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**Business Link West Midlands
Limited**

Report and Financial Statements

Period Ended

31 March 2009

Company Number 06456441

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Business Link West Midlands Limited

**Report and financial statements
for the period ended 31 March 2009**

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Directors

S E Hughes
N A Dawes
S A Johnson
G K Hunjan
H Gorringer
A D P Wilkinson
A Sealey
A Bailey
A Steele
J Murray
M I Chaudry
A G Miller
J Latham
R A Barnes
P E Pawsey

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, 141 High Street, Solihull, B91 3SR
Barclay's, Queens Square, Wolverhampton

Business Link West Midlands Limited

Report of the directors for the period ended 31 March 2009

The directors present their report together with the audited financial statements for the period ended 31 March 2009.

Results and dividends

The income and expenditure account is set out on page 7 and shows the surplus for the period.

Principal activities, review of business and future developments

The company's principal activity is that of a holding company.

Its subsidiary companies, West Midlands Brokerage Services Limited and Gateway West Midlands Limited deliver business support in the West Midlands region through the Regional Development Agency funded Business Link service, and through other contracts funded by the Learning & Skills Council.

In the period to March 2009, its subsidiaries provided business information and advice to over 71,000 companies and individuals through various events and workshops and through the company's telephone contact centre and web site. Over 26,000 individuals planning to start a business enterprise requested relevant information and in addition there were in excess of 85,000 unique visitors to the web site.

Intensive advice and assistance was provided to 14,000 SMEs, training needs were analysed and provided to 5,700 companies and start-up advice and assistance provided to individuals or groups of individuals led to 3,000 new business starts.

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 period ended 31 March 2009 (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 following sub-committees:

Audit Committee

The audit committee comprises non-executive board members appointed by the Board of the company. These committee meetings are also attended by the Finance Director and Audit Partner.

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.

HR & Remuneration Committee

The Remuneration committee comprises the Deputy Chair and three non-executive Board members. The Chief Executive will be included when determining all aspects of terms and conditions, including salary, performance related pay and overall benefits package, of the members of the senior management team.

The role of the committee is to determine, on appointment, the Terms and Conditions, including salary, any element of performance related pay and overall benefits package of the Chief Executive and the members of the Senior Management Team and review on an annual basis. To review all other terms and conditions and agree any changes.

Performance Committee

The Performance Committee comprises non-executive board members appointed by the Board of the company. The committee meetings are also attended by the Chief Executive, Client Services Director and Finance Director. The role of the committee is to review operational and financial performance of the company.

Incorporation

The company was incorporated on 18 December 2007.

Business Link West Midlands Limited

Report of the directors for the period ended 31 March 2009 (*continued*)

Change of accounting reference date

On 20 March 2008 the company changed its accounting reference date from 31 December 2008 to 31 March 2009.

The company accounts therefore represent the period from 18 December 2007 to 31 March 2009. The consolidated results represent the period from acquisition (28 March 2008) to 31 March 2009.

Directors

The directors of the company during the period were:

S E Hughes (appointed 27 August 2008)
A J White (appointed 1 June 2008, resigned 1 October 2009)
A Lucas (resigned 31 July 2008)
L Holmes (appointed 1 January 2008, resigned 31 July 2008)
N A Dawes (appointed 24 July 2008)
S A Johnson (appointed 16 September 2008)
G K Hunjan (appointed 20 October 2008)
H Gorringe (appointed 1 November 2008)
A D P Wilkinson (appointed 16 April 2008)
A Sealey (appointed 16 April 2008)
A Bailey (appointed 16 April 2008)
A Steele (appointed 16 April 2008)
J Murray (appointed 16 April 2008)
M I Chaudry (appointed 24 September 2008)
A G Miller (appointed 16 April 2008)
J Latham (appointed 16 April 2008)
R A Barnes (appointed 1 January 2008)
P E Pawsey (appointed on incorporation)

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 period which give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Business Link West Midlands Limited

Report of the directors for the period ended 31 March 2009 (*continued*)

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 period 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

R A Barnes



Director

Date:

29.10.2009.

