

MIDLAND GROUP TRAINING SERVICES LIMITED

England & Wales · Charity number 528785

Details

Other names MGTS

Status Registered

Legal form Charitable company

Company number [00984899](#)

Registered 1970-12-09

Register [View on the Charity Commission register](#)

Contact

Address Midland Group Training Services Ltd
Gulson Road
Coventry
CV1 2JG

Phone 02476630333

Email rsmith@mgts.co.uk

Website www.mgts.co.uk

Activities

Objects: (A) TO ADVANCE THE THEORETICAL AND PRACTICAL EDUCATION AND TRAINING OF PERSONS ENGAGED OR INTENDING TO BE ENGAGED IN ENGINEERING, GENERAL INDUSTRIAL AND COMMERCIAL ACTIVITIES. (B) SUBJECT TO THE FOREGOING OBJECT, TO EXTEND SUCH PROVISION OR ASSISTANCE TO THE TRAINING OR EDUCATION OF MEMBERS OF THE PUBLIC GENERALLY IN CONNECTION WITH ENGINEERING, GENERAL INDUSTRIAL AND COMMERCIAL ACTIVITIES. (FOR FURTHER DETAILS SEE CLAUSE 3 OF THE MEMORANDUM OF ASSOCIATION)

Activities: PROVISION OF EDUCATION AND TRAINING

Classification

- **How:** Provides Human Resources, Provides Services
- **What:** Education/training
- **Who:** Children/young People, Other Defined Groups

Geography

- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£4,683,342	£4,558,173	£4,230,135	46
2024-03-31	£4,847,861	£4,436,168	£4,081,455	45
2023-03-31	£4,474,559	£4,296,791	£2,242,936	43
2022-03-31	£4,512,628	£4,351,260	£2,065,168	40
2021-03-31	£3,796,136	£7,403,510	£1,903,800	45

Trustees

Name	Role	Appointed
GILES FREDERICK LAWTON	Chair	
Carolyn Bell		2021-10-06
Daniel William Montgomery		2020-05-27
Ian James Yoxen		2026-03-02
JILL PETA MUSTARD		2024-05-22
KEVAN ROBERT KANE		2012-10-01
Neil Trevor Foster		2023-05-24
Tracy Reynolds		2019-03-06

MIDLAND GROUP TRAINING SERVICES LIMITED

England & Wales - Charity number 528785

Accounts

**MIDLAND GROUP TRAINING
SERVICES LIMITED**

REPORT AND FINANCIAL STATEMENTS

31 March 2025

**Company No 984899
Registered Charity No 528785**

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2025

OBJECTIVES AND ACTIVITIES

MGTS an Educational Charity – Employer Led and Membership Based

Our Aim

To be a national centre of excellence for education, training and development and assessment supporting both young people and adults in the development of engineering competences associated with engineering.

To achieve improved customer business performance by delivering cost effective employee technical and people development solutions to machinery reliant industries.

Charity Aims

- To support young people wishing to access the engineering industry
- To support adult employees and learners to develop themselves, engineering functions and systems to improve business performance
- To contribute to the development of specialist engineering competences within the National workforce to encourage economic development
- The main activities of the Charity have continued to be the provision of Apprenticeships, Training Needs Analysis and Administration, Training and Development courses and events

To achieve this, the Charity:

- Consults with members and employers to achieve a clear understanding of industry needs and provide effective solutions
- Consults with Government and Agencies to ensure that MGTS strategy supports industry related people development policies
- Consults with Local Enterprise Partnerships [LEPs], Local Authority and Schools to develop collaborative solutions to support young people's development, understanding and entry into industry

Our Values

1. MGTS aims to provide our customers with training and assessment activities that are relevant to the individual, their organisation, and its industry sector.
2. We believe that training and assessment activity undertaken should be clear and concise in its design and delivery.
3. That the delivery of any training and assessment activities are undertaken in a way and at a time which fully meets and supports the requirements of our customers, whatever those requirements may be.
4. MGTS will endeavour to take the lead in a professional manner, applying wisdom and knowledge whilst being supporting and encouraging.

