

COMPANY NUMBER: 4110283



**BUSINESS LINK FOR LONDON**  
(Limited by guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007**

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**Business Link for London Limited**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 31 March 2007**

**Directors:**

Afzal Akram (Chairman)  
Clive Barker  
Bill Brown  
Ian Jindal  
Cllr Dame Sally Powell

**Secretary**

Paul Munden

**Registered Office**

6 New Bridge Street  
London  
EC4V 6AB

**Auditors**

Mazars LLP  
Chartered Accountants  
24 Bevis Marks  
London  
EC3A 7NR

**Bankers**

Barclays Bank Plc  
United Kingdom House  
7<sup>th</sup> Floor, 180 Oxford Street  
London  
W1D 1EA

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**DIRECTORS' REPORT**

The Directors present their report together with the audited Financial Statements of the Company for the year ended 31 March 2007

**PRINCIPAL ACTIVITIES**

The principal activity of the Company during the year was the provision of business support services to start-up businesses and small to medium sized enterprises in London. The Company was formed in 2001 by the merger of the former nine sub-regional Business Link Operators in London to deliver business support services under contract with the Small Business Service (SBS) and the Company formed part of the national network of Business Link Operators. Following the expiry of its core services contract, the Company ceased trading on 31 March 2007.

**Contract**

In March 2004 the Treasury announced that contract administration for the Business Link network would be transferred from the SBS to the Regional Development Agencies on 1 April 2005. The London Development Agency (LDA), in line with the other Regional Development Agencies, took responsibility for the core services contract via a statutory transfer order on 1 April 2005.

In November 2005 the LDA announced that it was putting the core services contract now called the Information, Diagnostics and Brokerage (IDB) contract out to tender. The LDA had also required the Company's IDB and Funded Programme work to be separately self-financing and as a consequence the Company commenced the process of withdrawal from all Funded Programmes. On 31 March 2006 the Company was advised that delivery of the IDB service would be managed by a new operator, Serco Regional Services Ltd (Serco) from 1 April 2007. During the year ended 31 March 2007 Business Link for London continued to deliver the IDB contract and prepared plans for the orderly closure of the Company and the transfer of staff to Serco under the Transfer of Undertakings and Protection of Employment (TUPE) regulations.

**GOING CONCERN**

The Financial Statements have been prepared under the historic cost convention and on a realisation basis due to the expiry of the IDB contract on 31 March 2007 and appropriate adjustments and disclosures have been made in the Financial Statements.

**REVIEW OF THE BUSINESS**

During the year the business achieved the following results

- provided advice and support to 110,949 pre-starts and businesses. This compares to 105,483 in 2005/2006,
- provided intensive assistance to improve turnover, profitability and productivity to 6,583 businesses. This compares to 5,523 in 2005/2006,
- increased our customer satisfaction to 93%, an increase of 1% on the previous year.

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**DIRECTORS' REPORT (continued)**

The Company produced an operating surplus for the year of £2.3m as set out on page 15 (2006: £0.3m). This surplus brought the accumulated surplus to £8.3m, which will be applied in the first instance to settling outstanding liabilities as part of the Company's planned closure. The Members of the Company passed a written resolution approving the distribution of any remaining reserves to the LDA after settlement of outstanding liabilities.

There was no significant restructuring during the year. Only five employees engaged with the provision of the IDB contract were made redundant as a result of those individual roles being no longer required. The Company proceeded with the planned exit from Funded Programmes during the year, with twenty-one persons being made redundant due to the closure of the following programmes:

Employer Training Pilot, Sector Innovation (Foodwise), Industrial Estates Development, Small Firms Initiative, ESF Leadership & Management, Addmore and Gateway to Growth.

Within this redundancy programme, there were two management personnel and eight persons from Marketing and Contracts support functions.

On 1 October 2006, the Access to Finance and Start Up Programmes were transferred to the LDA. As a result, seven employees transferred with these programmes under the provisions of TUPE. In addition, the LDA took primary responsibility for the LABS Research and the one employee associated with this project was also transferred under TUPE regulations on 1 October 2006. The contract for the provision of a new Supply London Programme was awarded to Pera Innovation Limited by the LDA on 1 January 2007 and six employees were subsequently transferred under TUPE regulations on 8 January 2007. Prevista was awarded the contract as lead partner for the Equal II Programme and the two employees associated with this programme were transferred on 12 March 2007 under TUPE regulations.

The Company also agreed final settlements in respect of the termination of employment of four employees claiming under the Company's Permanent Health Insurance (PHI) scheme.

Business Link for London received consent to transfer the residual loan fund portfolios and assets to GLE oneLondon. The following loans fund portfolios were transferred via Deed of Transfer on 31 October 2006:

Up & Running, Central Start Up, West Start Up, North Start Up, North Growth and North London Loan fund.