Business Link West Midlands Limited

Independent auditor's report

To the shareholders of Business Link West Midlands Limited

We have audited the group and parent company financial statements (the "financial statements") of Business Link West Midlands Limited for the period ended 31 March 2009 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 group's and 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.

Business Link West Midlands Limited

Independent auditor's report (*continued*)

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 31 March 2009 and of its profit for the period then ended;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 March 2009;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

BDO LLP

BDO LLP
*Chartered Accountants
and Registered Auditors*
Birmingham
United Kingdom

Date: 29 October 2009

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 period ended 31 March 2009

	Note	Acquisitions 15 months ended 31 March 2009 £
Income	3	38,777,717
Direct expenditure		18,588,769
Gross surplus		20,188,948
Administrative expenses including exceptional costs of £261,522	2	19,161,318
		1,027,630
Other operating income - reserve transfer		800,000
Group operating surplus	4	1,827,630
Other interest receivable and similar income	7	127,241
Interest payable and similar charges	9	(1,089)
Surplus on ordinary activities before taxation		1,953,782
Taxation on surplus on ordinary activities	10	39,740
Surplus on ordinary activities after taxation		1,914,042

All amounts relate to continuing activities from acquisitions during the period.

All recognised gains and losses in the current period are included in the income and expenditure account.

The notes on pages 11 to 25 form part of these financial statements.

Business Link West Midlands Limited

Consolidated balance sheet at 31 March 2009

Company number 06456441

	Note	31 March 2009 £	31 March 2009 £
Fixed assets			
Tangible assets	12		1,183,020
Current assets			
Work in progress	14	5,226,343	
Debtors	15	3,288,997	
Cash at bank and in hand		10,944,707	
		<u>19,460,047</u>	
Creditors: amounts falling due within one year	16	<u>15,953,840</u>	
Net current assets			<u>3,506,207</u>
Total assets less current liabilities			<u>4,689,227</u>
Capital and reserves			
Other reserves	19		2,775,185
Income and expenditure account	19		1,914,042
Members' funds	21		<u>4,689,227</u>

The financial statements were approved by the board of directors and authorised for issue on 29-10-2009

R A Barnes
Director



The notes on pages 11 to 25 form part of these financial statements.

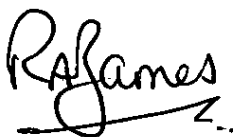
Business Link West Midlands Limited

Company balance sheet at 31 March 2009

	Note	31 March 2009 £
Fixed assets		
Fixed asset investments	13	600,000
Current assets		
Cash at bank and in hand		42,554
Total assets		<u>642,554</u>
Capital and reserves		
Income and expenditure account	19	<u>642,554</u>
Members' funds	21	<u>642,554</u>

The financial statements were approved by the board of directors and authorised for issue on 29-10-2009

R A Barnes
Director



The notes on pages 11 to 25 form part of these financial statements.

Business Link West Midlands Limited

Consolidated cashflow statement for the period ended 31 March 2009

	Note	15 months ended 31 March 2009 £	15 months ended 31 March 2009 £
Net cash inflow from operating activities	27		11,673,082
Returns on investments and servicing of finance			
Interest received		127,241	
Interest paid: bank overdrafts		(744)	
Interest paid: other loans		(345)	
Net cash inflow from returns on investments and servicing of finance			126,152
Taxation			
Corporation tax paid			(13,364)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets			(574,926)
Acquisitions and disposals			
Purchase of business operations			(266,237)
Increase in cash	28		10,944,707

The notes on pages 11 to 25 form part of these financial statements.

Business Link West Midlands Limited

Notes forming part of the financial statements for the period ended 31 March 2009

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 preparation

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

The group is principally funded through its grant contracts with Advantage West Midlands. The group's significant funding agreements are due to expire on 31 March 2010 and are expected to be renewed formally in the forthcoming weeks. The group has held discussion with Advantage West Midlands and no matters have been drawn to its attention to suggest that the renewal may not be forthcoming on acceptable terms.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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 2009 using the acquisition method of accounting as required. The results of the subsidiary undertakings are included from the date of acquisition.

True and fair override

During the period the company acquired 2 subsidiaries, West Midlands Brokerage Services Limited and Gateway West Midlands Limited. The consideration paid of £600,001 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 is 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 are 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 has been 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.