Our Commitment

MGTS commit to provide our customers with access to competent staff, learning opportunities, comprehensive equipment and technology and rapid response to meet their training and assessment requirements.

We will achieve this through the application in all instances of our core values by consistently maintaining a high level of knowledge and understanding of the markets and environments within which our customers operate.

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2025

Public Benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular the trustees consider how planned activities will contribute to the aims and objectives they have set.

Our Strategic Objectives



mgts

MGTS is a registered charity dedicated to supporting both young people and adults in the development of competences associated with engineering. We aim to be a National Centre of Excellence for education, training, development and assessment. Our Strategic objectives are:

 PEOPLE GROWTH Promote lifelong learning and development with learners, staff and employers.	 PRODUCT INNOVATION Develop and deliver products and services offering progression through education, training, development and assessment.	 COMMIT TO EXCELLENCE Continually improve quality of content and delivery, focusing on stretching both the capability and experience for the learner.	 STAKEHOLDER ENGAGEMENT Work in partnership with customers & stakeholders to provide solutions to their requirements at a local, regional and national level.	 CHARITY GOVERNANCE Utilise the charity's resources responsibly in pursuit of the strategic objectives.
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UNLOCKING POTENTIAL, DELIVERING PERFORMANCE

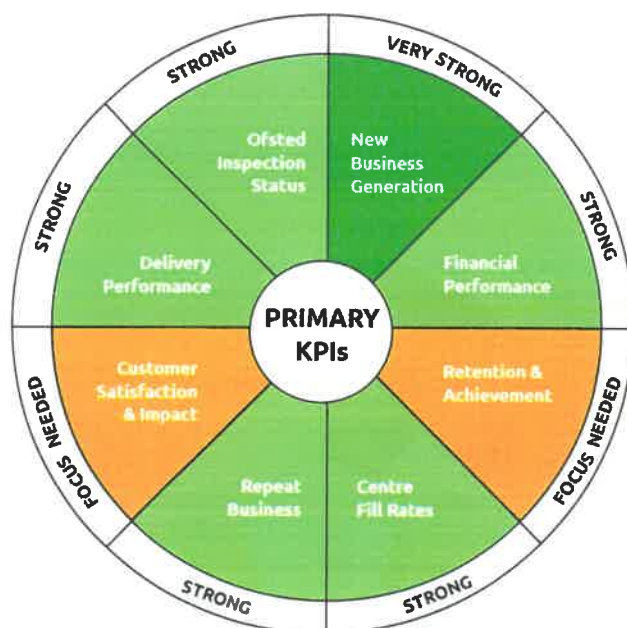
CHALLENGES, ACHIEVEMENTS AND PERFORMANCE

The full year results for fiscal year 24/25 have returned a surplus, although less than the previous year and slightly below the planned budgetary figure. With income overall at slightly below budget, the surplus was generated due to expenditure being well below budget for the same period. Apprentice income has been negatively impacted by higher than usual levels of early leavers and completion funding has also slowed with fewer students completing EPA in the year than had been budgeted for. The business will undertake a deep dive on the issue of early leavers/non-achievers and work has already begun to map the historical numbers for comparison of both the absolute number and more importantly the reasons behind the numbers.

Commercial course activity remains strong, and the results reflect this, realising an above budget and prior year performance. The commercial course calendar continues to be well populated and is further bolstered by the completion in late August 2024 of the new commercial suite of classrooms and practical training area. This has been very well received by customers, in turn allowing for additional changes in the practical and classroom environment for apprenticeships to further increase our capacity and user experience.