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**DIRECTORS' REPORT (continued)**

**DIRECTORS**

The table below sets out the names and dates of appointment of each Board Director serving during the year to 31 March 2007 together with membership of Board Committees

From 1 January 2007 the functions of the Finance Committee and Audit Committee were combined into a single Committee

Name	Appointed	Resigned	Board Committee/Responsibility
Afzal Akram	26/01/2001		Chairman
Alison White	01/04/2004	31/03/2007	Interim Chief Executive Officer
Clive Barker	26/01/2001		Deputy Chair, Chair of Finance Committee until December 2006 and thereafter Chair of Finance and Audit Committee
Patrick Berry	26/01/2001	27/04/2007	Finance Committee until December 2006 and thereafter Finance and Audit Committee
Bill Brown	01/01/2004		Chair of Audit Committee until December 2006 and thereafter member of Finance and Audit Committee
Paul Druckman	01/04/2004	27/04/2007	Senior Independent Non Executive Director, Finance Committee until December 2006 and thereafter Finance and Audit Committee
Ian Jindal	01/03/2003		Remuneration and Appointments Committee
Roger Poole	01/02/2005	27/04/2007	Remuneration and Appointments Committee
Cllr Dame Sally Powell	26/01/2001		Deputy Chair and Chair of Remuneration and Appointments Committee
Andrew Senior	27/10/2000	27/04/2007	Audit Committee until December 2006 and thereafter Finance and Audit Committee

Non-Executive Directors are obliged to offer themselves up for re-election every 3 years and may serve for a maximum of two terms of 3 years. In exceptional circumstances members may be re-elected for a third term.

The Interim Chief Executive Officer was employed under an employment contract subject to statutory employment rights without a fixed term with a notice period of three months.

**DIRECTORS' INTERESTS**

The Register of Directors' Interests is regularly updated. By way of his position as Chairman, Afzal Akram is a Member of the Company. Afzal Akram had an interest in Deltaclub Group and during the year the Company contracted services to Deltaclub Group. All contracts were procured as arm's length transactions.

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**DIRECTORS' REPORT (continued)**

Sally Powell is a Non-Executive Director of the LDA, which is a Member of the Company Business Link for London received its core-funding from the LDA in the year to 31 March 2007. During the year Sally Powell resigned as a Non-Executive Director of Greater London Enterprise (GLE), which is also a Member of the Company Business Link for London contracted services to oneLondon, a wholly owned subsidiary company of GLE. All contracts were procured as arm's length transactions. With these exceptions, no Director has any material interest either in the Company or in shares in, or membership of, any organisation that is a Member of Business Link for London, or any material interest in any contract of significance with the Company.

**STATEMENT OF DIRECTORS' INDEPENDENCE**

The Board has determined that all Non-Executive Directors meet the test of independence as contained in the Combined Code (July 2003) with the exception of Sally Powell who is a Non-Executive Director on the LDA Board.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law 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 period. In preparing those Financial Statements, in compliance with the required format and disclosure of the Companies Act 1985 and with applicable Accounting Standards, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether United Kingdom accounting standards have been applied in the preparation of those Financial Statements subject to any material departures discussed and explained in the Statements, and
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that the Financial Statements comply with the above requirements.

The Directors are responsible for keeping proper accounting records which 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 1985. 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.

The Directors are responsible for ensuring that the Directors' Report and other information in the Annual Report are prepared in accordance with company law in the United Kingdom.

## **DIRECTORS' REPORT (continued)**

### **CORPORATE GOVERNANCE**

#### **Statement of compliance with the principles of the Combined Code**

The Company has reviewed the applicable aspects of the Combined Code on Corporate Governance (July 2003) and concludes it complies with the provisions of the Code except in relation to Code provision A 7.1. Newly appointed Directors are not subject to election by Members at the first Annual General Meeting following their appointment. An ad hoc Appointments Committee comprising of Non-Executive Directors and Members appoints any new Directors as laid down in the Company's Articles of Association.

The Company undertook a formal and rigorous evaluation of the Board, its Committees and individual Directors. The Company Secretary reviewed annually the terms of reference of Committees and the Board considered his recommendations. The Chairman carried out an annual review of the performance of each Director and the Board, led by the Senior Independent Non-Executive Director, reviewed the Chairman's performance annually.

#### **Board responsibilities**

The Board, which met eleven times in the period, is ultimately responsible for the direction and management of the Company. The Board currently consists of five Directors of whom four, including the Chairman, are independent Non-Executive Directors and one Non-Executive Director who, since the contract transfer to the LDA, is now not considered independent. The Non-Executive Directors bring a wide range of experience and expertise to the Company's affairs.

For the year to 31 March 2007 Board authorities were in place. These set out the roles of the Chairman, Interim Chief Executive Officer and Board Committees and specified the matters that were specifically reserved for approval of the Board, such as matters relating to the strategic and financial direction of the Company. The Board reviewed on a continuous basis the matters reserved for it, the terms of reference and delegated authorities of its Committees and the procedures relating to the servicing of the Board in respect of meetings and provision of information. The Chairman ensured that the Non-Executive Directors received timely and relevant information tailored to their needs and that they were properly briefed on the issues arising at Board meetings so that they made an effective contribution as Board Members. The Chairman encouraged full attendance at Board and Committee meetings.

