

1 ISUS 1

Background

- 1.1 The extract from CRM supplied to us by WBC indicates that ISUS 1 joined the programme on or around 31 May 2011. We understand that [REDACTED] Enterprise Solutions but that the quantum of his claim has been kept deliberately low because he is concerned that Enterprise Solutions does not have the financial resources to pay a larger claim and because he has concerns about Enterprise Solutions' financial future.

Concern raised by A1/A2

- 1.2 It has been averred that records "evidencing" that support which should have been provided under the ISUS programme had been falsified and that the underlying support had not been provided.
- 1.3 It has also been averred that confidential information gleaned under the ISUS and other programmes has been used in order to sell other Enterprise Solutions services/products such as mobile phones and mobile air time.
- 1.4 It has also been averred that not all successful applicants under the ISUS programme had been eligible.

Support provided to ISUS 1

- 1.5 A "client file checklist" maintained by Enterprise Solutions refers to 13 hours of support which took place between 16 November 2010 and 24 February 2011. The "advisory sheets" retained by Enterprise Solutions refer to sessions which lasted for 12 hours and are discussed in more detail below.
- 1.6 Papers retained by Enterprise Solutions indicate that ISUS 1 joined the programme on 16 November 2010 (client file checklist) and started business on 28 February 2011 (start-up declaration).
- 1.7 The "support" provided during this period is reflected on a series of four advisory sheets, discussed here. Before doing so, it is important to note that ISUS 1 has advised us that he is an established business man and has had a series of business interests, including the management and operation of a children's nursery. This is particularly significant as the application associated with ISUS 1 involved the opening of a second children's nursery.

Advisory sheet, dated 16 November 2010 (2 hrs)

- 1.8 The advisory sheet stated that ISUS 1 had brought a copy of a "lease" to Enterprise Solutions and that ISUS 1 had asked the Enterprise Solutions' advisor (Wendie McMahon) to review the lease on his behalf.
- 1.9 ISUS 1 has told us that in order to open his second nursery he had located a potential location and had entered discussions with the landlord. This had resulted in the production of a "tenancy at will" on which ISUS 1 had sought advice from [REDACTED] from Enterprise Solutions. ISUS 1 has told us that in November 2010 he was not aware that he had been enrolled on the ISUS programme or that he would be enrolled in due course.
- 1.10 ISUS 1 has told us that he was "advised" by [REDACTED] and that he had understood from [REDACTED] that she was a solicitor who specialised in "property and leases". We have discussed [REDACTED] in more detail in Section 7 of our report. ISUS 1 has told us that he did not have a lease (draft or otherwise) for his new property, merely a "tenancy at will". It might be said that, if [REDACTED] had been a solicitor who specialised in property, she would have recognised the distinction between a tenancy at will and a lease.
- 1.11 The advisory sheet also stated that ISUS 1 and Ms McMahon had:
- "discussed the liabilities under commercial property law that will be affecting ISUS 1's business generally. We have also tied this in with the complexity of Company Law and the Companies Act."*
- 1.12 ISUS 1 has told us that he has never discussed Company Law with [REDACTED] and would have had no need to, given that (as discussed from paragraph 1.38 of this appendix), ISUS 1 had already incorporated his business and had successfully run many other businesses beforehand, including a children's nursery.
- 1.13 The advisory sheet refers to a "session duration" of two hours. ISUS 1 has told us that his first meeting with [REDACTED] had lasted for no more than one hour and that much of the time was spent on friendly rather than business conversation. ISUS 1 has told us that he lent [REDACTED] a book called "When Genius Failed: The Rise and Fall of Long-Term Capital Management" during the meeting and that they discussed ISUS 1's experience of hedge funds during the meeting.
- 1.14 ISUS 1 has told us that he did not sign the advisory sheet on 16 November 2010. ISUS 1 has told us that the sheet was blank when he signed it and that he did so in February 2011.

Advisory sheet, undated (7.5 hours)

- 1.15 This advisory sheet is undated but refers to a "session duration" of seven and a half hours. The advisory sheet states that the time was spent undertaking the following tasks, as copied here:

Discussion Points & Actions
<ul style="list-style-type: none"> - Full review and report of Commercial lease - 11 hours - Research into running business as social enterprise incl possible funding - 1 hour - Full review of current employment law, as venture will require numerous employees - 1 hour - Research of relevant legislative 1 1/2 hours

- 1.16 ISUS 1 has told us that he never had a "commercial lease" which he could share with [REDACTED]. He has also told us that he did not receive either a "report" concerning a lease or perhaps the tenancy at will.
- 1.17 ISUS 1 has told us that he did not ask for and did not need "research" concerning running a business as a social enterprise. ISUS 1 has told us that his business had been set up as a social enterprise in order to meet the requirements of the tenancy at will and the requirements of the landlord. He has also told us that, in his view, from a practical perspective there are few differences to running a social enterprise and that he would not, therefore, have asked for research into the topic.
- 1.18 ISUS 1 has told us that his business needed "numerous employees" but this was nothing unusual as he had been running a successful children's nursery prior to the business supported by ISUS and that he already employed in the region of 14-16 employees at the existing nursery, some of whom he had anticipated transferring to the new business. His existing employees had employment contracts and he didn't require advice concerning employment law.
- 1.19 ISUS 1 has told us that he does not know what the reference to "research of relevant legislation" might have meant and did not receive written or oral feedback on this area.

- 1.20 We have asked Enterprise Solutions to provide us with the written output arising from the 7.5 hours of advice as there was none on the file retained by Enterprise Solutions, such as the "report" concerning the "commercial lease". We have not received a response to this request.

Advisory sheet, dated 16 February 2011 (1.5 hrs)

- 1.21 ISUS 1 has explained that he went to Enterprise Solutions' offices twice during February 2011. He has explained that the first meeting lasted no more than 10 minutes in which he collected a copy of the book which he had previously lent to [REDACTED].
- 1.22 The advisory sheet dated 16 February 2011 was completed by [REDACTED] and included the comments:

"ISUS 1 and I have spent today's session amending his business plan. His market research is excellent and so it has been putting this into context [our emphasis]. As ISUS 1 is an accountant by trade his financial forecast is absolutely fine and required no amendments [our emphasis]."

- 1.23 ISUS 1 disagrees with the contents of the advisory sheet because he can recall giving [REDACTED] only one version of a business plan and that this was not amended by [REDACTED] or by anyone else.
- 1.24 ISUS 1 does not consider that he would have had any difficulty putting his "market research into context" because he was experienced in preparing business plans, was involved in an existing and successful children's nursery and would not have wanted to open a second had there not been a market for it. ISUS 1 has told us that he copied the market research section from a business plan produced for his existing children's nursery into the business plan given to [REDACTED].
- 1.25 ISUS 1 has provided us with a copy of the business plan he had prepared to manage his existing children's nursery which we have compared with the business plan retained by Enterprise Solutions. The two business plans are very similar. In particular, the sections in the plans which addressed "the market" are almost word for word the same.
- 1.26 ISUS 1 has given us a copy of an email which he received from [REDACTED] dated 23 February 2011. This asked:

"Have you got a business plan and financial forecast for the first twelve months completed."

- 1.27 The advisory sheet dated 16 February 2011 is not consistent with the email dated 23 February 2011. This is because the advisory sheet described ISUS 1's financial forecast as being "absolutely fine" but the subsequent email asked whether ISUS 1 had a completed financial forecast.
- 1.28 We have asked Enterprise Solutions to provide us with a copy of the business plan and financial forecast discussed on 16 February 2011 but this request has not been fulfilled.

Advisory sheet, dated 24 February 2011 (1 hr)

- 1.29 ISUS 1 has told us that, except for asking for advice concerning his tenancy at will, he had wanted no other support from Enterprise Solutions. He has told us that he had understood that he would need to have undertaken a series of basic business courses in order to obtain a £500 grant and that, given his experience, it was not worth his while. ISUS 1 has told us that Ms McMahon told him that he would not need to attend the sessions and that he would not have joined the ISUS programme had he not been persuaded to do so by [REDACTED].
- 1.30 ISUS 1 is surprised, therefore, that an application form to join the ISUS programme indicates that he first enquired about the programme in November 2010. ISUS 1 has told us that he signed no paperwork associated with the ISUS programme until February 2011 when persuaded to join the programme by [REDACTED]. Although the application form has been signed by ISUS 1, he has told us that the contents of the form (except for his date of birth) had been blank when he signed it.
- 1.31 ISUS 1's contention that he only signed paperwork associated with the ISUS programme in February 2011 is supported by a series of emails. ISUS 1 has given us an email dated 23 February 2011 addressed to [REDACTED], titled "RE: 500 grant" in which he wrote:

"Shall I call you to make the appointment or shall we do it via email? I would rather fill out the forms with yourself..."

- 1.32 Ms McMahon replied on the same day to say:

"Seeing me is not a problem.

...

If you book in I will be able to go through in detail everything that is required for the application."

- 1.33 [REDACTED] email would seem to suggest that the "application" and associated paperwork which would have resulted in the payment of a £500 grant (ie the ISUS programme) was completed after 23 February 2011 and not in November 2010.

- 1.34 The advisory sheet dated 24 February 2011 stated that:

"I am satisfied that ISUS 1's business plan and financial forecast meet the standard of the ISUS programme and am more than happy to sign it off. ISUS 1's new venture will create 20 new ft positions once it is up running at full capacity and will keep us informed of his progress."

- 1.35 Thus, the advisory sheet made no reference to support provided to ISUS 1 during the meeting, it appears to have simply involved the review of a business plan and forecast. ISUS 1 recalls that the meeting took no more than ten minutes and that he received no advice concerning his business during this meeting or at any other stage during 2011. ISUS 1 is surprised that the advisory sheet referred to a session time of one hour.

Eligibility

- 1.36 As explained in Section 4 of the body of this report, the contractual documentation we have located did not inform Enterprise Solutions how their staff should evaluate the "eligibility" of ISUS applicants. However, it seems reasonable to assume that Enterprise Solutions should not have asked WBC to pay for the provision of pre-start support if a business had already started to trade.
- 1.37 It might also be said that, if a business had already started to trade at the point it joined the ISUS programme, Enterprise Solutions should not have expected financial reward once a "Target" had provided satisfactory evidence that it had started to trade. It might be said that the only financial reward which should have been provided was for "post start" support on the bases set out in the table at paragraph 4.74 of the body of this report.
- 1.38 In order to provide evidence that ISUS 1 had started trading, Enterprise Solutions appear to have relied on a certificate of incorporation, as set out in a "start up declaration" form dated 28 February 2011. The certificate of incorporation retained by Enterprise Solutions for ISUS 1 is dated 16 November 2010, this is the same date that ISUS 1 purportedly joined the ISUS programme (see paragraph 1.6).

- 1.39 ISUS 1 has told us that he arranged the incorporation of his business and did so before 16 November 2010 – ISUS 1 has told us that he used a company formation agent which would have taken at least two days before the certificate of incorporation was issued. Thus, on Enterprise Solutions' own basis, ISUS 1 does not appear to have been eligible for pre-start support as it was already trading at the point when it joined the ISUS programme.
- 1.40 More importantly, ISUS 1 has told us that, as far as he had been aware, he had not joined the ISUS programme until February 2011. ISUS 1 has told us that he signed no ISUS related paperwork until his meetings with Ms McMahon in February 2011, the first of which took place on 16 February 2011 and the second took place on 24 February 2011.
- 1.41 ISUS 1 has provided us with schedules showing income and expenditure associated with his business venture. The schedule shows that ISUS 1 incurred expenditure on 2 February 2011 and recorded income on 26 February 2011. ISUS 1 has told us that children had been on the new business' premises on 14 February 2011. It would seem, therefore, that ISUS 1 needed little pre-start support to set up his new business venture and that the business had started before ISUS 1's first recorded meeting with [REDACTED] in February 2011 which had taken place on 16 February 2011.

Misuse of confidential information

- 1.42 ISUS 1 has told us that he recalls people telephoning him and trying to sell him a mobile phone and airspace during 2011. ISUS 1 has told us that the callers had claimed to be from "Wirralbiz". ISUS 1 has explained that he cannot explain how the callers claiming to have been from "Wirralbiz" would have obtained his personal mobile telephone number unless it had been obtained from information he provided to Enterprise Solutions under the ISUS programme¹.
- 1.43 ISUS 1 has explained that he can recall receiving at least one such call when his daughter had been very ill and that the callers had been "very pushy". We have discussed this feature in Section 6 of the body of this report.