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2025

KPI Performance



Many of the Key Performance Indicators (KPI's) by which we measure the business remain strong or very strong as per the image above. As noted previously, we have experienced a higher-than-normal level of early leavers and non-achievers, those who decide not to participate in the final, End Point Assessment (EPA) phase of the apprenticeship. This impacts directly on our Retention and Achievement KPI metric and is reflected in the amber colour in the image.

The Customer Satisfaction and Impact KPI is also shown in amber. The amber rating that we have awarded the business, signifies the desire and necessary focus within the business, to solicit a greater breadth and depth of feedback from our customer base to continue the drive of continuous improvement and in doing so, deliver on the strategic objective of commitment to excellence and in no way reflects on any deterioration in customer satisfaction or deliverable impact.

Capital Projects

For some time now there has been a realisation that the current IT setup within MGTS is outdated and has inherent fragility particularly around physical equipment. Trustees, the MGTS SLT and the MGTS IT partner have agreed to define a project that will address these concerns for the business. The project will commence during fiscal year 25/26.

The following objectives have been identified and will be factored into the roadmap.

1. Ageing Physical Infrastructure
2. Improve security posture
3. Minimise hardware replacement needs
4. Take advantage of cloud services
5. Improve user experience
6. Review Disaster Recovery/Business Continuity plans
7. Ensure data-integrity and relevance

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2025

A formal risk and issues log will be created, however in summary, key risks are.

1. Ageing infrastructure
2. Storage Capacity Issues
3. Change in CapEx to OpEx models
4. Budgetary expectations for transformation
5. Data-retention & 'tidy-up' activities
6. BAU workloads (ability to focus on change)
7. Ability to schedule downtime for key migrations
8. Network Infrastructure refresh if applicable
9. Improvement towards removing any perceived single points-of-failure from IT perspective

MGTS has already initiated a project for the next financial year to install solar panels to the roof of the main office building in Coventry. Offsetting rising electricity costs and the opportunity to sell back to the grid any unused power that is generated, coupled with a three and a half to four-year payback period demonstrates a good use of the reserves being reinvested into the business and an example of the charity governance strategic objective to utilise the charity's resources responsibly. The high ROI and savings running into many hundreds of thousands over the 25-year predicted lifetime of the installation further supports the decision taken by the Board. Cutting the MGTS carbon footprint, combating climate change, through the adoption of sustainable power for the business is important and is an actual onsite, real-world example to apprentices, who study renewables as part of their programme at MGTS, whilst undertaking their apprenticeship.

Outdoor Challenge

Apprentices once again participated in outdoor challenge programmes with over 100 undertaking the experience which supports the behaviours element of their apprenticeship in activities that are different to the normal working environment.



MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2025

Financial review

The financial year resulted in an unrestricted surplus of £191,364, a fall from £469,877 in 2024.

Income

Total unrestricted income of £4.7m was generated in 2024/25, a decrease of 3.6% from the previous year. Apprentice training income represented 75% of income, with commercial activities, reserve movements and investment income making up the balance. Demand for commercial training operations remains robust, and the Trustees made a strategic investment this year to enhance our commercial training facilities with the clear goal of boosting commercial course turnover. This proactive step was designed to strengthen our financial position moving forward. The investment portfolio returned a superior rate of return compared to lower-yielding savings options, despite the volatility of global markets.

Expenditure

Unrestricted expenditure in 2024/25 was £4.56m, £1.04m of this is related to our commercial activities, and the remaining £3.52m was spent supporting our charitable aims.

Funds

Total funds on 31 March 2025 were £4.2m (2024 £4.1m) of which all but £222,025 were unrestricted.

Principal Risks and Uncertainties

Skills England - when it was announced in the King's Speech in July 2024, Number 10 said the aim of Skills England will be to "bring together businesses, providers, unions, mayoral combined authorities (MCAs) and national government to ensure we have the highly trained workforce that England needs." At the same time, it also confirmed that powers from the Institute for Apprenticeships and Technical Education (IfATE) will be transferred to Skills England. As we close this current fiscal year for MGTS it is still not clear what concrete changes will be made to the world of apprenticeships and ultimately how this will affect the business going forward. One of the key topics is the government's intention to reform the system of assessment in apprenticeships, including EPA. Further changes are already being mentioned such as foundation apprenticeships and changes to the off-the-job training policy.