Responsibility for financial governance was delegated to the Audit Committee and from 1 January 2007 to the combined Finance and Audit Committee. In general terms, the Chairman managed the Board to ensure that the Company had appropriate objectives and an effective strategy, that there was an Interim Chief Executive Officer with a team able to implement the strategy, that there were procedures in place to inform the Board of performance against objectives to ensure that the Company was operating in accordance with a high standard of corporate governance. In addition, the Chairman maintained positive external relationships for the Company at senior levels with business, and government representatives, including the press.

The Interim Chief Executive Officer managed the business by developing objectives, strategy and standards of performance, securing and leading a management team of the right calibre and directing that team to deliver the required performance.



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**DIRECTORS' REPORT (continued)**

At the end of April 2007 there were only five Directors serving on the Board. With the expiry of the IDB contract on 31 March 2007, the role of Interim Chief Executive Officer was transferred to Serco on 1 April 2007 and four Non-Executive Directors resigned on 27 April 2007.

Should Board Directors require independent professional advice in the furtherance of their duties, they can do so in the agreed manner and at the Company's expense. All Directors have access to the advice and services of a legally qualified Secretary who has direct responsibility to the Board, for corporate governance, Board procedures and applicable rules and regulations.

Although the Company does not have investors, it considers its stakeholders, in particular the LDA and its Members, as investing in the Company. The Company is committed to communication with all who have a stake in the aims of the Business. The Company holds regular stakeholder and Member meetings and produces an Annual Report, which explains the strategy for supporting London's businesses.

The Company has regular meetings with the LDA where detailed management information is reviewed.

**BOARD COMMITTEES**

The Remuneration and Appointments Committee, Finance Committee and Audit Committee (from 1 January 2007 the functions of the Finance Committee and Audit Committee were combined into a single Committee) were standing Committees of the Board to which certain matters were delegated as set out in their terms of reference.

**Remuneration & Appointments Committee**

The Remuneration & Appointments Committee met at least quarterly and more often if required. The Committee was chaired by Sally Powell and comprised two additional independent Non-Executive Directors. The Interim Chief Executive Officer and Head of Human Resources attended meetings at the invitation of the Committee.

The purpose of the Committee was to consider and approve annual salary reviews, eligibility for participation in incentive arrangements, service agreements and other terms and conditions of employment for Directors and Senior Executives.

The Board's Remuneration Report sets out the Company's application of the principles of Section B1 of the Combined Code.

**Finance Committee**

The Finance Committee was chaired by Clive Barker and comprised two other independent Non-Executive Directors, one with recent and relevant accounting experience. The Interim Chief Executive Officer and Finance Director normally attended meetings at the invitation of the Committee.

The role of the Finance Committee was to monitor the financial and operational performance of the Company in more detail than time permitted at full Board meetings. It met monthly, prior to Board meetings.

## **DIRECTORS' REPORT (continued)**

### **Audit Committee**

Bill Brown, who has recent and relevant accounting experience, chaired the Audit Committee, which comprised one other independent Non-Executive Director. The Interim Chief Executive Officer and Finance Director normally attended meetings at the invitation of the Committee. The purpose of the Audit Committee was to monitor the integrity of the Financial Statements of the Company including any formal announcements relating to the Company's financial performance and to review any significant financial reporting judgments contained in them.

The Committee reviewed the Company's internal financial controls and the effectiveness of the Company's internal control and risk management systems. It also reviewed the effectiveness of the Company's internal review of financial processes and procedures.

The Committee made recommendations to the Board, for approval by Members in general meeting, in relation to the appointment, re-appointment and removal of the external auditor. It also reviewed and monitored the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements. The Committee developed and implemented policies on the engagement of the external auditor in relation to non-audit services taking into account relevant ethical guidance regarding the provision of services by the external audit firm. The Committee met quarterly and more often where required.

### **Finance and Audit Committee (effective 1 January 2007)**

The Finance and Audit Committee is chaired by Clive Barker and comprises one other Non-Executive Director. The responsibilities of the Committee combined those of the Finance Committee and Audit Committee mentioned above. The Interim Chief Executive Officer and Finance Director normally attended meetings at the invitation of the Committee. It meets monthly prior to Board meetings.

### **Members**

The Board encourages communication with Members. At the Annual General Meeting the Chairman and Directors are available to answer questions and appropriate resolutions are put to the meeting. A summary of the discussion at the Annual General Meeting is made available to Members upon request to the Secretary.

## **ACCOUNTABILITY & AUDIT**

The responsibilities of the Directors are set out on page 6 and those of the External Auditors on page 13.

### **Internal control**

The Board is responsible for the Company's system of internal control and for monitoring its effectiveness. This involves the identification, acceptance and mitigation of risk, with appropriate internal control systems implemented and embedded. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and provide reasonable assurance as to the effectiveness of the safeguards protecting the business against the risk of material error, misstatement or loss.