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.

Business Link West Midlands Limited

Notes forming part of the financial statements for the period ended 31 March 2009 (*continued*)

1 Accounting policies (*continued*)

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 period 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.

Reserves

Attributable reserves represent those monies that are ringfenced to service cashflow and which can only be used under the direction of Advantage West Midlands.

Non attributable reserves are the free reserves in the company to be used to support ongoing business activities.

2 Exceptional item

Exceptional costs of £261,522 included in administration expenses are in relation to 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 period ended 31 March 2009 (*continued*)

4 Operating surplus

15 months
ended
31 March
2009
£

This is arrived at after charging/(crediting):

Depreciation of tangible fixed assets	964,937
Amortisation of grant funding	(913,047)
Auditors' remuneration:	
- fees payable to the group's auditor for the audit of the group's annual accounts	37,000
- financial statement preparation and other advisory services	28,000
- other taxation services	3,000
Defined contribution pension cost	430,471

5 Employees

Staff costs (including directors) consist of:

	Group 15 months ended 31 March 2009 £	Company 15 months ended 31 March 2009 £
Wages and salaries	10,283,713	-
Social security costs	797,270	-
Other pension costs	430,471	-
	<u>11,511,454</u>	<u>-</u>

The average number of employees (including directors) during the period was 289.

6 Directors' remuneration

15 months
ended
31 March
2009
£

Directors' emoluments	144,460
-----------------------	---------

Business Link West Midlands Limited

Notes forming part of the financial statements
for the period ended 31 March 2009 (*continued*)

7 Other interest receivable and similar income

	15 months ended 31 March 2009 £
Bank deposits	127,241

8 Other operating income

	Group 15 months ended 31 March 2009	Company 15 months ended 31 March 2009
Transfer from Coventry and Warwickshire Chamber of Commerce and Industry	800,000	-

The reserves transferred relate to the surpluses realised following the winding-up of the activities of the former sub-regional Business Link organisations. Those surpluses are deemed to be attributable to the Secretary of State for Business Innovation & Skills. The attributable reserves are ring fenced from other company funds and can only be used to service cash flow requirements and certain specified costs approved by Advantage West Midlands.

9 Interest payable and similar charges

	15 months ended 31 March 2009 £
Bank overdraft	744
Other interest payable	345
	1,089

Business Link West Midlands Limited

Notes forming part of the financial statements
for the period ended 31 March 2009 (continued)

10 Taxation on surplus on ordinary activities

	15 months ended 31 March 2009 £
<i>UK Corporation tax</i>	
Current tax on surplus of the period	39,740
	<hr/>
The tax assessed for the period is lower than the standard rate of corporation tax in the UK applied to surplus before tax. The differences are explained below:	
	15 months ended 31 March 2009 £
Surplus on ordinary activities before tax	1,953,782
	<hr/>
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 21%	410,294
Effect of:	
Adjustment to tax charge in respect of previous periods	13,019
Tax at 21% on non-taxable surplus	(383,573)
	<hr/>
Current tax charge for the period	39,740
	<hr/>

11 Surplus for the financial year

The company has taken advantage of the exemption allowed under section 230 of the Companies Act 1985 and has not presented its own income and expenditure account in these financial statements. The group surplus for the period includes a surplus after tax of £642,554 which is dealt with in the financial statements of the parent company.

Business Link West Midlands Limited

Notes forming part of the financial statements
for the period ended 31 March 2009 (*continued*)

12 Tangible fixed assets

Group

	Leasehold land and buildings £	Fixtures and fittings £	Computer equipment and software £	Total £
<i>Cost or valuation</i>				
Additions	106,806	241,957	226,163	574,926
Acquisition of subsidiary	-	697,230	875,801	1,573,031
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2009	106,806	939,187	1,101,964	2,147,957
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
Provided for the period and at 31 March 2009	42,684	448,214	474,039	964,937
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 March 2009	64,122	490,973	627,925	1,183,020
	<hr/>	<hr/>	<hr/>	<hr/>

Business Link West Midlands Limited

Notes forming part of the financial statements
for the period ended 31 March 2009 (*continued*)

13 Fixed asset investments

Company

	Group undertakings £
<i>Cost or valuation</i>	
Additions and at 31 March 2009	600,000

Subsidiary undertakings

The principal undertakings in which the company's interest at the period 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%	Provision of a gateway service to the business support services available through West Midlands Brokerage Services Limited

*Undertaking held indirectly by the company.