Conclusions

- 1.44 The concerns raised that records evidencing that support had been provided to ISUS applicants had been falsified would appear to be supported by what ISUS 1 has told us and by the business plan and emails he has given us. It would also seem that the contents of ISUS related paperwork held by Enterprise Solutions were generally misleading. We have discussed the possible misuse of confidential information in Section 6 of the body of this report.

¹ ISUS 1's "application form" includes his contact details and telephone number

2 ISUS 2

Background

- 2.1 The Client Checklist indicates that ISUS 2 started the ISUS programme on 5 October 2009 with a "Pre-Start" entry point.
- 2.2 The checklist summarises three "Interventions", two with [REDACTED] for an hour long each, on 5 October 2009 and 26 October 2009, and one conducted by [REDACTED] on 5 November 2009. The intervention by [REDACTED] has the date amended from 11 November 2009 and does not show the session duration, although the advisory sheet shows that the session lasted for one hour.
- 2.3 We met with ISUS 2 on 8 February 2013 to discuss their involvement with the ISUS programme and the documents held on their file by Enterprise Solutions.

Concern raised by A1/A2

- 2.4 It has been alleged that Enterprise Solutions prepared tax returns and accounts for ISUS 2 which contained errors due to them being prepared by unqualified advisors.
- 2.5 ISUS 2 has advised that their accounts and tax returns were prepared by Enterprise Solutions at no cost to herself. ISUS 2 recalls that her tax return was submitted early, and she has had no indication that her tax returns have been deficient. ISUS 2 was happy as Enterprise Solutions provided all of the figures which were in line with ISUS 2's expectations and ISUS 2 has paid the tax and heard nothing since from HMRC.
- 2.6 There is no reference on ISUS 2's file regarding the preparation of accounts and tax returns for ISUS 2.
- 2.7 As noted in Section 4 of the body of this report, we have had access to an extract from the CRM database. This database shows the following for ISUS 2:
- Payment State – Claimed
 - ISUS Stage – Post Start Support.
- 2.8 ISUS 2's tax returns and Enterprise Solutions' working papers are not included on the file retained by Enterprise Solutions. This has prevented us from commenting on the quality of this work.

Conclusion

- 2.9 ISUS 2 has confirmed that her accounts and tax returns were prepared by Enterprise Solutions, and that Enterprise Solutions did not charge ISUS 2 for this support. ISUS 2 was satisfied with the quality and accuracy of the accounts and tax returns prepared by Enterprise Solutions.
- 2.10 The CRM database indicates that Post Start Support has been provided to ISUS 2 although there are no workings or advisory sheets in relation to this on ISUS 2's file.

Other points of note***Training provided by Enterprise Solutions***

- 2.11 ISUS 2 has advised that her first involvement with Enterprise Solutions was her attendance on a 6-8 week training course covering topics such as marketing and bookkeeping. Enterprise Solutions did not charge ISUS 2 in relation to this training.

Advisory sheets

- 2.12 Three advisory sheets on file agree to the interventions detailed on the client checklist as discussed at paragraph 2.2 above in respect of advisor, date and duration.
- 2.13 The client signature on the advisory sheet dated 5 October 2009 appears to have been written in pencil and then written over in pen with the pencil rubbed out. We discussed this with ISUS 2 who confirmed that the signature looked like their own but that they do not normally sign in pencil and overwrite in pen.
- 2.14 ISUS 2 confirmed that the content of the advisory sheet and the duration of the meeting seemed correct.
- 2.15 The notes on the advisory sheets dated 26 October 2009 and 5 November 2009 have been typed. ISUS 2 does not recall the notes being typed during the advisory meetings or being completed before ISUS 2 signed the document. However ISUS 2 has confirmed that the content and duration noted on the sheets seems correct, and that the signatures are her own.

Claim Form

- 2.16 There are two copies of a claim form on file. One relates to the "Intensive Support Declaration" stage of the claim (Claim 1) and the other to the "Business Start Declaration" stage of the claim (Claim 2).

- 2.17 The Client Name, Contact Details, Advisor Signature and Advisor Name appear to be the same on both claim forms with one appearing to be a photocopy of another. The "Business Start Up Claim" section of the form then appears to have been completed after the photocopying has taken place.
- 2.18 ISUS 2 has confirmed that the client signatures on both copies of the form are her own.

Review Forms

Three Month Review Form

- 2.19 The three month review form shows the date of the advisor signature as 12 February 2010 which is before the review date of 15 February 2010.

Six Month Review Form

- 2.20 The six month review form shows the date of the advisor signature as 12 May 2010 which is after the review date of 3 May 2010.

Twelve Month Review Form

- 2.21 The form notes that the meeting did not take place face to face but is signed by ISUS 2. ISUS 2 has confirmed that the signature is her own although the date is not in her handwriting. ISUS 2 does not recall ever receiving the document in the post to sign and return to Enterprise Solutions. ISUS 2 does not have a meeting with Enterprise Solutions in her diary on this date but has confirmed that the content and narrative of the document seems correct.

Advisors completing reviews

- 2.22 The three month and six month review forms have been completed by [REDACTED]. The one month and 15 month telephone review forms also appear to be in [REDACTED] writing, but do not specifically state who completed them.

Business start date

Commencement of trading declaration

- 2.23 There is no commencement of trading declaration on file, although the Claim Form and Company Information documents on file show a business start date of 6 November 2009.

Evidence of business start date

- 2.24 A document on file shows the "Transactions List" for ISUS 2's business bank account which shows a deposit on the 19 October 2009 followed by two cheque payments on 28 October 2009.

Business Start Bank Account Details

- 2.25 This client signature on this form appears to be a photocopy whilst the date is an original. ISUS 2 has confirmed that the signature is her own and the date is in her handwriting.

Conclusion re Business Start Date

- 2.26 The Business Bank Account appears to have been established at the beginning of October 2009. The bank statements indicate activity on the business bank account from 19 October 2009 which is after the date ISUS 2 started the programme (5 October 2009) but before that date the company started trading per the Claim Form (6 November 2009).

Business Plan

- 2.27 The business plan on file does not appear to be complete. The "Conclusion and Summary" section has not been completed and Appendices A, B, C F and G are not attached.
- 2.28 ISUS 2 has confirmed that she did receive help from Enterprise Solutions regarding her business plan. The advisory sheet dated 26 October 2009 states that the business plan

"shows a robust business which is very sustainable...the plan is well researched and written"

- 2.29 Aside from the business plan on file being incomplete, we note that that the narrative within the plan is in line with the figures in the financial forecasts attached to the plan.

Cross Selling

- 2.30 ISUS 2 advised that she purchased business cards from Enterprise Solutions. This is the only service that she paid Enterprise Solutions for. The business cards cost £29.37 and were purchased in February 2011.
- 2.31 ISUS 2 obtained quotes from Enterprise Solutions for other things, such as leaflets but did not purchase these from Enterprise Solutions in the end. ISUS 2 cannot remember how she became aware that Enterprise Solutions could produce business cards and may have picked up a leaflet advertising this service at Enterprise Solution's premises.
- 2.32 ISUS 2 advised that whilst on the training course at Enterprise Solutions, one of the tutors had advised that accountancy software known as Quickbooks was a good system that was worth purchasing. ISUS 2 bought the software from Staples but found the software complicated to use. ISUS 2 obtained help with Quickbooks from [REDACTED] at Enterprise Solutions, but has advised that she stopped using the software after a year.

2.33 ISUS 2 was not aware whether Enterprise Solutions sold Quickbooks.

Experience with Enterprise Solutions

- 2.34 ISUS 2 explained that without the help of Enterprise Solutions and the grant received, she would not be in the position that she is in now and as such she is "eternally grateful". In particular, ISUS 2 commented that the service provided by [REDACTED] was "brilliant" and felt that the business plan was "invaluable".
- 2.35 Regarding the financial forecasts that Enterprise Solutions helped ISUS 2 to prepare, ISUS 2 commented that she was "very pleased as what was forecast was pretty much spot on." ISUS 2 was impressed with Enterprise Solutions in being able to help her pull together a forecast that was in line with actual trade.
- 2.36 As noted at paragraph 2.9, ISUS 2 was satisfied with the quality and accuracy of the accounts and tax returns prepared by Enterprise Solutions.
- 2.37 However ISUS 2 has explained that she was not satisfied with one of the people who worked for Enterprise Solutions. She recalls receiving a visit from [REDACTED] at her home to review the business' progress, and that she found him to be very unprofessional. This was because he criticised Enterprise Solutions and [REDACTED] stating that all of the work they had done in the past was wrong. ISUS 2 explained that [REDACTED] had also criticised the quality of tax returns provided by Enterprise Solutions.
- 2.38 ISUS 2 felt that it was odd and unprofessional that [REDACTED] made these criticisms, given they were not in line with ISUS 2's experience of Enterprise Solutions. ISUS 2 also found it unprofessional that during the meeting, [REDACTED] made comments in relation to private matters regarding his partner.
- 2.39 ISUS 2 has explained that she felt uneasy at the end of the meeting. [REDACTED] advised ISUS 2 that she should contact [REDACTED] (an Enterprise Solutions employee) should she need any further help from Enterprise Solutions. At the time of the visit, ISUS 2 had needed support with her tax returns but felt that she did not want to contact Enterprise Solutions again and went to an independent accountant. ISUS 2 nearly called Enterprise Solutions to complain about the meeting with [REDACTED] but did not do so.
- 2.40 We note that there is no review form on ISUS 2's file in relation to the meeting with [REDACTED]

- 2.41 Since the meeting with [REDACTED] the only contact ISUS 2 has had with Enterprise Solutions has been to attend two or three business meetings at Enterprise Solutions during 2012..

3 ISUS 3

Background

- 3.1 The Client Checklist indicates that ISUS 3 started the ISUS programme on 9 October 2009 with a "Pre-Start" entry point.
- 3.2 The checklist summarises three "Interventions", each of an hour long, and conducted by [REDACTED] on 9 October 2009, 16 October 2009 and 23 October 2009.
- 3.3 We met with ISUS 3 on 8 February 2013 to discuss her involvement with the ISUS programme and the documents held on file by Enterprise Solutions.

Concern raised by A1/A2

- 3.4 It has been alleged that ISUS 3's company had no turnover following the receipt of the ISUS grant and that the grant should therefore have been clawed back.

Conclusion

- 3.5 As far as the contractual documents allow, we have discussed eligibility in Section 4 of the body of this report and generally asked ourselves whether claw back was addressed in those documents. As far as we can tell, the absence of turnover post grant would not have been sufficient to merit claw back.

Other points of note

Advisory sheets

- 3.6 Three advisory sheets on file agree to the interventions detailed on the client checklist as discussed at paragraph 3.2 above in respect of advisor, date and duration.
- 3.7 The "Discussion Points & Actions" section on each advisory sheet has been typed. For the advisory sheet dated 16 October 2009, the advisor name and organisation is pre-populated, ie it appears to have been photocopied.
- 3.8 ISUS 3 has stated that the advisory sheets were always completed prior to the meeting, including the "Discussion Points & Actions" section, and were not completed in ISUS 3's presence. Whilst ISUS 3 has advised that the narrative seems in line with her recollection of the meeting for each of the advisory sheets on file, we do not know how the advisory sheet could reflect the discussion of the meeting if it was completed prior to the meeting.

3.9 The advisory sheet dated 16 October 2009 noted that ISUS 3 had produced the first draft of her business plan. A copy of this draft is not on Enterprise Solutions' file. We have asked Enterprise Solutions for a copy of the draft business plan discussed on 16 October 2009, but we have not yet had a response to this request.

3.10 The advisory sheet dated 23 October 2009 noted

"we agreed she needs to organise her corporate ID to include on all her marketing literature as mentioned in her plan".

3.11 We cannot find a reference to this within the business plan retained on Enterprise Solutions' file. ISUS 3 has confirmed that she recalls the advisor mentioning a corporate ID but cannot remember what was said in relation to this and that no logo was ever created for the business.

3.12 As noted above, there is no draft business plan on file and there is no reference to corporate ID in the business plan.

Company Information

3.13 The advisor signature date has been amended from 29 October 2009 to 23 October 2009. We note that the 23 October 2009 is the date of the last advisor meeting.

Claim Form

3.14 There are two copies of the claim form on file. One relates to the "Intensive Support Declaration" stage of the claim (Claim 1) and the other to the "Business Start Declaration" stage of the claim (Claim 2).