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**DIRECTORS' REPORT (continued)**

The Company's system of internal control comprises the following main elements

- regular Board meetings with a formal schedule of matters reserved for the Board for decision;
- clearly defined organisation structure and appropriate delegated authorities,
- regular performance monitoring, with remedial action taken where necessary,
- established procedures for planning, approving and monitoring major projects,
- clearly defined policies and standards on key business activities, and
- register of risks at corporate and departmental level regularly reviewed at corporate level by the Executive Team, Audit Committee and by the Board as a whole

In the year to 31 March 2007 no internal audit was commissioned due to the impending closure of the Company. The Audit Committee requested that all financial processes and procedures as set out in the Business Link for London Financial Procedures were reviewed internally. The Head of Finance and Contracts who reported the findings to the Audit Committee managed the review project.

**REPORT OF THE REMUNERATION & APPOINTMENTS COMMITTEE**

The Remuneration & Appointments Committee is pleased to present its report for the year ended 31 March 2007.

The Remuneration & Appointments Committee determined remuneration of the Executive and Non-Executive Directors. The Committee considered that throughout the year under review, the Company has complied with the principles contained in section B1 (remuneration principles) of the Combined Code (July 2003).

In May 2006 the Remuneration & Appointments Committee approved a retention bonus scheme for the Company and an increase in the performance related pay for the Executive Team. The retention bonus scheme provided an incentive to employees, whose roles were identified as critical, to remain with the Company to ensure continuity of business operations until transition and closure. Retention bonuses were paid to 27 employees in March 2007. The performance related pay for the Executive Team was increased from 15% to 20%.

**Remuneration policy for Executive Directors**

The Remuneration and Appointments Committee has reviewed the Company's remuneration policy and concluded that the remuneration levels were competitive relative to the market place in which the Company operated. The Interim Chief Executive Officer was the only Executive Director serving on the Board.

The Interim CEO's remuneration package for the period to 31 March 2007 was as follows:

Basic remuneration £123,600

Performance related pay Up to 20% of basic salary

Pension A maximum Company contribution of 10% of basic salary (assumes a personal contribution of 7%)

Retention bonus £10,000

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**DIRECTORS' REPORT (continued)**

Basic remuneration was considered a reasonable market rate at the time of the appointment. The pension contribution element is paid on the same basis as for all other full time employees of the Company (see below under Employee Involvement).

**Remuneration policy for Non-Executive Directors**

For the thirteen months to 30 April 2007 the Chairman was paid £29,171 on the basis of four days a month. Chairs of Committees were paid £15,281 on the basis of three days per month and all other Non-Executive Directors £10,188 on the basis of two days per month. These rates were considered comparable with similar companies working in the public sector of the size and complexity of Business Link for London.

With the reduction in the number of Board Directors, the remuneration policy changed on 1 May 2007. The Chairman is currently paid on the basis of three days per month and all other Non-Executive Directors are paid on the basis of two days per month.

**Indemnity**

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors and Officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Company. Directors' and Officers' liability insurance covering a period of six years from 1 April 2007 is in place in respect of all Company Directors and Officers.

**POLICY AND PRACTICE ON PAYMENT OF CREDITORS**

The Company's policy with regard to the payment of creditors is to pay all suppliers within agreed credit periods. During the year the Company achieved an average payment period of 36 days.

**DISABLED PERSONS**

The Company was committed to ensuring that people with disabilities were supported and encouraged to apply for employment with the Company and to achieve progress in their careers within the business. They were treated so that they had an equal opportunity, so far as was justifiable, to be selected, trained and promoted. Every reasonable effort was made to enable disabled persons to be retained in the Company's employment.

**EMPLOYEE INVOLVEMENT**

The Company recognised the importance of employee consultation, communication and involvement. The Company is an equal opportunities employer, committed to ensuring that no job applicant or employee received less favourable treatment on the grounds of sex, sexual orientation, race, colour, religion, disability, age, marital status, nationality, or ethnic origin.

The Company reviewed and improved its policies on training, career development and promotion opportunities and strived to help staff achieve a better work-life balance. The Company recognised that organisations are most successful where management and staff share a common purpose, work in partnership and communicate openly. This ethos was evident in the achievement of the Investors in People accreditation in December 2006.

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**DIRECTORS' REPORT (continued)**

The Company strived to be an organisation with excellent internal communications and set up an internal communications programme, which included cascade briefings where line managers briefed their teams on important corporate issues or items of common interest on a monthly basis. In addition, the Company established a Staff Forum to allow employees to have their views represented, contribute ideas and be involved in consultation on organisational matters that affected them.

The Company had a performance related pay scheme, whereby employees were given the opportunity to earn up to a further 15% and the Executive Team up to 20% of their annual salary based on a combination of personal and team objectives to achieve the Corporate Action Plan. During the year to 31 March 2007 the Company achieved its Corporate Action Plan triggering the payment of personal and team bonuses according to individual and team performance. Throughout the year employees received regular updates on Company, team and individual performance.

**DONATIONS**

No donations were made during the year.

**AUDITORS**

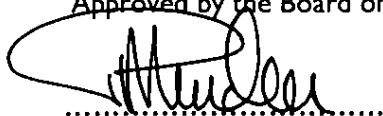
The auditors, Mazars LLP, have expressed their willingness to continue in office until the closure of the Company.

**Disclosure of information to auditors**

So far as the Directors are aware:

- (i) there is no relevant audit information that the Company's auditors are unaware of and
- (ii) they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information, and taken such other steps for that purpose, as were required by their duty as Directors of the Company to exercise due care, skill and diligence.