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

14 Work in progress

	Group 31 March 2009 £	Company 31 March 2009 £
Work in progress	5,226,343	-

Work in progress relates to costs incurred prior to 31 March 2009 which have not yet been defrayed under the terms of the group's contract with its grant funding provider. This expenditure will be released to the income and expenditure account in the following accounting period matched against the grant funding income to which it relates.

Business Link West Midlands Limited

Notes forming part of the financial statements
for the period ended 31 March 2009 (continued)

15 Debtors

	Group 31 March 2009 £	Company 31 March 2009 £
Trade debtors	2,420,896	-
Prepayments and accrued income	868,101	-
	<u>3,288,997</u>	<u>-</u>

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

16 Creditors: amounts falling due within one year

	Group 31 March 2009 £	Company 31 March 2009 £
Trade creditors	2,994,110	-
Taxation and social security	435,057	-
Other creditors	1,128,643	-
Accruals and deferred income	11,396,030	-
	<u>15,953,840</u>	<u>-</u>

Other creditors due within one year relates to deferred grant aided start-up funding in respect of fixed assets.

Accruals and deferred income includes £8,525,000 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 charge for attributable expenditure.

17 Provisions for liabilities

Group

	Dilapidation costs £
Utilised in period	(87,500)
Undertaking acquired	87,500
	<u>-</u>
At 31 March 2009	<u>-</u>

Business Link West Midlands Limited

Notes forming part of the financial statements
for the period ended 31 March 2009 (continued)

18 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 £430,471. There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

19 Reserves

Group

	Attributable £	Non Attributable £	Other reserves £	Total £
Surplus for the period	800,000	1,114,042	-	1,914,042
Redundancy costs transfer	(199,961)	199,961	-	-
Arising on business combination	-	-	2,775,185	2,775,185
	<u>600,039</u>	<u>1,314,003</u>	<u>2,775,185</u>	<u>4,689,227</u>

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

Company

	Income and expenditure account £
Surplus for the period	642,554
	<u>642,554</u>

In accordance with the terms of the contract with Advantage West Midlands, West Midlands Brokerage Services Limited shall not make any distribution of its profits to any members of the company until service provider reserves reach £2,250,000. Service provider reserves are considered to be all reserves other than those defined as attributable.

Appropriate agreement has been provided by Advantage West Midlands to waive this clause and permit the dividends and attributable reserves transfers as shown above.

Redundancy payments made to employees transferred from the former Business Link organisations under TUPE arrangements have been met from attributable reserves.

Business Link West Midlands Limited

Notes forming part of the financial statements
for the period ended 31 March 2009 (*continued*)

20 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.

21 Reconciliation of movements in members' funds

	Group 31 March 2009 £	Company 31 March 2009 £
Surplus for the period	1,914,042	642,554
Other reserves	2,775,185	-
	<hr/>	<hr/>
Net additions to shareholders' funds	4,689,227	642,554
Opening shareholders' funds	-	-
	<hr/>	<hr/>
Closing shareholders' funds	4,689,227	642,554
	<hr/>	<hr/>

22 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 £600,000 in respect of Black Country Small Business Services Limited, £800,000 in respect of Coventry and Warwickshire Chamber of Commerce Limited and £900,000 in respect of Staffordshire Business Support Limited.

Business Link West Midlands Limited

Notes forming part of the financial statements
for the period ended 31 March 2009 (*continued*)

23 Acquisitions

Acquisition of West Midlands Brokerage Services Limited and Gateway West Midlands Limited

On 28 March 2008 the shares in West Midlands Brokerage Services Limited and Gateway West Midlands Limited were transferred to the company from other not for profit organisations for a consideration of £600,001.