Ofsted – having successfully completed the most recent audit in 2024 with an overall grade of **GOOD**, Ofsted has unveiled a new inspection framework set to be come into force in November 2025, announcing a significant shift aimed at enhancing transparency and fairness in educational assessments. The main Ofsted changes for 2025 include detailed report cards and a revised evaluation system. These updates aim to provide a more nuanced understanding of school performance, ultimately benefiting educators, parents, and stakeholders alike.

Inflation, Growth and Taxation – Government targets to reduce inflation back to the 2% level have gained traction, however they have not yet reached that level from the dizzying heights of the previous Government. The result is that there is still pressure on businesses from a cost of living that continues its steady upward trend. An increase in the most recent budget on National Insurance, also heaps more financial pressure on MGTS through rising employment costs. It is too early to tell whether this will impact employer's appetites for apprentice recruitment in the future. All of this impacts on not only MGTS' plans for growth and expansion but the plans of those customers we serve through our apprenticeship and commercial course offerings.

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2025

Policies

a) Reserves

The Board of Trustees have assessed the free reserves (unrestricted funds excluding fixed assets, designated funds, and restricted funds) needed to maintain operations if some income-generating activities are temporarily curtailed. This ensures continued support for our charitable mission even amidst potential financial fluctuations.

The Trustees consider that an appropriate level of free reserves on 31 March 2025 would be 6 months of the group's budgeted expenditure amounting to £2.17 million. The actual free reserves on that date stood at £1.29 million, a shortfall of £0.88 million compared to the target. This is effectively addressed by the long-term investment portfolio valued at £0.9 million on 31st March 2025. This demonstrates our commitment to prudent financial management and ensures the availability of resources, even during periods of temporary income reduction. A comprehensive review of the reserves policy is currently underway and will be completed in the next fiscal year.

b) Investments

Under the Memorandum and Articles of Association, the charity has the power to invest in any way the trustees wish. The Trustees have determined that the Charities short term investments should be in the form of interest-bearing cash deposits with major banks or financial institutions. Interest rates should be competitive and free of risk to the capital. Longer term investments have been placed with investment managers in two separate portfolios as follows:

Portfolio 1 - is managed in line with The Evelyn Partners Strategy 4 approach to investment risk and is described as being appropriate for an investor who is comfortable with medium volatility of returns, typically having around 55% of their portfolio invested in equities, and who is able to tolerate a loss of up to 15% of the value of their portfolio in any one year. This percentage loss is based on what might be reasonably expected 95% of the time. The projected annualised rate of return over the longer term is the Consumer Price Index (CPI) +2%

Portfolio 2 is a bespoke portfolio designed to match MGTS anticipated liabilities moving forward. As such, the account is invested in a mix of short-dated UK Government bonds (1 month to 2 years, with the majority of the capital invested at the shorter end) allowing growth of the principal whilst permitting realisation of the funds at defined time intervals (if required).

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is a company, limited by guarantee, and has no share capital. It was incorporated on 17 July 1970. Its governing document is its Memorandum and Articles of Association, which were updated on 6th March 2019. The liability of each member in the event of winding up is limited to £20.

Charity number	528785
Company number	984899
Principal Office	Gulson Road, Coventry, CV1 2JG

The principal objects of the charitable company are: "To advance the theoretical and practical education and training of persons engaged or intending to be engaged in engineering general industrial and commercial activities"

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2025

To allow the charitable company to trade in activities complementary to its objects a subsidiary company 'MGTS Business and Training Services Limited' was incorporated on 22 September 2000. The Charity owns the 1,000 issued shares of £1 each. Taxable profits arising from the subsidiary are Gift Aided to the Charity.