3.15 On Claim 1, both the client and advisor's signatures were originally dated 9 October 2009 and have been amended to show dates of 23 October 2009.

3.16 On Claim 2, the dates of both signatures are shown as 23 October 2009 and are unamended.

3.17 As noted at paragraph 3.13 above, 23 October 2009 is the date of the last advisory sheet. 9 October 2009 was the date of the first advisor meeting which ISUS 3 had with [REDACTED].

3.18 The two claim forms on file do not appear to have been photocopied. Claim 1 shows "Wirralbiz" as the organisation making the claim, Claim 2 shows Enterprise solutions as the organisation making the claim.

- 3.19 The client signature on Claim 2 appears to have been written in pencil and then written over in pen with the pencil rubbed out. We discussed this with ISUS 3 who confirmed that the signature looked like her own, as did all of the client signatures on the file.
- 3.20 ISUS 3 noted however that she does not normally sign in pencil and overwrite in pen.
- 3.21 As noted at paragraph 3.14, Claim 1 is marked as relating to the "Intensive Support Declaration" stage of the claim. However the form includes details of the business start date (2 November 2011) and is marked to show evidence of business start date including business bank statements and invoices. We do not know how this information would have been available at this stage given that the business had not started to trade at the date the form was signed (9 October 2009 amended to 23 October 2009).
- 3.22 Claim 2 is also marked to show a business start date of 2 November 2011 and notes that "Invoices" were obtained as evidence of trading. As noted at paragraph 3.37, the invoices on file are dated 2 November 2009 onwards and cannot therefore have been obtained at the date that the claim form was signed (23 October 2009).

Review Forms

Three Month Review Form

- 3.23 This form has had the review date amended from 4 February 2010 to 1 February 2010. The date of the advisor's signature is 4 February 2010 which is after the amended review date but the same as the original review date.
- 3.24 The form noted a business start date of 2 November 2009, and based on a period of three calendar months, the review should have taken place by 2 February 2010.

Six Month Review Form

- 3.25 The six month review form shows the date of the advisor's signature as 4 May 2010 which is after the review date of 3 May 2010.

Twelve Month Review Form

- 3.26 The review date on this form is shown as 2 November 2010. This form has been completed by Ms McMahon and her signature has been dated as 27 October 2010, which is before the review date. The form has not been signed or dated by the client. ISUS 3 noted that she does not remember [REDACTED] and although they may have met, ISUS 3 cannot be sure of this.

3.27 The review form notes turnover for ISUS 3's business of [REDACTED]. ISUS 3 noted that this seems very high and was much higher than the turnover generated from her business. At the time that the form was dated, ISUS 3 explained that she had a couple of customers a week paying between [REDACTED]. Sometimes ISUS 3 was making less than [REDACTED] a week, which would equate to less than [REDACTED] turnover per annum.

3.28 ISUS 3 does not believe that she would have told Enterprise Solutions that she had turnover of [REDACTED] for net profits of [REDACTED] as detailed on the review form as these were out of keeping with the turnover and profits actually generated from the business.

Twelve Month Review Form

3.29 This form is signed by [REDACTED] as advisor. ISUS 3 confirmed that the narrative of the review seems correct although they cannot remember [REDACTED].

78 Week Review Form

3.30 This form is signed by [REDACTED] as advisor.

Advisors completing reviews

3.31 The three month and six month review forms have been completed by [REDACTED]. The 15 month telephone review also appears to be in [REDACTED]'s writing. ISUS 3 has stated that she does not remember [REDACTED]'s name.

Business start date

Commencement of trading declaration

3.32 The declaration is signed on 23 October 2009 however the date of the business plan assessment meeting is shown as 23 November 2009. The advisory sheet discussed at paragraph 3.10 above notes that the meeting was on 23 October 2009.

3.33 ISUS 3 has confirmed that the signature on the declaration is her own although the dates on the form have been completed by someone other than ISUS 3.

3.34 The declaration notes a business start date of 2 November 2009.

Evidence of business start date

3.35 There is a photocopy of a blank cheque on file for "ISUS 3 Business Account" which has the date 24 September 2009 printed on it. As noted at paragraph 3.1, the client checklist indicates that ISUS 3 started the programme on 9 October 2009 with a "Pre-Start" entry point. However the cheque indicates that there was a business bank account in place prior to the entry date.

- 3.36 As noted at paragraph 3.14, there are two copies of a claim form on file. One copy indicated that business bank statements and invoices were used as evidence of business start dates. The other copy indicated that only invoices were used as evidence of business start date.
- 3.37 There is a copy of four handwritten invoices raised by ISUS 3 on Enterprise Solution's file, including "Invoice 1" dated 2 November 2009. We note that this is after the entry date of 9 October 2009.

Business Start Bank Account Details

- 3.38 The client signature on this form was dated 9 October 2009 which is the same date as the entry date to the ISUS programme. This form indicates that there was a business bank account in place prior to the entry date to the ISUS programme.

Conclusion re Business Start Date

- 3.39 Enterprise Solutions' file refers to a business start date of 2 November 2009. As noted at paragraph 3.16, Claim 2 is dated 23 October 2009. The form notes that "Invoices" were obtained as evidence of trading. As noted at paragraph 3.37, the invoices on file are dated 2 November 2009 onwards and cannot therefore have been obtained at the date that the claim form was signed (23 October 2009).
- 3.40 Further, the file notes that the entry point for ISUS 3 was "Pre-Start". However a copy of the business cheque book on file, and the date of the "Business Start Bank Account Details" form both indicate that there was a business bank account in place prior to the entry date to the ISUS programme.

Business Plan

- 3.41 The business plan on file does not appear to be complete. Appendices A, B F and G are not attached.
- 3.42 The business plan noted a predicted profit of [REDACTED] year one. However the profit and loss summary referred to a predicted turnover of [REDACTED] making a profit of [REDACTED] impossible based on the forecast figures, being more than turnover.

- 3.43 The business plan noted a sales forecast of [REDACTED] per week from products and [REDACTED] per week from services. On the basis of a 52 week year, this would give an anticipated minimum sales value of [REDACTED]. Total sales per the forecast are [REDACTED] which are less than those predicted in the narrative of the business plan.
- 3.44 The business plan noted that ISUS 3's business was forecast to generate cash flow of [REDACTED] per week for the first year. On the basis of a 52 week year, this would give an anticipated minimum cash flow surplus of [REDACTED]. This does not tie into the figures per the cash flow forecast on file which referred to a total cash flow surplus of [REDACTED] for the year.
- 3.45 ISUS 3 has confirmed that she did receive help from Enterprise Solutions but the quality of this support might be in question, given the inconsistencies between the business plan and detailed financial forecasts.

Cross Selling

- 3.46 ISUS 3 advised that she purchased business cards from Enterprise Solutions. This is the only service that she paid Enterprise Solutions for.
- 3.47 ISUS 3 explained that the main area she required help from Enterprise Solutions was in relation to advertising. Enterprise Solutions also made ISUS 3 aware of a leaflet distributed around the Wirral and gave a list of prices should ISUS 3 wish to advertise in it.

Experience with Enterprise Solutions

- 3.48 ISUS 3 noted that she found Enterprise Solutions to be

"really nice...quite helpful,,,supportive...did help and got follow up calls".

² 52 weeks x (£200 + £150)

4 ISUS 4

Background

- 4.1 It has been alleged that Enterprise Solutions prepared tax returns and accounts for a client with a similar name to ISUS 4. Having located the file associated with ISUS 4 we established that we had not selected the file we had been seeking and that concluded that the file we had been looking for was not within the files supplied by Enterprise Solutions. Given the lack of access to Enterprise Solutions' books and records, we reviewed ISUS 4's file.
- 4.2 The Client Checklist indicates that ISUS 4 started the ISUS programme on 20 October 2010 with a "Pre-Start" entry point.
- 4.3 The checklist summarises five "Interventions," each of an hour long. Four of the sessions show [REDACTED] as advisor as follows:
- One dated 20 October 2010, with the date amended from 2011 to 2010
 - One undated
 - One dated 9 February 2011, with the date amended from 2010 to 2011
 - One dated 27 April 2011
- 4.4 One session shows [REDACTED] as advisor and is dated 16 October 2011.
- 4.5 We met with ISUS 4 and their colleague ISUS 4a on 13 February 2013 to discuss their involvement with the ISUS programme and the documents held on their file by Enterprise Solutions.

Other points of note

Training provided by Enterprise Solutions

- 4.6 ISUS 4 has advised that their first involvement with Enterprise Solutions was their attendance on a four day start up programme in 2010 at Enterprise Solutions' premises at Edgerton House. ISUS 4 paid a deposit of £10 in relation to this course which was refunded upon completion of the course.
- 4.7 ISUS 4's file at Enterprise Solutions contains a database extract of "course details" that notes that ISUS 4 attended an awareness session on 9 October 2008 and then four business start sessions between 15 October 2008 and 28 October 2008.

- 4.8 ISUS 4 disagrees with these dates and noted that she definitely did not attend any courses in 2008 [REDACTED] from work at the time the database extract shows ISUS 4 to be attending courses.
- 4.9 After attending the sessions, ISUS 4 had no further contact with Enterprise Solutions for a year, as she did not start her business until 12 months later. The sessions had made ISUS 4 realise that she needed to save more money to finance the business before set up. The business was funded privately through savings and no money was borrowed.
- 4.10 ISUS 4 recalls calling Enterprise Solutions when they were about to start up to check that they would still be eligible for support from WBC given there had been a gap of 12 months since they attended the training sessions.

Signing of papers

- 4.11 ISUS 4 recalls that the first time she went to Enterprise Solutions following the above 12 month gap was to sign some papers, and to provide evidence that a business bank account had been opened.
- 4.12 ISUS 4 cannot remember exact details of the forms that she signed, although she recalls that a BACS payment schedule was one of the forms signed. ISUS 4 confirmed that the writing on the BACS payment schedule on her ISUS file is her own and that the date (27 April 2011) is around the time that they would have gone to Enterprise Solution's reception to sign papers.

Training Needs Analysis

- 4.13 ISUS 4 noted that this document does not look familiar and that she cannot remember whether or not her training needs were specifically discussed with Enterprise Solutions staff.
- 4.14 ISUS 4 commented that she disagreed with the content of the analysis on her file in that
- She does not feel she would have needed training in preparing for the business side. For example she had:
 - [REDACTED] and so did not require training in Health & Safety as indicated on the form
 - already started the process of registering for the required licence with the Care and Quality Commission 12 months prior to starting the business up. ISUS 4 had already begun writing the required policies and procedures for this and did not need the help of Enterprise Solutions as indicated on the form.

- She does not feel that page two of the document accurately reflects her training needs and that in fact the opposite is true. For example the document notes that ISUS 4 needed training in customers and competitors but did not require training in computing whereas ISUS 4 feels that she already knew about competitors and customers but required help with computing.

4.15 ISUS 4 confirmed that she did require training and help with finances as indicated on the Training Needs Analysis form.

Advisory sheets

- 4.16 Five advisory sheets on file agree to the interventions detailed on the client checklist as discussed at paragraphs 4.3 and 4.4 in respect of advisor, date and duration.
- 4.17 Four of the Advisory sheets refer to work on the business plan and the total duration of advice per the advisory sheets is five hours.
- 4.18 ISUS 4 disagrees with the content of these advisory sheets and has told us that she has only ever attended two advisory sessions, one alone (Meeting 1) and one with ISUS 4a (Meeting 2) which lasted a maximum of two hours in total. Regarding the additional three hours of support shown on the file, ISUS 4 commented "*no I don't remember them...it definitely wasn't five hours*".
- 4.19 ISUS 4 commented that she has only had one meeting at Enterprise Solutions where her business forecasts were discussed and that there were no one to one meetings with Enterprise Solutions' advisors to discuss the business plan, in contrast to the four meetings as indicated by the documents on the file.
- 4.20 ISUS 4 noted that they only provided [REDACTED] with one version of the business plan, which they had produced themselves using the template provided by [REDACTED]
- 4.21 ISUS 4 advised that she has only met with [REDACTED] at Enterprise Solutions, and a man to discuss the leaflets she purchased from Enterprise Solutions (discussed below at paragraph 4.36). ISUS 4 noted that she did not meet with a man to discuss her business plan and financial forecasts as indicated by the advisory sheet dated 16 February 2011 and that she does not remember meeting someone called [REDACTED]
- 4.22 ISUS 4 confirmed that the signatures on each of the advisory sheets are her own., but cannot remember whether or not the notes were completed prior to her signing them.