Approved by the Board on 27 July 2007 and signed on its behalf by



.....  
**Paul Munden**  
**Company Secretary**  
**Business Link for London Limited**  
**27 July 2007**

**Business Link for London Limited**  
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUSINESS LINK  
FOR LONDON (LIMITED BY GUARANTEE)**

We have audited the Financial Statements of Business Link for London (Limited by guarantee) for the year ended 31 March 2007, which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, and related notes. These Financial Statements have been prepared on a realisation basis under the accounting policies set out therein.

This report is made solely to the Company's Members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the 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 transactions with the Company 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.

**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 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.

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**INDEPENDENT AUDITORS' REPORT (continued)**

**Opinion**

In our opinion

- (i) the Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Company's affairs as at 31 March 2007 and of its surplus for the year then ended,
- (ii) the Financial Statements have been properly prepared in accordance with the Companies Act 1985, and
- (iii) the information given in the Directors' Report is consistent with the Financial Statements

*Mazars LLP*

**Mazars LLP**  
**Chartered Accountants and Registered Auditors**  
**24 Bevis Marks**  
**LONDON**  
**EC3A 7NR**

**27 July 2007**

**Business Link for London Limited**  
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**INCOME & EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2007**

	Notes	2007 £'000	2006 £'000
Turnover	2	23,582	37,640
Direct expenses		(13,905)	(24,495)
Gross surplus		<u>9,677</u>	<u>13,145</u>
Administration expenses		(7,335)	(12,799)
<b>Operating surplus</b>	3	<u>2,342</u>	<u>346</u>
Loss on operations to be discontinued	13	(1,383)	-
Interest receivable and other similar income	4	453	295
<b>Surplus on ordinary activities before taxation</b>		<u>1,412</u>	<u>641</u>
Tax on ordinary activities	5	(19)	(32)
<b>Surplus for the year</b>	14	<u>1,393</u>	<u>609</u>

The Company's operations have not ceased by 30 June 2007 and therefore do not meet the strict definition of discontinued operations under Financial Reporting Standard 3. For the purpose of reporting, the Company's turnover and expenses relate to continuing operations. It should be noted, however, that all operations would discontinue before 31 March 2008 in accordance with the Company's planned closure.

There are no recognised gains and losses for the year, other than those reported in the Income and Expenditure account.

The notes on pages 18 to 26 form part of these Financial Statements



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**BALANCE SHEET AS AT 31 MARCH 2007**

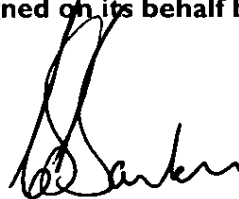
	Notes	2007 £'000	2006 £'000
<b>Assets held for use and resale</b>			
Intangible assets	8 (a)	-	125
Tangible assets	8 (b)	16	471
 Liquid assets			
Debtors	9	4,117	5,328
Cash at bank and in hand		8,890	10,506
		<u>13,023</u>	<u>16,430</u>
<b>Creditors - amounts falling due within one year</b>	11	<u>(2,155)</u>	<u>(8,737)</u>
 <b>Total assets less current liabilities</b>		<b>10,868</b>	<b>7,693</b>
 Provision for liabilities and charges	13	(2,588)	(806)
 <b>Net assets</b>		<u><b>8,280</b></u>	<u><b>6,887</b></u>
 <b>Reserves</b>			
Accumulated surplus	14	8,280	6,887
		<u><b>8,280</b></u>	<u><b>6,887</b></u>

The notes on pages 18 to 26 form part of these Financial Statements

**Approved by the Board on 27 July 2007 and signed on its behalf by:**



**Afzal Akram**  
Chairman  
27 July 2007



**Clive Barker**  
Chair of Finance Committee  
27 July 2007

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**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2007**

<b>Reconciliation of Net Cash Flow to Movement in Net Funds</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Net cash (outflow) / inflow from operating activities (see below)	(2,046)	6,205
Interest received	453	295
Taxation	(23)	(5)
Capital expenditure	-	(450)
<b>(Decrease) / increase in cash</b>	<b>(1,616)</b>	<b>6,045</b>
 <b>Reconciliation of Net Cash Flow</b>	 <b>2007</b>	 <b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Cash at 1 April 2006	10,506	4,461
(Decrease) / increase in cash	(1,616)	6,045
<b>Cash at 31 March 2007</b>	<b>8,890</b>	<b>10,506</b>
 <b>Reconciliation of Operating Surplus to Net (Outflow) / Inflow from Operating Activities</b>	 <b>2007</b>	 <b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Operating surplus	2,342	346
Depreciation	580	892
Loss on operations to be discontinued	(1,383)	-
Loss on write off of capital assets	-	45
Decrease in debtors	1,211	3,873
Increase in provision for liabilities and charges	1,782	407
(Decrease) / increase in creditors	(6,578)	1,615
Decrease in deferred income	-	(973)
<b>Net cash (outflow) / inflow from operating activities</b>	<b>(2,046)</b>	<b>6,205</b>
 <b>Analysis of Changes in Net Funds</b>	 <b>At 1 April 2006</b>	 <b>At 31 March 2007</b>
	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	10,506	8,890
<b>Total</b>	<b>10,506</b>	<b>8,890</b>

Cash at bank and in hand at 1 April 2006 included £239,000 of restricted funds that were only utilised for the granting of loans. See note 10.