Trustees/ Directors

The Trustees are elected by the Members of the Company and serve for five years before retiring. The Articles of the Company allow for unlimited Trustees/Directors. The Trustees may co-opt to fill casual vacancies arising during the year.

The following were Trustees during the whole of the year under review:

Ms C Bell	Mr D Montgomery
Mr N Foster	Mrs T Reynolds
Mr K Kane	Mr A Watson
Mr G F Lawton	

The following were appointed as Trustees during the year:

Mrs J Mustard – appointed 22 May 2024

The following resigned as Trustees during the year:

Mr S Marson – resigned 14 August 2024

The Trustees of the Charity meet at least 4 times per year. They set budgets for the Charity and monitor its financial performance through detailed quarterly financial reports. Major decisions affecting the Charity's operations are taken by the Trustees.

The Chief Executive, David Bridgens is responsible for implementing the Trustees policies. He reports on a quarterly basis to the Trustees. Additional ad hoc Trustees meetings are called whenever it is felt necessary either by the Trustees or the Chief Executive.

Trustee induction and training

New trustees undergo a series of briefings to inform them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the charity. During the induction they meet key employees and other trustees. Trustees are encouraged to attend appropriate training events where these will facilitate the understanding of their role.

Key Management Personnel

The following were key management personnel during the year under review: -

Chief Executive Officer	David Bridgens
Director of Delivery and Operations	Steve Palmer
Director of Finance and HR	Ruth Smith
Quality and Compliance Manager	Ruth Plane
Customer Engagement Manager	Adrian Simkiss
Curriculum Manager	Adam Murray

Arrangements for setting pay and remuneration

Trustees do not receive any form of remuneration and give their time freely.

The trustees review pay annually in October for all staff, including key personnel. Consideration is taken of the rate of inflation, and benchmark pay rates within the industry.

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2025

Risk management

We confirm that major risks have been reviewed and that systems and procedures have been established to manage those risks.

Government and Agencies

The Government will fully fund apprenticeships in small businesses from 1st April 2024 by paying the full cost of training for anyone up to the age of 21 - reducing costs and burdens for businesses and delivering more opportunities for young people to kick start their careers. This will remove the need for small employers to meet some of the cost of training and saves time and costs for providers like further education colleges who currently need to source funding separately from the government and businesses.

The move is underpinned by an additional £60 million of new government funding for next year, guaranteeing that where there is demand for apprenticeships from businesses, the government will ensure there is enough funding to deliver them. From the start of April, the government will also increase the amount of funding that employers who are paying the apprenticeship levy can pass onto other businesses. Apprenticeships can currently be funded by a levy paying employer transferring up to 25% of their unused levy to a different employer.

IfATE are undertaking a set of exceptional funding band reviews for 20 high-volume apprenticeships in skills shortage occupations and priority sectors. The 20 apprenticeships, which are all at level 2 or 3, were chosen by the DfE, following consultation with provider representative bodies, and taking account of available evidence on the impact of cost inflation on apprenticeships delivery. The reviews are intended to help employers and apprenticeship providers tackle rising costs in priority sectors with skills shortages, including engineering.

ESFA funding rules version 2, of the apprenticeship funding rules, brought key changes, including recognising that 16–18-year-olds starting apprenticeships are unlikely to hold relevant prior learning. Providers must check an individual's prior learning record and discuss their work history for relevant prior learning. Where there is no relevant prior learning and work experience, providers should document this with the employer and no further action is needed. If there is relevant prior learning and work experience, providers can complete the normal skills scan process to determine whether there should be a reduction in price, content and duration.

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2025

Small Companies Exemption

This report is prepared in accordance with special provisions of part 15 of the Companies Act 2006 relating to small companies.

The trustees who are the charitable company's directors are pleased to present their report together with the financial statements of the charitable company for the year ending 31 March 2025.