- 4.23 The advisory sheet dated 20 October 2012 states "[ISUS 4] and I have discussed her business idea and I have agreed to send further information." ISUS 4 recalls that she met with [REDACTED] prior to receiving the grant and did receive a template for a business plan via email. However ISUS 4 does not think they will have spoken with [REDACTED] as early as six months before receiving the grant ie not in October 2010 as indicated by the advisory sheet.

Start Up Declaration

- 4.24 This form shows a business start date of 28 April 2011.
- 4.25 The document is marked under "Pre-Start Assistance" to show that at least 12 hours of support has been provided to the client prior to the business starting.
- 4.26 As noted at paragraph 4.17, the total duration of advice per the advisory sheets on file is five hours, although ISUS 4 has confirmed that she only received a maximum of two hours support. ISUS 4 has confirmed that the signature on this form is her own and the date is in her handwriting.

Review Forms

- 4.27 ISUS 4's file contains details three reviews as follows:
- 1 month, via telephone, on 24 May 2011
 - 3 months, not face to face, on 28 July 2011
 - 6 months, not face to face, on 27 October 2011
- 4.28 ISUS 4 disagrees that all of these reviews took place and has confirmed that she only had one review, which was via telephone. ISUS 4 cannot remember the name of the person who did the review but recalls that it was [REDACTED]

One Month Review Form

- 4.29 This review notes "*Business has started very well indeed*". ISUS 4 does not recall this review and notes that she would not have made such a comment one month after starting to trade as she did not obtain her first client until July 2011 (ie after the review date per the form). ISUS 4 commented that in May 2011, [REDACTED]

Three Month Review Form

- 4.30 The review date on this form is shown as 28 June 2011. This form has been completed by [REDACTED] as advisor and her signature has been dated 21 July 2011 which is after the date of the review.

Six Month Review Form

- 4.31 This review notes that *"she has taken on 3 new members of staff"*. ISUS 4 noted that she disagrees with this comment as she would not have taken on three new members of staff by this point and would not have had five members of staff by this point. At this date, ISUS 4 explained she probably had two members of staff.

Advisors completing reviews

- 4.32 The three month and six month review forms have been completed by [REDACTED] and the one month review appears to be in [REDACTED] handwriting.

Business start date

Evidence of business start date

- 4.33 There is a business current account bank statement for ISUS 4 on file which refers to the period from 7 April 2011 to 28 April 2011. As noted at paragraph 4.24 above, the start up declaration notes a business start date of 28 April 2011. As noted at paragraph 4.2 above, ISUS 4 joined the ISUS programme on 20 October 2010. The bank statement indicates that ISUS 4 was trading prior to the start date per the trading declaration but after the date of first contact with Enterprise Solutions re the ISUS scheme.
- 4.34 ISUS 4 has confirmed that at the time of receiving the grant, the business had been set up (in around April 2011), but was being run from home and was in its very early stages, with the purchase and distribution of advertising leaflets being the main activity that had taken place.

Conclusion re Business Start Date

- 4.35 Business bank statements on file indicate that the company was trading before the trading start on the "Commencement of Trading Declaration" but after the date of joining the ISUS scheme.

Cross Selling

- 4.36 ISUS 4 advised that whilst on the training course at Enterprise Solutions, one of the tutors had referred to accountancy software known as Quickbooks during the tax session. Although the tutor said they had used the package and found it to be good, they were not offering to sell or provide it. ISUS 4 does not use Quickbooks.
- 4.37 As noted at paragraph 4.21, ISUS 4 purchased leaflets from Enterprise Solutions. ISUS 4 has advised that Ms McMahon made the recommendation to purchase leaflets from Enterprise Solutions, advising that ISUS 4 that she could not start a new business without advertising via cards and leaflets.

- 4.38 [REDACTED] then referred her to a man at Enterprise Solution's design team (ISUS 4 cannot recall his name) who designed the leaflets. ISUS 4 used the £500 grant received from ISUS to pay for these leaflets which cost £500. ISUS 4 does not recall [REDACTED] providing details of other companies who could also provide leaflets.
- 4.39 ISUS 4 recalls receiving the leaflets in April 2011 but that *"they took a long time to make"*. As noted at paragraph 4.3, the last advisory session per the Client Checklist in April 2011 was on 27 April 2011.
- 4.40 ISUS 4a commented that Enterprise Solutions staff had convinced them to spend their grant on leaflets and cards that *"turned out to be useless...I didn't like the feel of it to be honest"*. ISUS 4a commented further that this was the *"most ridiculous money we have ever spent"* and that they got nothing back from the leaflets. We were also told that half of the leaflets are still unused.
- 4.41 ISUS 4 was not informed of alternative suppliers of leaflets by [REDACTED] and Enterprise Solutions also provided a quote for the cost of delivering the leaflets to potential customers although ISUS 4 decided to deliver them themselves.
- 4.42 ISUS 4a commented that they have learnt through experience. The person who currently manages their website has advised that he could have printed the leaflets for a fraction of the price charged by Enterprise Solutions.

Experience with Enterprise Solutions

- 4.43 ISUS 4 and ISUS 4a recall that at their second meeting with [REDACTED] they discussed their thoughts on anticipated sales and expenditure for their new business.
- 4.44 ISUS 4a feels that they did not get much encouragement from Ms McMahon and found the meeting to be *"quite negative"*. For example, [REDACTED] dismissed their ideas regarding plans to employ six members of staff. ISUS 4 and ISUS 4a feel that this is because [REDACTED] did not fully understand the nature of their business, and noted that that they now currently employ 16 people.
- 4.45 ISUS 4 noted that she found [REDACTED] *"not enthusiastic"* and noted that they *"came out feeling quite deflated...didn't feel like we had achieved anything"*. ISUS 4 commented that they felt that Enterprise Solutions were *"pushing things on us that may have suited other industries but not us"*.

4.46 ISUS 4 and ISUS 4a noted that they were disappointed with the service provided by Enterprise Solutions and felt that the leaflets purchased from Enterprise Solutions were a waste of money and that Enterprise Solutions did not really understand their business. ISUS 4a commented that *"I just know we were really disappointed with them"*.

4.47 Due to this, rather than use Enterprise Solutions again, ISUS 4a contacted [REDACTED] asking for help to find affordable premises for the business. He put ISUS 4a in touch with [REDACTED] at InvestWirral who found the company premises at Egerton House.

4.48 In comparison to their experience with Enterprise Solution, ISUS 4a commented that working with [REDACTED] and her team has *"really helped them move along"*. Whereas they left their meeting with [REDACTED] feeling *"quite deflated"* she has found meetings with [REDACTED] to be quite different and always feel *"geared up"*. In comparison to InvestWirral, ISUS 4 commented that Enterprise Solutions *"didn't seem professional at all...there is no comparison between InvestWirral and Enterprise Solution's advice."*

Business Inspiration Award (BIA)

4.49 ISUS 4a explained that their company [REDACTED] was in by the Wirral Globe. This was reported in the Wirral Globe and underneath the article was an Enterprise Solutions' advert [REDACTED]

4.50 ISUS 4 and ISUS 4a recall being very disappointed about this association as contact with Enterprise Solutions had been a long time prior to receiving the award and they felt that InvestWirral had actually given them the most help.

4.51 ISUS 4 and ISUS 4a were not contacted by Enterprise Solutions in relation to the advert and were not asked if their company name could be used in Enterprise Solutions' advertising.

5 ISUS 5

Background

- 5.1 The Client Checklist indicates that ISUS 5 started the ISUS programme on 6 October 2009 with a "Pre-Start" entry point.
- 5.2 The checklist summarises three "Interventions," each of an hour long and conducted by Lee Owen on 6 October 2009, 9 October 2009 and 15 October 2009.
- 5.3 We met with ISUS 5 on 20 February 2013 to discuss their involvement with the ISUS programme and the documents held on their file by Enterprise Solutions.

Concern raised by A1

- 5.4 A1 has alleged that Enterprise Solutions prepared tax returns and accounts for participants in the ISUS programme which contained errors due to them being prepared by unqualified advisors. A1 also alleges that WBC paid Enterprise Solutions for the preparation of these accounts and tax returns.
- 5.5 ISUS 5 has advised that his accounts and tax returns were prepared by Enterprise Solutions at no cost to himself.
- 5.6 ISUS 5 has advised that his first set of accounts and tax return were prepared by [REDACTED] Enterprise Solutions and that ISUS 5 was satisfied with these and grateful of the support of [REDACTED]
- 5.7 ISUS 5 explained that the quality of advice concerning their tax returns and accounts deteriorated after [REDACTED] left Enterprise Solutions. ISUS 5 explained that he had problems with his tax returns after [REDACTED] left Enterprise Solutions but could not remember the name of the man who provided support in relation to his accounts and tax returns after year one, but it was not [REDACTED]
- 5.8 In particular, ISUS 5 referred us to a tax bill dated 23 February 2012 which he showed us. This bill referred to just one year's tax and involved a bill for [REDACTED]. ISUS 5 explained that this couldn't have been correct as it accounted for around one half of his annual income. This led to ISUS 5 finding another accountant. This resulted in his tax bill being reduced to approximately [REDACTED]

- 5.9 A "nine month telephone review" form refers to requests for assistance with tax although there are no workings or advisory sheets in relation to this or any other post start support on ISUS 5's file.
- 5.10 As explained in the body of this report we have had access to an extract from the CRM database. This database shows the following for ISUS 5:
- Payment State – Claimed
 - ISUS Stage – Post Start Support
 - Claim Date – 30 November 2009
- 5.11 ISUS 5 has advised that he received a grant of £500 into his bank on 12 November 2009 which is before the claim date per the CRM database. It may be that the Claim Date relates to Post Start Support although we are unable to confirm this and whether or not WBC paid for Post Start Support.

Conclusion

- 5.12 ISUS 5 has confirmed that his accounts and tax returns were initially prepared by Enterprise Solutions. At least one tax return seems to have hugely overstated the tax payable by ISUS 5. Enterprise Solutions did not charge ISUS 5 for this support.
- 5.13 The CRM database indicates that Post Start Support has been provided to ISUS 5 although there are no workings or advisory sheets in relation to this on ISUS 5's file. The lack of access to a full copy of the CRM database reconciled to payments made to Enterprise Solutions by WBC means that we cannot reach a definitive conclusion as to whether WBC paid for the cost of ISUS 5's accounts and tax returns.

Other points of note

Training provided by Enterprise Solutions

- 5.14 ISUS 5 has advised that his first involvement with Enterprise Solutions was his attendance on a programme of 10 courses covering topics which included business plans, customer relationships and book keeping.
- 5.15 ISUS 5 paid Enterprise Solutions a deposit of £10 on the first day of the course which was refunded on completion. Enterprise Solutions did not charge ISUS 5 in relation to this training.

Client Idea Questionnaire

- 5.16 This document includes the question "How many employees will you have after three years" and has been ticked to refer to 2-15 employees. ISUS 5 explained that he was confident that the "tick" was not in his handwriting and that he had never anticipated taking on employees.
- 5.17 This document also includes the question "What support do you need?" and indicates that help was needed with his "business plan". ISUS 5 explained that he had not wanted help with a business plan and that he went "*through the motions of creating a plan*", although it was not needed.

Training Needs Analysis

- 5.18 ISUS 5 has advised that he does not agree with the element of this document that indicated he required training regarding market research, commenting that this was "*nonsense*" as he knew who his customers would be and he was "*never going to expand*". ISUS 5 explained that the "*best I was ever going to do was go around the people I already knew*".

Advisory sheets

- 5.19 Three advisory sheets on file agree to the interventions detailed on the client checklist as discussed at paragraph 5.2 above in respect of advisor, date and duration.
- 5.20 The advisory sheets refer to assistance provided regarding the preparation of a business plan. ISUS 5 explained that he did not need a business plan but had produced one at [REDACTED] suggestion. ISUS 5 has not used the business plan since its creation, for example to support a loan from a bank or to monitor the financial progression of their business. ISUS 5 confirmed that [REDACTED] did however assist him in the preparation of the plan as detailed by the advisory sheets.
- 5.21 The first advisory sheet is dated 6 October 2009 and notes "*On the previous appointment we completed the financial forecasts. [ISUS 5] has subsequently produced a draft of his business plan*". There are no details of a previous appointment or a copy of a draft business plan of Enterprise Solution's file.
- 5.22 The "Discussion Points & Actions" go on to note "*We discussed the design brief and have given it to the Wirralbiz design team*". ISUS 5 has confirmed that Enterprise Solutions designed a logo for their company which is still used today. Enterprise Solutions did not charge ISUS 5 for this service.