The notes on pages 18 to 26 form part of these Financial Statements

**Business Link for London Limited**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**1. Accounting Policies**

The Financial Statements have been prepared in accordance with applicable accounting standards on a realisation basis under the historical cost convention (see below)

**Going Concern**

The Financial Statements have been prepared under the historic cost convention and on a realisation basis due to the expiry of the IDB contract on 31 March 2007. The Directors do not consider the Company to be a going concern and appropriate adjustments and disclosures have been made in the Financial Statements.

**(a) Income**

Income included revenue grant income provided by Government and European bodies together with client income, which is stated net of VAT. Grant income was recognised in the contractual period of each contract with the exception of certain funds that were made available to support particular projects, which were recognised in turnover to the extent that a specific call on those funds were made.

**(b) Assets held for use and resale**

Both tangible and intangible assets are stated at cost less depreciation.

**(c) Depreciation**

During the prior year the Company changed its accounting policy for depreciating fixed assets. The useful lives of all fixed assets reflect the cessation date and have been classified as assets held for use and resale. Management had the view that this provided reliable and more relevant information because it covered accurately the period over which assets were available for use by the Company. Assets have been fully depreciated with the exception of those identified for sale to third parties that are disclosed at their residual values.

**(d) Deferred Income**

**(i) Government Capital Expenditure Grants**

Government grants in respect of capital expenditure are credited to a deferred income account and are released to income over the expected useful life of the relevant assets.

**(ii) Grants for Loans**

Grants received for the purpose of making loans are treated as deferred income, which is then released against loan fund income and expenditure, including loan interest receivable, administrative costs and provision for doubtful debt.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**(e) Pension**

It was the policy of the Company to contribute to a defined contribution money purchase pension scheme for all employees. The assets of the scheme were held separately from those of the Company. The premiums payable were charged to the Income and Expenditure account. See note 18.

**(f) Operating leases**

The costs of the rentals payable under operating leases have been provided for and charged to the Income and Expenditure account.

**(g) Deferred tax**

Deferred tax is provided in full on timing differences which result in an obligation at the Balance Sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the Financial Statements.

Deferred tax is not provided on the revaluation of fixed assets. Deferred tax assets are recognised to the extent that it is regarded, as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**2. Analysis of Turnover**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
London Development Agency core grant	19,347	21,646
Other grant & contract income	3,823	12,897
Income for services provided	412	3,097
<b>Total income</b>	<b><u>23,582</u></b>	<b><u>37,640</u></b>

All turnover arises in the United Kingdom.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**3. Statement of Operating Surplus**

The operating surplus is stated after charging	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Depreciation charge	580	892
Reorganisation costs (see below)	(82)	1,676
Loss on write off of fixed assets	-	45
Hire of plant & machinery	20	14
Operating leases on land and buildings	1,418	1,427
Auditors' remuneration		
- Audit services - statutory audit	57	45
- Further assurance services	9	9
- Professional advice	6	-
- Tax services	2	2

Reorganisation costs include the over provision in the prior year for the planned exit from Funded Programmes and the costs incurred during the year in reducing the number of employees in Human Resources, Contracts and Marketing

**4. Interest Receivable and Other Similar Income**

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Bank interest	437	260
Other interest	16	35
<b>Total interest</b>	<b><u>453</u></b>	<b><u>295</u></b>

**5. Taxation**

<b>(a) Analysis of charge during the year</b>	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
UK corporation tax arising on taxable surplus for the year	<u>19</u>	<u>32</u>
	<b><u>19</u></b>	<b><u>32</u></b>

**(b) Factors affecting tax charge for the year**

The tax assessed for the year is different from the standard rate of corporation tax in the UK. The differences are explained below

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Surplus on ordinary activities before tax	<u>1,412</u>	<u>641</u>
Surplus on ordinary activities multiplied by smaller company's rate of corporation tax in the UK of 19% (2006 19%)	268	121
Effect of		
Income & Expenditure not subject to corporation tax	<u>(249)</u>	<u>(89)</u>
<b>Current tax charge for the year (note a)</b>	<b><u>19</u></b>	<b><u>32</u></b>

There is no deferred tax charge or credit in the current or prior year

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**6. Staff Costs**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	6,873	10,957
Staff bonus (excluding NI)	811	1,062
Social security	919	1,201
Pension costs	345	510
<b>Total Staff Costs</b>	<b><u>8,948</u></b>	<b><u>13,730</u></b>

The salaries of Non-Executive Directors are excluded from the total above and are disclosed separately in note 7

The average number of employees during the Financial Year was 202 (2006 263), the composition of employees was as follows during the year

	<b>2007</b>	<b>2006</b>
Management	19	26
Business advice & operations	124	166
Administration & support	59	71
	<b><u>202</u></b>	<b><u>263</u></b>