AUDITORS

A resolution will be put to the forthcoming AGM to reappoint Luckmans Duckett Parker Limited as Auditors for the year ending 31 March 2026.

Statement as to disclosure of information to auditors

The trustees who were in office on the date of approval of these financial statements have confirmed as far as they are aware, that there is no relevant audit information of which the auditors are unaware. The trustees have confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

PROFESSIONAL ADVISORS

The Charity is provided with professional services on a commercial basis by:

Luckmans Duckett Parker Limited	-	Audit
Lloyds Bank Plc	-	Banking
Band Hatton Button Solicitors	-	Legal
Loveitts Estate Agents	-	Property
Jensten Group	-	Insurance
Evelyn Partners	-	Investment management

On behalf of the Board



G Lawton
Chairman

Gulson Road
Coventry
CV1 2JG

13th August 2025

MIDLAND GROUP TRAINING SERVICES LIMITED
DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS
31 March 2025

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business;
- d. observe the methods and principles in the Charity SORP

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MIDLAND GROUP TRAINING SERVICES LIMITED
AUDITOR'S REPORT
Independent auditor's report to the members of Midland Group Training Services Limited

Opinion

We have audited the financial statements of Midland Group Training Services Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2025 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the parent company Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2025 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

MIDLAND GROUP TRAINING SERVICES LIMITED
AUDITOR'S REPORT
Independent auditor's report to the members of Midland Group Training Services Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the parent company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting these irregularities, including fraud is detailed below:

In identifying and assessing the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- reference to past history and experience of the Entity,
- enquiry of management, including obtaining and reviewing supporting documentation concerning the Entity's procedures relating to:
 - identifying and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detection and response to risk of fraud and whether they were aware of any actual or suspected instances of fraud.
- assessment of the controls and processes that the Entity has in place to mitigate risk.

Our assessments included the identification of the following potential areas for fraud:

- Management override of control; and
- Revenue recognition - specifically the recognition according to timing of the provision of training services, and manipulation of revenue through management override of journals.

MIDLAND GROUP TRAINING SERVICES LIMITED
AUDITOR'S REPORT
Independent auditor's report to the members of Midland Group Training Services Limited

We design audit procedures by tailored and directed testing to aid and support the determined level of risk. In response to the assessed risk we plan audit tests and procedures that target specific areas where misstatement may occur. These procedures and the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

- We critically assessed the appropriateness and tested the application of the revenue and cost recognition policies.
- We tested the appropriateness of accounting journals and other adjustments made in the preparation of the financial statements.
- We reviewed the Entity's accounting policies for non-compliance with relevant standards.
- We made enquiries of management and reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations.

In performing an audit in accordance with UK GAAP, we exercise professional judgement and maintain professional skepticism throughout the audit process.


We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion or override of internal controls. There are inherent limitations in the audit procedures performed.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

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


Mark Spafford FCCA ACA (Senior Statutory Auditor)
for and on behalf of Luckmans Duckett Parker Limited
1110 Elliott Court
Coventry Business Park
Herald Avenue
Coventry
West Midlands
CV5 6UB

Date: 26th AUGUST 2025

MIDLAND GROUP TRAINING SERVICES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2025