- 5.23 The advisory sheet dated 9 October 2009 notes ISUS 5 *"is ready to produce his business plan"*, which is inconsistent³ with the note per the earlier advisory sheet dated 6 October 2009 discussed above, which states that a draft of the business plan has been produced.
- 5.24 ISUS 5 has confirmed that the signatures on the advisory sheets are his own and the notes were completed during the meeting and prior to ISUS 5's signature.

Claim Form

- 5.25 There are two copies of the claim form on file, which appear to be photocopies. The business start date on the form has been amended to 16 October 2009, with the "1" in the "16" appearing to have been added and the "6" in what became a "16" overwritten. We note that the final hour of pre start support was dated 15 October 2009.

Review Forms

Three Month Review Form

- 5.26 The review date on this form is shown as 15 January 2009. This form has been completed by [REDACTED] s advisor and her signature has been dated as 8 January 2009, which is before the review date.
- 5.27 The business start date is shown as 16 October 2009 and a review date of 15 January 2009 would be therefore be incorrect as it preceded the date ISUS 5's business started.

Twelve Month Review Form

- 5.28 The review date on this form is shown as 16 October 2010. This form has been completed by [REDACTED] and her signature has been dated as 11 October 2010, which is before the review date. The form has not been signed or dated by ISUS 5 as required by the review form stationery. ISUS 5 noted that he does not remember [REDACTED] although ISUS 5 considers that the content of the review may be correct.

Twenty Four Month Review Form

- 5.29 ISUS 5 disagrees with the financial information shown within this review, commenting that the numbers in section 4 were a *"load of rubbish...they've just made it up."* The review indicates annual turnover of [REDACTED] and ISUS 5 has explained that his annual turnover has never exceeded [REDACTED] and that his profit has been in the region of [REDACTED] per year. ISUS 5 explained that he is not VAT registered.

³ assuming that the contents of the advisory sheets were completed shortly after or during the corresponding meeting

- 5.30 ISUS 5 confirmed that the client signature on the form is his own, although the date of the signature is not in his handwriting. ISUS 5 explained that it is likely that he signed the document after the contents of the form had been completed.

Advisors completing reviews

- 5.31 The three month and six month review forms have been completed by [REDACTED] ISUS 5 has stated that he does not remember the name [REDACTED].

Business start date

Evidence of business start date

- 5.32 There are two invoices on file, Invoice 2 dated 20 October 2009 and Invoice 3 dated 21 October 2009. Invoice 1 is not on file.
- 5.33 ISUS 5 did not have Invoice 1 to hand at the time of our meeting but having looked at his bank statements, he confirmed that his first sales income was a cash payment of [REDACTED] paid into his bank on 29 September 2009.

Comments from ISUS 5 re business start date

- 5.34 ISUS 5 has explained that at the time of the advisory meetings (6 October 2009 to 15 October 2009), his employment status had been that of unemployed but he had started to try and find work for his new business and had had a couple of small jobs. ISUS 5 had approached the unemployment benefits agency as he had started to receive a small income.
- 5.35 ISUS 5 explained that he had set up a business bank account at HSBC on the recommendation of Enterprise Solutions. ISUS 5 cannot recall who at Enterprise Solutions made the recommendation but ISUS 5 received [REDACTED] from HSBC for signing up. The first activity on the bank account was this deposit of [REDACTED] from HSBC on the 18 September 2009.
- 5.36 As noted at paragraph 5.33 above, ISUS 5's first sales income was paid into the bank on 29 September 2009.

Conclusion re Business Start Date

- 5.37 The file notes that ISUS 5 started the ISUS programme on 6 October and that the entry point was "Pre-Start". However ISUS 5 has confirmed that he had been trading prior to this date.

Business Plan

- 5.38 The business plan on file is undated and does not appear to be complete. Appendices B, C, F and G are not attached to the copy retained by Enterprise Solutions.

Cross Selling

- 5.39 ISUS 5 advised that whilst on the training course at Enterprise Solutions, one of the tutors had referred to accountancy software known as Quickbooks, which was available to purchase from Enterprise Solutions for [REDACTED]. ISUS 5 however purchased a copy of the software on offer for [REDACTED] from PC World, recalling that the recommended retail price was [REDACTED] which was in line with the price offered by Enterprise Solutions.
- 5.40 ISUS 5 took this along to his next training session and has commented that the tutor (whose name ISUS 5 cannot recall) was "a bit miffed".
- 5.41 ISUS 5 explained that in his view, Quickbooks is over-detailed for the types of small businesses which were discussed at the training, and although ISUS 5 still has the software, he only uses it to generate sales invoices.

Experience with Enterprise Solutions

- 5.42 ISUS 5 explained that he found Enterprise Solutions to be good at providing business start-up advice but felt that the quality of accounting support provided to him and other people was not always as good as it should have been.
- 5.43 ISUS 5 noted that whilst [REDACTED] in particular had provided good advice, along with Mr Hobro, other advisors had not done so.

6 ISUS 6

Background

- 6.1 The Client Checklist indicates that ISUS 6 started the ISUS programme on 19 October 2009 with a "Pre-Start" entry point
- 6.2 The checklist summarises three "Interventions," each conducted by [REDACTED] as follows:
- 19 October 2009, duration 1 hour
 - 26 October 2009, duration 1 hour 5 minutes
 - 2 November 2009, duration 1 hour 20 minutes
- 6.3 We were due to meet with ISUS 6 to discuss his involvement with the ISUS programme and the documents held on their file by Enterprise Solutions on 26 February 2013, but ISUS 6 cancelled due to work commitments.

Concern raised by A2

- 6.4 A2 has alleged that ISUS 6's company had no turnover following the receipt of the grant and that the grant should therefore have been clawed back.
- 6.5 The 78 week review form on ISUS 6's file has been completed by [REDACTED] as advisor and notes turnover of nil.

Conclusion

- 6.6 As far as we can tell from the contractual documentation we have seen, a failed business plan which did not result in turnover did not merit claw back from an ISUS applicant such as ISUS 6.

Other points of note

Advisory sheets

- 6.7 Three advisory sheets on file agree to the interventions detailed on the client checklist as discussed at paragraph 6.2 above in respect of advisor, date and duration.
- 6.8 The "Discussion Points & Actions" sections on the advisory sheet dated 26 October 2009 and 2 November 2009 have been typed.

- 6.9 The advisory sheets identify the name of two partners of the business under "Client Name", ISUS 6.1 and ISUS 6.2. On each advisory sheet, ISUS 6.2's name has been crossed out and marked "VM". However, despite this, each advisory sheet has been signed by ISUS 6.2 only, ie the name of the ISUS applicant on the advisory sheets does not agree with the name of the signature on those sheets.

Client Declaration and Charter

- 6.10 The dates of both the advisor signature and client signature have been amended from 11 October 2009 to 19 October 2009. The date amendment on the client signature is initialled "LO". We note that [REDACTED] has signed the declaration as advisor.

Claim Form

- 6.11 There are two copies of a claim form on file. One relates to the "Intensive Support Declaration" stage of the claim (Claim 1) and the other to the "Business Start Declaration" stage of the claim (Claim 2).
- 6.12 Both forms are dated 2 November 2009, although the date of the client signature appears to have been amended from 11 November 2009. As noted at paragraph 6.2 above, 2 November 2009 is the recorded date of the last advisor meeting.
- 6.13 Both claim forms are marked to show that invoices have been provided as evidence of trading. Two invoices are on ISUS 6's file and are dated 7 November 2009 and 8 November 2009. As both claim forms are dated 2 November 2009, the invoices cannot have been obtained at the date that the claim form was signed (unless the invoices had been incorrectly dated). The date of the client signature has been amended from 11 November 2009. The invoices on file pre date 11 November 2009 and so could have been obtained by this date.

Review Forms

Six Month Review Form

- 6.14 The six month review form shows the date of the advisor signature is 20 May 2010 which is after the review date of 6 May 2010.

Twelve Month Review Form

- 6.15 This document is not signed or dated by the client as required. The contact method is shown as "other" ie not "face to face".

Advisors completing reviews

- 6.16 The three month and six month review forms have been completed by [REDACTED]. The one month, nine month and 15 month telephone review also appears to be in [REDACTED] writing.

Business start dateEvidence of business start date

- 6.17 There are two sales invoices on file in relation to ISUS 6. Invoice 1000002 is dated 8 November 2009 and invoice 1000003 is dated 7 November 2009, both of which are after the business start date of 5 November 2009 identified on the Claim Form. We note that invoice 1000002 is dated before invoice 1000003.

Business Plan

- 6.18 The business plan on file does not appear to be complete. Appendices A to F are not attached.
- 6.19 The advisory sheet dated 2 November 2009 notes "[ISUS 6] *completed their business plan and it shows a robust and sustainable business.*", which is in contrast to the incomplete business plan on file.

7 ISUS 7

Background

- 7.1 The Client Checklist indicates that ISUS 7 started the ISUS programme on 23 November 2009 with a "Pre-Start" entry point.
- 7.2 The checklist summarises three "Interventions," each conducted by [REDACTED] as follows:
- 23 November 2009, duration 1 hour 10 minutes
 - 15 December 2009, duration 1 hour 15 minutes
 - 13 January 2010, duration 1 hour 20 minutes
- 7.3 We were due to meet with ISUS 7 on 19 February 2013 to discuss her involvement with the ISUS programme and the documents held on her file by Enterprise Solutions. ISUS 7 cancelled the meeting due to holiday and has not responded to our request to rearrange.

Concern raised by A1

- 7.4 A1 has alleged that Enterprise Solutions prepared tax returns and accounts for participants in the ISUS programme which contained errors due to them being prepared by unqualified advisors. A1 also alleges that WBC paid Enterprise Solutions for the preparation of these accounts and tax returns.
- 7.5 ISUS 7's file includes a "Post Start Record" summarising the following post start support:
- 30 November 2010, "Meeting", "Consultation to discuss the position of the business", duration 1 hour
 - 9 December 2010, "Deskwork", "Client given list of required information", duration 2 hours
 - 7 January 2011, "1-2-1", "Submitted", duration 30 minutes
- 7.6 The intervention type and description of the intervention on 30 November 2010 was pre populated and typed. The description of the intervention on 9 December 2010 was pre populated and typed.
- 7.7 There are three Post Start advisory sheets on file which agree with the dates shown at paragraph 7.5 above. The advisory sheets are all signed by [REDACTED] as advisor. The advisory sheet dated 9 December 2010 does not show a session duration, although the duration on the advisory sheets for 30 November 2010 and 7 January 2011 agree to the duration per the post start record detailed above.

- 7.8 The advisory comments are typed for all three advisory sheets and the advisory sheet dated 9 December 2010 has not been signed by the client as required by the corresponding stationery.
- 7.9 The notes on the advisory sheet refer to discussion of the accountancy function, collation and presentation of accounts and SA100 and tax returns submitted to HMRC, although there are no workings in relation to this or any other post start support on ISUS 7's file.
- 7.10 As noted in the body of this report, we have had access to an extract from the CRM database. This database shows the following for ISUS 7:
- Entry Point – Pre Start
 - ISUS Stage – Post Start Support

Conclusion

- 7.11 Advisory sheets on ISUS 7's file indicate that Enterprise Solutions have prepared accounts and tax returns for ISUS 7. The CRM database indicates that Post Start Support has been provided to ISUS 7 although there are no workings in relation to this on ISUS 7's file.
- 7.12 We have been unable to meet with ISUS 7 to discuss this support and there are no accounts or tax workings on ISUS 7's file and therefore we are unable to comment on the accuracy of the information prepared.
- 7.13 During our telephone call to arrange a meeting to discuss ISUS 7's involvement with the ISUS programme, ISUS 7 commented that Enterprise Solutions had been *"Really good...positive feedback...no problems...good support."*

Other points of note

Advisory sheets

- 7.14 Three advisory sheets on file agree to the interventions detailed on the client checklist as discussed at paragraph 7.2 above in respect of advisor, date and duration. The advisory sheet dated 23 November 2009 contained the same text (other than Client Names) as the first advisory sheet for ISUS 12 (see the extract from an advisory sheet concerning ISUS 12 in Section 5 of the body of our report).
- 7.15 The advisory sheet dated 15 December 2009 refers to help with producing a corporate ID, stating *"I will forward the design brief to the wirralbiz design team to produce a corporate ID."* This is discussed further at paragraph Error! Reference source not found. below.