The book and fair value of these entities as at 28 March 2008 were as follows:

	Book and fair value £
Fixed assets	
Tangible	1,573,031
Current assets	
Debtors	10,946,320
Cash at bank and in hand	552,895
	<hr/>
Total assets	13,072,246
Creditors	
Due within one year	8,860,348
Due after one year	749,212
	<hr/>
Net assets before provisions	3,462,686
Provisions	
Dilapidation's provision	87,500
	<hr/>
Net assets	3,375,186
	<hr/>
	£
Cash consideration	600,001
Net assets acquired	3,375,186
	<hr/>
Other reserves arising on acquisition	(2,775,185)
	<hr/>

The balance of £2,775,185 has been recognised directly in reserves. Due to the nature of the subsidiaries' business the directors are of the view that this is the most appropriate treatment to give a true and fair view. Further details are explained in note 1 to these financial statements.

Business Link West Midlands Limited

Notes forming part of the financial statements
for the period ended 31 March 2009 (continued)

23 Acquisitions (continued)

The results of West Midlands Brokerage Services Limited and Gateway West Midlands Limited prior to its acquisition were as follows:

Income and expenditure account

	Current period up to acquisition £	Year ended 31 March 2008 £
Income	-	28,091,881
Operating surplus	-	2,288,154
Income from shares in group undertakings	-	144,000
Reserve transfer	-	600,000
Net interest	-	45,913
Surplus on ordinary activities	-	3,078,067

Cash flows

The net outflow of cash arising from the acquisition of West Midlands Brokerage Services Limited and Gateway West Midlands Limited was as follows:

	£
Cash consideration, as above	600,001
Cash acquired	(552,895)
Overdraft acquired	47,106
Net outflow of cash	219,131
	266,237

Business Link West Midlands Limited

Notes forming part of the financial statements
for the period ended 31 March 2009 (*continued*)

24 Commitments under operating leases

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

	Land and buildings 31 March 2009 £	Other 31 March 2009 £
Operating leases which expire:		
Within one year	52,782	-
In two to five years	551,304	112,355
	<u>604,086</u>	<u>112,355</u>

25 Related party disclosures

Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with members of the group headed by Business Link West Midlands Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

Mercian Labels Limited, OWB Marketing Limited and SACDA Limited are deemed to be related parties of West Midlands Brokerage Services Limited through common directorship. During the year West Midlands Brokerage Services Limited provided business support grant funding of £7,146 to Mercian Labels Limited and made purchases of £39,127 from OWB Marketing Limited and £6,230 from SACDA Limited. At 31 March 2009 the company owed £20,344 to 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.

Business Link West Midlands Limited

Notes forming part of the financial statements
for the period ended 31 March 2009 (*continued*)

26 Other operating income

	Group 15 months ended 31 March 2009 £
Transfer from Coventry and Warwickshire Chamber of Commerce and Industry	800,000

The reserves transferred relate to the surpluses realised following the winding-up of the activities of the former sub-regional Business Link organisations. Those surpluses are deemed to be attributable to the Secretary of State for Business Innovation & Skills. The attributable reserves are ring fenced from other company funds and can only be used to service cash flow requirements and certain specified costs approved by Advantage West Midlands.

27 Reconciliation of operating surplus to net cash inflow from operating activities

	15 months ended 31 March 2009 £
Operating surplus	1,827,630
Depreciation of tangible fixed assets	964,937
Decrease in provisions	(87,500)
Increase in work in progress	(5,226,343)
Decrease in debtors	7,657,323
Increase in creditors	6,537,035
Net cash inflow from operating activities	11,673,082

28 Reconciliation of net cash flow to movement in net funds

	15 months ended 31 March 2009 £
Increase in cash	10,944,707
Opening net funds	-
Closing net funds	10,944,707

Business Link West Midlands Limited

Notes forming part of the financial statements
for the period ended 31 March 2009 (*continued*)

29 Analysis of net funds

	At 18 December 2007 £	Cash flow £	At 31 March 2009 £
Cash at bank and in hand	-	10,944,707	10,944,707
Total	-	10,944,707	10,944,707

Cash at bank and in hand includes £8,525,000 relating to income recieved in respect of the NHS Joint Investment Framework Project (see note 16).