**7. Directors' Remuneration**

	<b>Salary &amp; Fees</b>	<b>Bonus</b>	<b>Benefits</b>	<b>Total 2007</b>	<b>Total 2006</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Afzal Akram	26,912	-	-	26,912	26,138
Alison White	122,700	34,720	13,076	170,496	51,459
Clive Barker	14,098	-	-	14,098	12,574
Patrick Berry	9,399	-	-	9,399	9,127
Bill Brown	14,098	-	-	14,098	12,574
Paul Druckman	9,399	-	-	9,399	9,127
Ian Jindal	9,399	-	-	9,399	9,127
Roger Poole	9,399	-	-	9,399	9,127
Cllr Dame Sally Powell	14,098	-	-	14,098	12,191
Andrew Senior	9,399	-	-	9,399	9,127
Fiona Price	-	-	-	-	2,999
Judith Rutherford	-	-	-	-	96,736
<b>Total</b>	<b><u>238,901</u></b>	<b><u>34,720</u></b>	<b><u>13,076</u></b>	<b><u>286,697</u></b>	<b><u>260,306</u></b>

The bonus for Alison White comprises performance related pay of £24,720 for the year to 31 March 2007 and a retention bonus of £10,000 to remain with the Company until April 2007. Benefits are pension contributions (£12,270) and private medical insurance (£806)

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**8. Assets held for use and resale**

**a) Intangible assets**

	<b>£'000</b>
<b>Cost at 1 April 2006 and 31 March 2007</b>	<b>1,895</b>
Depreciation at 1 April 2006	1,770
Depreciation charge for the year	125
<b>Depreciation at 31 March 2007</b>	<b>1,895</b>
<b>Net Book Value at 31 March 2007</b>	<b>-</b>
<b>Net Book Value at 31 March 2006</b>	<b>125</b>

Intangible assets represent Computer Software and Software Licences

**b) Tangible assets**

	<b>Leasehold Improvements</b>	<b>Fixtures &amp; Fittings</b>	<b>Office Equipment</b>	<b>Computer Equipment</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost at 1 April 2006 and 31 March 2007</b>	<b>948</b>	<b>1,115</b>	<b>562</b>	<b>5,648</b>	<b>8,273</b>
Depreciation at 1 April 2006	907	1,058	535	5,302	7,802
Depreciation charge for the year	41	50	23	341	455
<b>Depreciation at 31 March 2007</b>	<b>948</b>	<b>1,108</b>	<b>558</b>	<b>5,643</b>	<b>8,257</b>
<b>Net Book Value 31 March 2007</b>	<b>-</b>	<b>7</b>	<b>4</b>	<b>5</b>	<b>16</b>
<b>Net Book Value 31 March 2006</b>	<b>41</b>	<b>57</b>	<b>27</b>	<b>346</b>	<b>471</b>

**c) Joint Venture**

The Company has a 50% interest, independently valued at £37,500, in Customer First UK Ltd, which owns and promotes the Customer First quality framework. Subject to the formal approval of the Yorkshire Forward Regional Development Agency, the Company's joint venture partner, Business Link York and North Yorkshire will purchase the Company's interest at the valuation amount. On completion of the transfer it has been agreed that the Company will discharge an outstanding investment contribution to Customer First in the sum of £37,500.

It is Company policy to recognise investments in joint ventures at their market value. Given that the Company intends to sell its interest in the joint venture and that the market value and outstanding liability in respect of it nets to £nil, neither has been recognised in the Balance Sheet of the Company. These Financial Statements present information about the Company as an individual undertaking and not about its joint venture, as the results of the joint venture are immaterial to the Company.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**9. Debtors**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	3,533	2,335
Other debtors	370	840
Prepayments and accrued income	214	2,153
<b>Total debtors</b>	<b><u>4,117</u></b>	<b><u>5,328</u></b>

Included in Other debtors for the prior year are the loan funds in note 10

**10. Loan Funds**

Business Link for London made funds available for loans to start-up and growing SMEs. Some funds were inherited from previous Business Links and were restricted to certain areas of London. Other funds were available across the whole of the Capital.

On 31 October 2006 the Company formally agreed to transfer the residual loan fund portfolios and assets to GLE oneLondon Limited, a subsidiary of Greater London Enterprise. Prior to the transfer, loans worth £101,900 were granted to 17 small businesses across London.

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Debtors: Loans repayable within 1 year	-	866
Debtors: Loans repayable between 1 and 5 years	-	-
Provision for loan doubtful debt	-	(294)
Cash: Amount available exclusively to loan fund	-	239
<b>Total</b>	<b><u>-</u></b>	<b><u>811</u></b>

The grants for the loans for the prior year are shown in Accruals and deferred income in note 11.