- 7.16 The advisory sheet dated 15 December 2009 states that "*we have today completed an initial set of forecast accounts.*" We note there are no draft forecasts on file.

Claim Form

- 7.17 The date of the client signature on the Claim Form relating to the "Intensive Support Declaration" is 13 January 2000. All other dates on the form relate to 2010.

Review Forms

Three Month Review Form

- 7.18 The review date on this form is shown as 15 April 2010. This form has been completed by [REDACTED] as advisor and her signature has been dated as 16 April 2010 which is after the review date.

Six Month Review Form

- 7.19 The review date on this form is shown as 15 July 2010. This form has been completed by [REDACTED] as advisor and her signature has been dated 8 July 2010, which is before the review date.

Business start date

Evidence of business start date

- 7.20 The Claim Form for ISUS 7 indicates that "Confirmation of UTR [Unique Taxpayer's Reference] number" has been provided as evidence of the business start date. There is a letter on file from HMRC confirming the UTR number for ISUS 7 which is dated 30 November 2009. This is prior to the business start date of 14 January 2010 indicated on the Claim Form but after the date ISUS 7 started the ISUS programme (23 November 2009).

Commencement of Trading Declaration

- 7.21 On this form, the trading date has been amended from 10 January 2000 to 14 January 2010 and the date the document has been signed has been amended from 13 January 2010 to 15 January 2010.

Conclusion re Business Start Date

- 7.22 The letter on file from HMRC confirms a UTR number for ISUS 7 and is dated 30 November 2009 which indicates that the company may have been trading before the trading start date on the "Commencement of Trading Declaration" but after the date of joining the ISUS scheme.

Business Plan

7.23 The business plan on file is undated and does not appear to be complete. Appendices A, B, C, F and G are not attached and the Conclusion and Summary Section is not completed. Additionally the following areas appear to be incomplete:

- Page 6 *"Specific Objectives for year 1 including turnover and profit...Year: Turnover ?????....Profit ??????????"*
- Page 10 *"Current Status...am I allowed to say this for FUNDING????? Or should I just say ready?"*
- Page 21 *"Detailed Marketing Plan with Costs NEED TO DO THIS MORE DETAILED!!!"*

7.24 The advisory sheet dated 13 January 2010 notes *"[ISUS 7] has completed her business plan it meets the criteria of the ISUS programme"*, which is in contrast to the incomplete business plan on file.

Cross Selling

7.25 As noted at paragraph 7.15, the advisory sheet dated 15 December 2009 refers to Enterprise Solutions helping with the corporate ID for ISUS 7. We do not know whether or not ISUS 7 paid for this support or whether any charge was made to WBC in respect of this service.

8 ISUS 8

Background

- 8.1 The Client Checklist indicates that ISUS 8 started the ISUS programme on 25 October 2010 with a "Pre-Start" entry point.
- 8.2 The checklist summarises two "Interventions," each conducted by [REDACTED] as follows:
- 25 October 2010, duration 1 hour 30 minutes
 - 3 November 2010, duration 1 hour 30 minutes
- 8.3 ISUS 8 was unable to meet with us to discuss her involvement with the ISUS programme and the documents held on her file by Enterprise Solutions due to her work commitments. During our telephone call on 7 February 2013 to request a meeting, ISUS 8 commented briefly on her involvement with the ISUS programme, and her comments are discussed in the relevant sections below.

Concern raised by A1

- 8.4 A1 has alleged that Enterprise Solutions prepared tax returns and accounts for ISUS 8 which contained errors and that the Enterprise Solutions employees who did so had not been qualified. A1 also alleges that WBC paid Enterprise Solutions for the preparation of these accounts and tax returns.
- 8.5 ISUS 8's file includes no reference to the preparation of tax return or accounts, or any other Post Start Support.
- 8.6 As noted in the body of our report, we have had access to an extract from the CRM database. This database shows the following for ISUS 8:
- Entry Point – Pre Start
 - ISUS Stage – Start Up

Conclusion

- 8.7 ISUS 8's file includes no reference to the preparation of tax return or accounts, or any other Post Start Support, and the CRM database does not refer to Post Start Support for ISUS 8. It is unclear, therefore, whether WBC paid for the tax returns and accounts associated with ISUS 8.

Review Forms

Three Month Review Form

- 8.8 The review date on this form is shown as 3 February 2011. This form has been completed by [REDACTED] as advisor and her signature has been dated as 11 February 2011 which is after the review date.

Six Month Review Form

- 8.9 The review date on this form is shown as 5 May 2011. This form has been completed by [REDACTED] as advisor and her signature has been dated 27 April 2011, which is before the review date.

Twelve Month Review Form

- 8.10 This form is not dated but has been signed by [REDACTED] as advisor on 8 December 2011. The form has not been signed or dated by the ISUS 8 as required by the underlying stationery. The contact method is shown as "other" ie not "face to face".

Business start date

Commencement of Trading Declaration

- 8.11 This form indicates that ISUS 8 commenced trading on 4 November 2010.

Evidence of business start date

- 8.12 A tenancy agreement on ISUS 8's file notes the first payment on the corresponding premises was due on 1 September 2009. This is over a year before the date that ISUS 8 joined the ISUS programme on 25 October 2010.
- 8.13 ISUS 8's file includes a copy of an Employer Liability Insurance Policy which started on 29 September 2010, which is before the date that ISUS 8 joined the ISUS programme.
- 8.14 There is also a purchase invoice on ISUS 8's file which is dated 1 October 2010, which is before the date that ISUS 8 joined the ISUS programme

ISUS 8's comments in relation to the business start date

- 8.15 During our telephone call on 7 February 2013 to request a meeting with ISUS 8, ISUS 8 commented that if our work involved questions about the start date "*this has already come up last year*". ISUS 8 explained that she had been called by Enterprise Solution to explain why ISUS 8 had been paid a grant when it looked from the tenancy agreement on file that she had already started a business a year before the grant date.

- 8.16 ISUS 8 noted that they had signed the agreement and although they had opened the business they were unable to run it due to injuries sustained in a serious accident. The business was opened a year later when ISUS 8 had recovered. ISUS 8 advised that both WBC and Enterprise Solutions were aware of this and agreed that ISUS 8 could still join the scheme.

Conclusion re Business Start Date

- 8.17 ISUS 8 has explained why the tenancy agreement was in place a year prior to the commencement of trade. However an insurance document and purchase invoice on file indicate that ISUS 8 had started to trade prior to joining the ISUS scheme.

Experience with Enterprise Solutions

- 8.18 During our telephone call with ISUS 8 on 7 February 2103, ISUS 8 advised that she had no problem with Enterprise Solutions and in fact they were very good to her. ISUS 8 had started a course with them but was involved in an accident three weeks later. Enterprise Solutions allowed ISUS 8 to re-join the course six months later when she was well again.

9 ISUS 9

Background

- 9.1 The Client Checklist indicates that ISUS 9 started the ISUS programme on 21 March 2011 with a "Pre-Start" entry point.
- 9.2 The checklist summarises includes five entries as follows:
- 21 March 2011, by [REDACTED], duration 1 hour
 - 21 March 2011, by [REDACTED], duration 1 hour 15 minutes, "Deskwork"
 - 29 March 2011, by [REDACTED], duration 1 hour
 - 12 May 2011, by [REDACTED], "File check completed"
 - 20 July 2011, by [REDACTED], "File check completed"
- 9.3 ISUS 9 was unable to meet with us to discuss her involvement with the ISUS programme and the documents held on their file by Enterprise Solutions due to their work commitments.

Concern raised by A1

- 9.4 Supplier audits undertaken by A4e show that one such audit took place during July 2011. A1 and A2 allege that Enterprise Solutions corrected errors within the files which were due to be audited after they had already been completed, and before making them available to A4e. As corrections were made after completion, there was no benefit to the ISUS applicant in making the amendments.
- 9.5 ISUS 9 was selected at random based on a list of files which appear to have been reviewed by A4e in July 2011. As noted at paragraph 9.2, the client checklist indicates file checks took place on 12 May 2011 and 20 July 2011. The comments for the file check on 12 May 2011 state:

"F503 + F504 not dated by client. No session duration or date on F406 for desk work".

- 9.6 The comments for the file check on 20 July 2011 note *"file check completed"*.
- 9.7 We note that the F503 on ISUS 9's file shows the client signature being dated 29 March 2011, in the same writing as the date next to the advisor signature which is also 29 March 2011.
- 9.8 The F504 on ISUS 9's file shows the client signature being dated 30 March 2011, in the same writing as the date next to the advisor signature which is also 30 March 2011.

- 9.9 The client signatures on the F503 and F504 are both dated prior to the date of the file check on 12 May 2011 which notes that the forms were not dated by the client. The dates of the client signatures are also in the same handwriting as the dates of the advisor signature.
- 9.10 This indicates that either the file check was incorrect or the dates were completed retrospectively and after the file check, and by the advisor rather than the client.
- 9.11 We note that the F406 form on file for deskwork is dated 21 March 2011. The "Session Duration" box has not been completed although the "Discussion Points & Actions" section notes *"Total time 1 hour 15 mins"*.
- 9.12 The F406 form on file for deskwork notes

"[ISUS 9] has struggled to piece her financial forecasts together. She has provided most of the information I require, the rest has been agreed between us by telephone. I have completed the financial forecast."

- 9.13 We note that the F406 form for deskwork is the same date as the first advisory sheet which notes

"I explained the services on offer from Wirralbis. [ISUS 9] is now ready to commence the ISUS program."

- 9.14 The date of 21 March 2011 on the F406 is prior to the date of the file check on 12 May 2011 which notes that the forms was not dated. This indicates that either the file check was incorrect or the dates were completed retrospectively and after the file check.
- 9.15 The cash flow forecast on ISUS 9's file is not in the standard format used by Enterprise Solutions as seen on the other ISUS files we have reviewed. The cash flow forecast does not agree with the narrative within the business plan (discussed further at paragraph 9.30).
- 9.16 A1 has provided us with a description of the cash flow model he used. This appears to differ from the standard format used by Enterprise Solutions. The format of the cash flow forecast on ISUS 9's file is in the same format described by A1. We have given A1 a redacted copy of ISUS 9's cash flow forecast. A1 has confirmed that this is in the format he had used.

- 9.17 The advisory sheet on ISUS 9's file dated 21 March 2011 is signed by [REDACTED] as advisor and states:

"[ISUS 9] has struggled to piece her financial forecasts together. She has provided most of the information I require, the rest has been agreed between us by telephone."

- 9.18 We note that the financial forecasts on file for ISUS 9 are not in the same format of other financial forecasts that we have seen where [REDACTED] has been the advisor.

Conclusion

- 9.19 There are anomalies regarding the date and findings of file checks and the corresponding documents on file.
- 9.20 The advisory sheets indicate that [REDACTED] assisted ISUS 9 with financial forecasts.
- 9.21 The financial forecasts on file are not in the same format of other financial forecast that we have seen where [REDACTED] has been the advisor, and are in the format A1 has advised they used. A1 is not referred to within ISUS 9's file. The forecasts which are on file for ISUS 9 should have been created prior to the date of the A4e supplier audit.
- 9.22 Whilst we cannot be certain, there does seem to be some foundation to the suggestion that files such as those of ISUS 9 were adjusted by A1 and/or A2 before an A4e supplier audit.

Other points of note

Advisory sheets

- 9.23 Three advisory sheets on file agree to the interventions detailed on the client checklist as listed at paragraph 9.2 above in respect of advisor, date and duration.
- 9.24 For all three of the advisory sheets, the "Discussion Points and Actions" section is typed as is the client name and the name of the organisation which provided the advice (being Enterprise Solutions). The advisor's name is typed on two of the three advisory sheets.

Review Forms

Three Month Review Form

- 9.25 The review date on this form is shown as 29 June 2011. This form has been completed by [REDACTED] as advisor and her signature has been dated as 23 June 2011, which is before the review date.

Six Month Review Form

- 9.26 The review date on this form is shown as 28 September 2011. This form has been completed by [REDACTED] as advisor and her signature has been dated as 27 September 2011, which is before the review date.

