to the organisation which has provided the funding.

Business Link West Midlands Limited

Notes forming part of the financial statements
for the year ended 31 March 2011 (continued)

20 Commitments under operating leases

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

	Land and buildings 2011 £	Other 2011 £	Land and buildings 2010 £	Other 2010 £
Operating leases which expire				
Within one year	619,507	118,759	44,180	5,520
In two to five years	-	-	551,304	103,562
	<u>619,507</u>	<u>118,759</u>	<u>595,484</u>	<u>109,082</u>

On 14 November 2007, the company entered into a 6 year lease on Land and Buildings with its ultimate parent company. The lease is held jointly with its subsidiary undertaking Gateway West Midlands Limited. During the year a variation to the lease was issued and the lease will terminate in March 2012. A commitment for the annual rental charge has been disclosed above.

21 Related party disclosures

Related party transactions

Midlands Excellence Limited and Sustainability West Midlands Limited are deemed to be related parties of West Midlands Brokerage Services Limited as directors of these companies are also directors of Advantage West Midlands Limited, the ultimate parent company. During the year the company made purchases of £nil (2010 - £2,200) from Midlands Excellence Limited and £3,000 (2010 - £nil) from Sustainability West Midlands Limited. No balances were owed to these companies as at the year end (2010 - £nil).

In the prior year OWB Marketing Limited was deemed to be a related party of West Midlands Brokerage Services Limited through common directorship. During the prior year the company purchases of £22,115 from OWB Marketing Limited.

Controlling parties

The directors are not aware of any one ultimate controlling party, except that the principle contract holder and funder, Advantage West Midlands, ultimately controls the destiny of the company through the terms of that contract.

The company is a wholly owned subsidiary of Advantage West Midlands and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with Advantage West Midlands or other wholly owned subsidiaries within the group.

Business Link West Midlands Limited

Notes forming part of the financial statements
for the year ended 31 March 2011 (*continued*)

22 Reconciliation of operating (deficit)/surplus to net cash (outflow)/inflow from operating activities

	2011 £	2010 £
Operating (deficit)/surplus	(251,717)	633,818
Exceptional items included in operating (deficit)/surplus	2,528,698	1,113,240
Operating (deficit)/surplus before exceptional items	2,276,981	1,747,058
Depreciation of tangible fixed assets	-	1,188,008
Increase in provisions	775,265	-
Decrease in work in progress	-	5,226,343
Decrease/(increase) in debtors	3,486,127	(3,655,875)
Decrease in creditors	(10,547,020)	(2,531,717)
Cash outflow relating to exceptional items	(4,008,647) (2,528,698)	1,973,817 (1,113,240)
Net cash (outflow)/inflow from operating activities	(6,537,345)	860,577

23 Reconciliation of net cash flow to movement in net funds

	2011 £	2010 £
(Decrease)/increase in cash	(6,531,905)	843,431
Opening net funds	11,788,138	10,944,707
Closing net funds	5,256,233	11,788,138

24 Analysis of net funds

	At 1 April 2010 £	Cash flow £	At 31 March 2011 £
Cash at bank and in hand	11,788,138	(6,531,905)	5,256,233
Total	11,788,138	(6,531,905)	5,256,233

Cash at bank and in hand includes £1,556,493 (2010 - £9,205,086) relating to income received in respect of the NHS Joint Investment Framework Project