**11. Creditors: Amounts falling due within one year**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	393	2,323
Corporation tax	26	30
Other taxation and social security costs	270	414
Other creditors	161	773
Accruals and deferred income	1,305	5,197
<b>Total Creditors</b>	<b><u>2,155</u></b>	<b><u>8,737</u></b>



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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**12. Deferred Income**

**a) Total Deferred Income**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April 2006	849	1,026
Released in the year	(849)	(177)
<b>At 31 March 2007</b>	<b>-</b>	<b>849</b>

**b) Represented by**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Deferred income within one year (note 11)	-	849
<b>Total Deferred Income</b>	<b>-</b>	<b>849</b>

**13. Provision for Liabilities and Charges**

	<b>At 1 April</b>	<b>Utilised in</b>	<b>Charge for the</b>	<b>At 31 March</b>
	<b>2006</b>	<b>the year</b>	<b>year</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
a) Reorganisation	294	(294)	-	-
b) Litigation	100	(20)	(80)	-
c) Dilapidation	412	(64)	(198)	150
d) Funded programmes	-	-	1,055	1,055
e) Closure costs	-	-	1,383	1,383
	<b>806</b>	<b>(378)</b>	<b>2,160</b>	<b>2,588</b>

- a) Reorganisation costs provided at 31 March 2006 were fully utilised during the year
- b) The two commercial litigation claims brought against the Company during the last financial year have been settled. The amount of £20,000 was paid in full and final settlement.
- c) The dilapidation provision relates to the contractual future costs of making good leasehold properties when they are vacated. On the basis of current negotiations with respective landlords the gross amount provided is £149,997.
- d) Costs are provided in respect of the findings from the audit of the London SME International funded programme. Additional evidence has been provided but the European Commission is reviewing this evidence in order to determine the project's eligibility. Therefore, the Company may still be liable for the repayment of the funds received totalling £1,054,904 and on the exercise of prudence a full provision has been made.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

- e) The provision for closure costs has been made for the loss on operations to be discontinued. This provision is further analysed as follows
- Premises costs of £1,019,000 for tenancy charges due until the contractual break clause date for leasehold properties
  - Staffing costs for the resource requirement needed to carry out closure activities is provided at £587,000
  - The amount of £282,000 for the provision of storage facilities, IT support services and office administration is also included
  - The Company has provided £65,000 for professional advice during the closure period
  - The sum of £570,000 is set against the costs above to take into consideration interest from bank deposits and reimbursement of expenses incurred on behalf of Serco for the IDB contract

**14. Reconciliation of Movements in Accumulated Surplus**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April 2006	6,887	6,278
Surplus for the year	1,393	609
<b>Accumulated surplus as at 31 March 2007</b>	<b><u>8,280</u></b>	<b><u>6,887</u></b>

The reserves of £8.3 million are available for distribution in a Members' Voluntary Liquidation on the terms set out in the Company's Memorandum of Association, which preclude a distribution to Members but provide for distribution to organisations with similar aims and objectives as the Company. The Members unanimously passed a written resolution approving the distribution of reserves to the LDA in their capacity as core funding contract holder and not in their capacity as a Member of the Company.

**15. Contingent Liabilities**

Since Business Link for London was incorporated, the Company has received income from various funding streams to carry out specific programmes, known as funded programmes. The total received from European funding was £12.6 million, comprising £8.5 million from the European Regional Development Fund (ERDF) and £4.1 million from the European Social Fund (ESF). This funding is subject to audit from the European Commission and may require repayment of up to the total funds received until 2014.

The amount of European funding that has not been subject to audit is £7.5 million and it is not possible to quantify the potential liability that would arise, if any.

**16. Capital Commitments**

There were no Capital Commitments at the 31 March 2007 (2006: £Nil).

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**17. Other Financial Commitments**

At 31 March 2007 the Company was committed to making the following payments under non-cancellable operating leases

Operating leases, which expire

	<b>2007</b>		<b>2006</b>	
	<b>Land &amp; Buildings</b>	<b>Other</b>	<b>Land &amp; Buildings</b>	<b>Other</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Within 1 year	953	16	301	-
Within 2 to 5 years	-	-	1,043	14
<b>Total</b>	<b>953</b>	<b>16</b>	<b>1,344</b>	<b>14</b>

**18. Pensions**

The Company made contributions of £345,583 into employee defined contribution pension funds during the financial year (2006 £509,605) At 31 March 2007 an amount of £46,897 (2006 £90,672) is included in creditors in respect of contributions held for payment into the pension funds after the Balance Sheet date

**19. Related Party Transactions**

From 1 April 2006 all Non-Executive Directors were fully remunerated in respect of their services through the payroll (note 7) In the prior year, fees of £81,666 were charged in respect of the services of some Non-Executive Directors by their businesses

Sally Powell is a Non-Executive Director of the LDA from which the Company received its core-funding During the year Sally Powell resigned as a Non-Executive Director of GLE The Company made payments of £209,548 (2006 £542,124) to oneLondon, a wholly owned subsidiary company of GLE All contracts were procured as arm's length transactions

Afzal Akram was a shareholder in Deltaclub Group In the year to 31 March 2007, the Company made payments of £7,367 (2006 £10,000) to Deltaclub Group for jointly hosting networking events All contracts were procured as arm's length transactions

**20. Legal Charges**

The floating charge in favour of the Secretary of State for Education and Skills, over the debts, credit or cash balances of the Team Loan Fund was satisfied and discharged on 13 November 2006