Business start dateEvidence of business start date

- 9.27 There are copy business bank account statements on file for the period from 3 February 2011 to 2 March 2011. The bank statements show commission received on 10 February 2011 which is prior to the business start date of 30 March 2011 per the "Commencement of Trading Declaration" and prior to the ISUS joining date of 21 March 2011.

Conclusion re Business Start Date

- 9.28 The file retained by Enterprise Solutions notes that ISUS 9 started the ISUS programme on 21 March 2011 and that the entry point was "Pre-Start". However business bank statements on file for ISUS 9 show commission received on 10 February 2011 which indicates that ISUS 9 was trading prior to joining the ISUS scheme.

Business Plan

- 9.29 The business plan on ISUS 9's file does not appear to be complete. For example, "Section 5 – Strategy" includes a series of questions which do not appear to have been addressed.
- 9.30 In addition, the narrative within the business plan does not agree to the cash flow forecast on file. Section 5 of the plan "Strategy" notes a turnover objective of [REDACTED] whilst the cashflow shows turnover of [REDACTED].
- 9.31 The incomplete business plan is in contrast to the narrative within an advisory sheet dated 29 March 2011 which states:

"[ISUS 9] has completed the business plan and it meets the criteria of the ISUS program".

10 ISUS 10

Background

10.1 The Client Checklist indicates that ISUS 10 started the ISUS programme on 5 October 2009. The entry point (ie pre or post-start) has not been completed on the Client Checklist. The Claim Form on ISUS 10's file notes a "Pre-Start" entry point.

10.2 The checklist summarises three "Interventions," each conducted by [REDACTED] as follows:

- 5 October 2009, duration 1 hour
- 30 October 2009, duration 1 hour 20 minutes
- 13 November 2009, duration 1 hour 5 minutes

10.3 We have been unable to meet with ISUS 10 to discuss her involvement with the ISUS programme and the documents held on their file by Enterprise Solutions. This is because ISUS 10 has not responded to our telephone messages requesting that they contact us.

Concern raised by A1

10.4 A2 has alleged that they were instructed by Linda Turnbull of Enterprise Solutions to re-date review records, such that they did not refer to the date when the review actually took place.

10.5 A2 has provided a copy of his diary which shows a number of reviews which they completed. ISUS 10 was selected at random from A2's diary.

10.6 The 78 week review form on file has been signed by A2 as advisor and is dated the day after the review date (ie as shown on the form). The date of the client signature has been amended from the same date as the review date to the same date as the A2's signature.

10.7 The meeting is shown in A2's diary on the same date as A2's signature on the 78 week review form. Meetings with ISUS 10 are also shown in A2's diary on two occasions prior to the date on the 78 review form, one of which is shown as cancelled. The 78 week review form is the only form on ISUS 10's file where A2 is shown as advisor.

10.8 The business start date on the 78 week review form is shown as 3 December 2009 which does not agree to the claim form and other documents on file which note a start date of 16 November 2009.

- 10.9 There is therefore evidence of date amendments on the 78 week review form for ISUS 10 signed by A2.

Other points of note

Advisory sheets

- 10.10 Three advisory sheets on ISUS 10's file agree to the interventions detailed on the client checklist as listed at paragraph 10.2 above in respect of advisor, date and duration.
- 10.11 The "Discussion Points & Actions" section on the advisory sheets dated 30 October 2009 and 13 November 2009 are typed.
- 10.12 The advisory sheet dated 30 October 2009 states "[ISUS 10] *has presented a first draft of her business plan for assessment.*" We note there are no draft business plans on file.

Claim Form

- 10.13 There are two copies of the claim form on file. One relates to the "Intensive Support Declaration" stage of the claim (Claim 1) and the other to the "Business Start Declaration" stage of the claim (Claim 2).
- 10.14 Both forms are dated 13 November 2011. The form appears to have been completed and signed, other than the tick to identify the claim stage, and then photocopied. The Claim stage appears then to have been completed on each copy.
- 10.15 As noted at paragraph 10.2 above, 13 November 2009 is the date of the last advisor meeting.

Review Forms

Three Month Review Form

- 10.16 The review date on this form has been amended from 15 December 2010 to 15 February 2010. This form has been completed by [REDACTED] as advisor and her signature has been dated 15 February 2010.

Six Month Review Form

- 10.17 The review date on this form is shown as 17 May 2010. This form has been completed [REDACTED] as advisor and her signature has been dated 20 May 2010, which is after the review date. The business start date is shown as 16 November 2009, although the month has been tippexed and corrected to show this date.

12 Month Review Form

- 10.18 This document is not signed or dated by the client as required by the underlying stationery. The contact method is shown as "other" ie not "face to face".

Business start dateEvidence of business start date

- 10.19 There is a purchase invoice for ISUS 10 on file dated 12 November 2009, which is before the business start date of 16 November 2009, but after the date of first contact with Enterprise Solutions re the ISUS scheme. This indicates that the company was trading before the trading start on the "Commencement of Trading Declaration" but after the date of joining the ISUS scheme.

Business Plan

- 10.20 The business plan on file is undated and does not appear to be complete. The Conclusion and Summary Section is not completed and Appendices B, C, and F are not attached.
- 10.21 An advisory sheet dated 13 November 2009 notes "[ISUS 10] *has completed her business plan and it shows a sustainable business.*", which is in contrast to the incomplete business plan on Enterprise Solutions' file.

11 ISUS 11

Background

- 11.1 The Client Checklist indicates that ISUS 11 started the ISUS programme on 4 March 2011 with a "Pre-Start" entry point.
- 11.2 The checklist summarises three "Contract Manager Checks," as follows:
- 4 March 2011, by Mike Rayworth, duration 1 hour 10 minutes
 - 29 March 2011 by Mike Rayworth, duration 1 hour
 - 20 July 2011, b[REDACTED] "File check completed"
- 11.3 ISUS 11 was unable to meet with us to discuss her involvement with the ISUS programme and the documents held on her file by Enterprise Solutions due to work commitments.

Concern raised by A1

- 11.4 Supplier audits undertaken by A4e show that one such audit took place during July 2011. A1 and A2 allege that Enterprise Solutions corrected errors within the files which were due to be audited after they had already been completed, and before making them available to A4e. As corrections were made after completion, there was no benefit to the ISUS applicant in making the amendments.
- 11.5 ISUS 11 was selected at random based on a list of files which appear to have been reviewed by A4e. As noted at paragraph 11.2, the client checklist indicates a file check was completed by L Silman on 20 July 2011.
- 11.6 A1 has provided us with a description of the cash flow model he used. This appears to differ to the standard format used by Enterprise Solutions. The format of the cash flow forecast on ISUS 11's file is not the same as the format described by A1.

Conclusion

- 11.7 The financial forecasts on ISUS 11's file are not in the format produced by A1. It is not possible to reach a definitive conclusion, and we do not know whether ISUS 11's file was subject to change prior to the A4e audit.

Other points of note***Review Forms*****Three Month Review Form**

- 11.8 The review date on this form is shown as 29 June 2011. This form has been completed by [REDACTED] as advisor and her signature has been dated as 23 June 2011, which is before the review date.

Six Month Review Form

- 11.9 The review date on this form is shown as 28 September 2011. The advisor has not signed the form although the form is dated 21 September 2011, which is before the review date.

Business start date**Evidence of business start date**

- 11.10 The Start Up Declaration notes that business bank statements have been provided as evidence of trade. There are no business bank statements on ISUS 11's file.
- 11.11 Copies of ISUS 11's sales invoices 3 and 4 are on file. Invoice 3 is dated 2 April 2011 and Invoice 4 is dated 3 April 2011 which is after the trading start date of 30 March 2011 per the "Commencement of Trading Declaration."
- 11.12 Invoices 1 and 2 are not on file and we do not know what dates these relate to. However, given that Invoice 3 is dated 2 April 2011, there is a risk that these may have been dated prior to the recorded trading start date of 30 March 2011.

Conclusion re Business Start Date

- 11.13 There is a lack of evidence on file regarding the business start date but it may have preceded the date shown on the papers retained by Enterprise Solutions.

12 ISUS 12

Background

12.1 The Client Checklist indicates that ISUS 12 started the ISUS programme on 2 October 2009 with a "Pre-Start" entry point.

12.2 The checklist summarises three "Interventions," each conducted by [REDACTED] as follows:

- 2 October 2009, duration 1 hour 20 minutes
- 10 October 2009, duration 1 hour 10 minutes
- 28 October 2009, duration 1 hour 20 minutes

12.3 We have been unable to meet with ISUS 12 to discuss his involvement with the ISUS programme and the documents held on his file by Enterprise Solutions as he has not responded to our telephone messages requesting that he contact us.

Concern raised by A1

12.4 A1 has alleged that Enterprise Solutions prepared tax returns and accounts for ISUS participants which contained errors and that the Enterprise Solutions staff who prepared them had been unqualified to do so. A1 also alleges that WBC paid Enterprise Solutions for the preparation of accounts and tax returns.

12.5 The only reference to the preparation of tax returns and accounts on ISUS 12's file is on the 78 week review form which states "[REDACTED] did A/Cs & Tax Return".

12.6 The three month review form on ISUS 12's file states "make appointment with [REDACTED]"

12.7 The six month review form on ISUS 12's file states:

"Also needs advice on website and finances."

...

*I offered to make appointments for him to see [REDACTED]
[REDACTED] Client will contact us next week."*

12.8 There are no post start advisory sheet, or workings in relation to accounts or tax returns on ISUS 12's file. We do not know if Enterprise Solutions charged either ISUS 12 or WBC for the accounts and tax returns prepared for ISUS 12 by "Lee".

12.9 However, as explained in the body of this report we have had access to an extract from the CRM database. This database shows the following for ISUS 12:

- Entry Point – Pre Start
- ISUS Stage – Post Start Support

Conclusion

12.10 The CRM database indicates that Post Start Support has been provided to ISUS 12 although there are no workings in relation to this on ISUS 12's file. We are unable to confirm whether WBC paid for Post Start Support and if it did whether it paid for a tax return(s) for ISUS 12. Similarly, we are unable to comment on the quality of the tax return and the underlying workings as these have not been available for our review.

Other points of note

Advisory sheets

12.11 Three advisory sheets on file agree to the interventions detailed on the client checklist as discussed at paragraph 12.2 above in respect of advisor, date and duration. The "Discussion Point & Actions" section of each advisory sheet is typed.

12.12 The advisory sheet dated 2 October 2009 states "*we have completed the eligibility check*". The Eligibility Checklist on file is dated 10 October 2009 which is after the date of the advisory sheet and also the same date as the second advisory meeting.

12.13 The advisory sheet dated 10 October 2009 refers to help with producing a corporate ID, stating "[ISUS 12] *needs a corporate ID for his business and is keen to meet with the Design Studio at Wirralbiz*". The advisory sheet dated 28 October 2009 states, "[ISUS 12] *is in contact with the design team regarding his corporate ID and it will follow in the following days*." This is discussed further at paragraph 12.25 below.

12.14 The advisory sheet dated 10 October 2009 notes "[ISUS 12] *has completed the first draft of his business plan*." We note there is no draft business plan on file.

Claim Form

12.15 There are two copies of the claim form on file. One relates to the "Intensive Support Declaration" stage of the claim (Claim 1) and the other to the "Business Start Declaration" stage of the claim (Claim 2).

- 12.16 Both forms are dated 28 October 2009. The form appears to have been completed and signed, other than the tick to identify the claim stage, and then photocopied. The Claim stage has then been completed on each copy and the copy for Claim 1 has had further information added.

Review Forms

Three Month Review Form

- 12.17 The review date on this form is shown as 27 January 2010. This form has been completed by [REDACTED] as advisor and her signature has been dated as 26 January 2010 which is before the review date.

Six Month Review Form

- 12.18 The review date on this form is shown as 28 April 2010. This form has been completed by [REDACTED] as advisor and her signature has been dated 21 April 2010, which is before the review date.

Business start date

Evidence of business start date

- 12.19 The Claim Form for ISUS 12 indicates that "Confirmation of UTR number" has been provided as evidence of the business start date. There is a letter on file from HMRC confirming the UTR number for ISUS 12 which is dated 18 September 2009. This is prior to the date that ISUS 12 joined the ISUS programme (2 October 2009).
- 12.20 ISUS 12's file also includes a copy of a cheque in relation to ISUS 12's trading account which is dated 18 September 2009. This is prior to the date that ISUS 12 joined the ISUS programme (2 October 2009).

Commencement of Trading Declaration

- 12.21 This form has been signed by ISUS 12 on 13 November 2009 although the date of commencement of trade has not been completed. The Claim form notes a start date of 28 October 2009.

Conclusion re Business Start Date

- 12.22 Evidence on file indicated that ISUS 12 was trading prior to the date that they joined the ISUS Scheme.

Business Plan

- 12.23 The business plan on file is undated and does not appear to be complete. Appendices A, B, C, F and G are not attached and the Conclusion and Summary Section is not completed.

12.24 The advisory sheet dated 28 October 2009 notes "[ISUS 12] *has now completed his business plan and it shows a robust and sustainable business*", which is in contrast to the incomplete business plan on file.

Cross Selling

12.25 As noted at paragraph 12.13, an advisory sheet on ISUS 12's file refers to Enterprise Solutions assisting ISUS 12 with his corporate ID.

12.26 The Review Form dated 1 December 2009 notes that ISUS 12 "*enquired on leaflets and website . Gave client details to marketing suite.*" We do not know whether ISUS 12 paid for this support or whether any charge was made to WBC in respect of this service.

13 ISUS 13

Background

13.1 The Client Checklist indicates that ISUS 13 started the ISUS programme on 2 October 2009 with a "Pre-Start" entry point.

13.2 The checklist summarises three "Interventions," each conducted by [REDACTED] as follows:

- 2 October 2009, duration 1 hour
- 16 October 2009, duration 1 hour
- 21 October 2009, duration 1 hour

13.3 We have been unable to meet with ISUS 13 to discuss their involvement with the ISUS programme and the documents held on their file by Enterprise Solutions as they have not responded to our telephone messages requesting that they contact us.

Concern raised by A1

13.4 A2 has alleged that he was instructed by Linda Turnbull of Enterprise Solutions to re-date review records such that they did not refer to the date when the review actually took place.

13.5 A2 has provided a copy of his diary. This refers to reviews he undertook whilst employed by Enterprise Solutions. ISUS 13 was selected at random from A2's diary.

13.6 The 78 week review form on file has been signed by [REDACTED] as advisor (rather than A2), although it shows in A2's diary on the same date that the review was completed. The document does not include any date amendments.

Other points of note

Advisory sheets

13.7 Three advisory sheets on file agree to the interventions detailed on the client checklist as discussed at paragraph 13.2 above in respect of advisor and date although the durations are shown as 1 hour 20 minutes, 1 hour 10 minutes and 1 hour 15 minutes rather than the 1 hour per session summarised on the Client Checklist.

13.8 The "Discussion Points & Actions" section on each of the three advisory sheets is typed.

13.9 The advisory sheet dated 2 October 2009 states "*we have completed the client eligibility check.*" We note that the Eligibility Checklist on file is dated 21 October 2009 which is after the date of this advisory sheet.

13.10 The advisory sheet dated 16 October 2009 states "[ISUS 13] *have completed their first draft of the business plan*" We note there are no draft business plans on file.

Claim Form

13.11 There are two copies of the claim form on file. One relates to the "Intensive Support Declaration" stage of the claim (Claim 1) and the other to the "Business Start Declaration" stage of the claim (Claim 2).

13.12 Claim 1 appears to be a photocopy of the completed Claim 2, with further amendments then being made on Claim 1. Both Claim forms are dated 21 October 2009.

Review Forms

Three Month Review Form

13.13 The review date on this form is shown as 20 January 2010. This form has been completed by [REDACTED] as advisor and her signature has been dated 22 January 2010 which is after the review date.

Six Month Review Form

13.14 The review date on this form is shown as 21 April 2010. This form has been completed by [REDACTED] as advisor and her signature has been dated 20 April 2010, which is before the review date.

12 Month Review Form

13.15 This document is not signed or dated by the client as required by the underlying stationery.

Business Plan

13.16 The business plan on file is undated and does not appear to be complete. Appendices A, B, C, and F are not attached

13.17 The narrative in the business plan is inconsistent with the financial forecasts. Page 4 of the business plan "Specific Objectives for Year 1 including Turnover and Profit" notes expected turnover and profits in the first year of [REDACTED] and [REDACTED] respectively. The Profit and Loss forecast shows income [REDACTED] and operating profit of [REDACTED]

13.18 The advisory sheet dated 21 October 2009 notes "[ISUS 13] *have completed their business plan...The plan is well written and presented and shows a sustainable business*", which is in contrast to the incomplete business plan on file and the inconsistencies between the business plan and financial forecasts on file.

14 PISUS 1 AND PISUS 2

- 14.1 A1 contacted us after we first met to tell us that he had since spoken to a former employee of Enterprise Solutions who had told him that an employee at Enterprise Solutions had received a grant to support a business which had not existed.
- 14.2 We have spoken to the former employee (E1). E1 has told us that, whilst employed by Enterprise Solutions, E1 had access to a database used to manage reviews undertaken on behalf of WBC. From the database, E1 had been aware that a husband and wife had received two grants from WBC for business start-up support. E1 has told us that E1 had understood that the applicants had only one business.
- 14.3 E1 has told us that PISUS 1 had been involved in cleaning Enterprise Solutions' offices and gave us the name of a company which E1 said had cleaned Enterprise Solutions' offices. A1 has told us that PISUS 1 had a contract to clean Enterprise Solutions' offices before this was terminated.
- [REDACTED]
- 14.4 E1 has told us that PISUS 2 had been a cleaner at Enterprise Solutions until Christmas 2011 when PISUS 2 had been made redundant. E1 told us that PISUS 2 had worked at Enterprise Solutions for four years.
- 14.5 We therefore reviewed the corresponding applications for grants from PISUS 1 and PISUS 2 in order to ascertain, initially, whether a husband and wife team had received two grants from WBC. WBC provided us with copies of the files retained by WBC for PISUS 1 and PISUS 2.
- 14.6 The files show that PISUS 1 completed a registration form in November 2004 and that the intended business had been a "commercial cleaning & domestic" business whose company name matched the name provided by E1. The PISUS 1 file indicated that Mike Raworth had advised PISUS 1. PISUS 1 provided a business plan and received two payments from WBC which totalled [REDACTED]
- 14.7 The files show that PISUS 2 entered an agreement with WBC in June 2008 and that the intended business had been [REDACTED]. Mike Raworth signed the agreement as "advisor". PISUS 2 did not provide a business plan but received two payments which totalled [REDACTED]
- 14.8 The PISUS 1 and PISUS 2 files show that they were each made by people who share the same surname and the same address.

- 14.9 The PISUS 2 file includes periodic post start reviews at 13 weeks, six months and one year. The six month review includes the comment:

"As winter approached he changed emphasis to commercial cleaning."

- 14.10 The six month review, undertaken by Mike Raworth appears to suggest that within six months of opening, PISUS 2 and PISUS 1 had started to share the same industry.

- 14.11 We have spoken to PISUS 2 by phone. Initially, PISUS 2 told us that he had not received a grant from WBC and then suggested that he might have had a grant for a loft installation, and that his wife had a business.

- 14.12 Later in the conversation, PISUS 2 recalled having a [REDACTED] and received a grant for that business. We discussed how PISUS 2 had used the grant and were told that he had used it to purchase "equipment and stuff", and [REDACTED] PISUS 2 could not be more specific but did tell us that his jet washing business:

"didn't pan out: just tried for a few months until winter".

- 14.13 The 12 month review of PISUS 2 and undertaken in June 2009 (ie the Summer of 2009) was also completed by Mike Raworth, but the contents seem to be in contrast to what PISUS 2 told us. This is because the 12 month review included the comment:

"PISUS 2' business expanded at a reasonable pace but has been recently affected by the economic downturn."

- 14.14 Based on what we had been told and what we had read, we wrote to PISUS 2 to ask to speak face to face⁴. Our request went unfulfilled.

- 14.15 A1 has since told us that he had been the accountant to PISUS 1 and PISUS 2 and had prepared their annual tax returns. A1 has told us that he is reluctant to break his professional responsibilities by disclosing these documents until/unless the Police get involved. However, he has told us that the tax returns help to demonstrate that PISUS 2 declared no taxable earnings from his [REDACTED] business. Without sight of the corresponding tax returns and working papers we cannot comment on their significance.

⁴ by recorded delivery

15 PISUS 3

- 15.1 PISUS 3 contacted us during the course of our work in order to make a series of critical observations concerning the services provided by Enterprise Solutions. We located the file retained by WBC for PISUS 3. This shows that PISUS 3 had an agreement with Enterprise Solutions dated 27 February 2009.

Cross selling

- 15.2 PISUS 3 has told us that he has paid:

- approximately [REDACTED] advertising via Enterprise Solutions' "Think Local" brand
- approximately [REDACTED] Enterprise Solutions to purchase Quickbooks software
- [REDACTED] direct debit for several years (up to the present day) for accounts support.

Think Local

- 15.3 PISUS 3 recalls attending a series of training courses which he had understood had been funded by WBC. This included a course concerning "marketing and advertising" in which delegates were given examples of Think Local flyers. PISUS 3 can recall that the Think Local service was promoted during the marketing and advertising course and that, shortly after his involvement in the course he was contacted by telephone asking him whether he would like to pay to advertise his business this way.
- 15.4 PISUS 3 estimates that he has spent around [REDACTED] with Enterprise Solutions on advertising. In return, PISUS 3's business was included as one of around 10 to 20 other businesses on around 2,000 to 4,500 leaflets. PISUS 3 cannot recall winning any business from these leaflets and that this is for two reasons.
- 15.5 PISUS 3 is [REDACTED] and undertook some small jobs for Enterprise Solutions in exchange for advertising. One of these small jobs included [REDACTED] PISUS 3 has told us that he had understood that often the leaflets had not been delivered and that this was common knowledge. PISUS 3 can also recall being told that Enterprise Solutions had decided to use Royal Mail as leaflets were not being delivered.

14.16 A1. [REDACTED] (t) has also stated that PISUS 1 had a contract to clean Enterprise Solutions' premises until the beginning of 2011 before PISUS 2. [REDACTED] A1 has told us that he saw both PISUS 1 and PISUS 2 on a regular basis [REDACTED] (PISUS 2 typically attending Enterprise Solutions on each day of the working week and PISUS 1 typically attending once a week).

14.17 It is unclear, therefore, whether PISUS 2 should have received a grant from WBC.

15.6 With hindsight, PISUS 3 would not have used leaflets as a means of promoting his business as he has found that, with the exception of the Yellow Pages, printed advertising is an unsuccessful medium. [REDACTED] This is because, (in the view of PISUS 3) when someone finds themselves [REDACTED] they tend to rely on their next door neighbour's copy of the Yellow Pages, their neighbour's internet or the internet through a mobile phone. PISUS3 is disappointed that Enterprise Solutions had been unaware of this probability and feels that Enterprise Solutions took advantage of someone who was new to business and was, therefore, vulnerable.

15.7 PISUS 3 has explained that he continued to receive telephone calls from Enterprise Solutions after he had stopped using Think Local. PISUS 3 has explained that he asked the calls to stop but they continued. PISUS 3 estimates that he may have received around 20 calls, "*certainly, they were enough to be annoying*".

15.8 PISUS 3 regrets spending money advertising with Enterprise Solutions. PISUS 3 does not believe that the advice provided by Enterprise Solutions was independent.

Quickbooks

15.9 PISUS 3 was encouraged to buy Quickbooks from Enterprise Solutions during one of the courses he attended at Enterprise Solutions. PISUS 3 has explained that the software cost him in the region of [REDACTED] and that he still uses it.

15.10 PISUS 3 has explained that the Quickbooks software was promoted several times on the course at Enterprise Solutions and felt that he "was being sold to". PISUS 3 can remember that alternative forms of accounting software were not recommended to him.

Accounts input

15.11 Since approximately July 2009, PISUS 3 has paid [REDACTED] month by direct debit for accounts support. PISUS 3 has explained that he did not receive terms of reference or any other written document setting out what support he would receive, but he had understood that these payments would mean that Enterprise Solutions pulled together his annual accounts, tax return and annual return. He had understood that Enterprise Solutions would submit his annual accounts and annual return to Companies House for him, as well as submitting his annual tax return to HMRC.

15.12 PISUS 3 has told us that Enterprise Solutions have failed to submit any tax returns on his behalf and that this has resulted in fines and interest being levied against him which he is currently trying to resolve with the help of a third party accountant.