	Note	Unrestricted funds £	Restricted funds £	Total 2025 £	Total 2024 £
Income:					
<i>Income from Charitable activities:</i>					
Subscriptions, training, projects, course fees and extra services	4	3,297,492	77,000	3,374,492	3,471,332
<i>Income from other trading activities:</i>					
Commercial trading operations	9	1,248,100	-	1,248,100	1,336,582
Investment income	3	60,750	-	60,750	49,145
		<hr/>	<hr/>	<hr/>	<hr/>
Total incoming resources		4,606,342	77,000	4,683,342	4,857,059
		<hr/>	<hr/>	<hr/>	<hr/>
Expenditure:					
<i>Costs of raising funds:</i>					
Investment management costs		-	-	-	-
Commercial trading operations	9	1,034,943	-	1,034,943	1,046,210
<i>Expenditure on charitable activities</i>	5	3,403,546	119,684	3,523,230	3,389,958
		<hr/>	<hr/>	<hr/>	<hr/>
Total expenditure		4,438,489	119,684	4,558,173	4,436,168
		<hr/>	<hr/>	<hr/>	<hr/>
Net income/ (loss) before other recognised gains	6	167,853	(42,684)	125,169	420,891
<i>Other recognised losses</i>					
Change in fair value of pension scheme liability	12	-	-	-	1,367,524
Unrealised gain on investment assets	9	23,511	-	23,511	50,104
		<hr/>	<hr/>	<hr/>	<hr/>
Net movement in funds for the year		191,364	(42,684)	148,680	1,838,519
Fund balance brought forward at 1 April 2024		3,816,746	264,709	4,081,455	2,242,936
		<hr/>	<hr/>	<hr/>	<hr/>
Fund balance carried forward at 31 March 2025		<u>4,008,110</u>	<u>222,025</u>	<u>4,230,135</u>	<u>4,081,455</u>

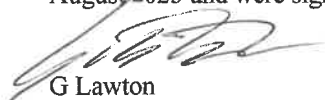
The statement of financial activities includes all gains and losses recognised in the year and in the previous year. All the company's activities are classed as continuing.

MIDLAND GROUP TRAINING SERVICES LIMITED
BALANCE SHEETS
at 31 March 2025
Company No 984899

	Note	Group		Charity	
		2025 £	2024 £	2025 £	2024 £
Fixed assets					
Tangible fixed assets	8	2,896,466	2,649,158	2,896,466	2,649,158
Investment in subsidiary undertaking	9	-	-	1,000	1,000
Other investments	9	1,666,036	1,559,302	1,666,036	1,559,302
		<u>4,562,502</u>	<u>4,208,460</u>	<u>4,563,502</u>	<u>4,209,460</u>
Current assets					
Debtors	10	564,986	602,498	346,201	380,663
Short term deposits		793,522	1,169,189	793,522	1,169,189
Bank balance and cash		154,571	68,139	11,914	23,915
		<u>1,513,079</u>	<u>1,839,826</u>	<u>1,151,637</u>	<u>1,573,767</u>
Creditors - amounts falling due within one year	11	<u>(948,332)</u>	<u>(905,339)</u>	<u>(801,726)</u>	<u>(927,105)</u>
Net current assets		564,747	934,487	349,911	646,662
Creditors - amounts falling due after more than one year	11	<u>(897,114)</u>	<u>(1,061,492)</u>	<u>(897,114)</u>	<u>(1,061,492)</u>
Net assets		<u>4,230,135</u>	<u>4,081,455</u>	<u>4,016,299</u>	<u>3,794,630</u>
Funds:					
Restricted funds	13	222,025	264,709	222,025	264,709
Unrestricted funds	13	3,794,274	3,529,921	3,794,274	3,529,921
Non-charitable trading funds	13	213,836	286,825	-	-
		<u>4,230,135</u>	<u>4,081,455</u>	<u>4,016,299</u>	<u>3,794,630</u>

The financial statements have been prepared in accordance with special provisions of part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements on pages 14 to 27 were approved by the Board of Directors and authorised for issue on 13th August 2025 and were signed on its behalf by:


G Lawton
Chairman

MIDLAND GROUP TRAINING SERVICES LIMITED
CASH FLOW STATEMENT
for the year ended 31 March 2025

	Note	Group 2025 £	2024 £
Cash flows from operating activities:			
Cash generated from operations	1	315,527	282,374
		<hr/>	<hr/>
Net cash provided by (used in) operating activities		315,527	282,374
		<hr/>	<hr/>
Cash flows from investing activities:			
Interest received		27,527	39,947
Sale of tangible fixed assets		133,219	27,321
Purchase of tangible fixed assets		(715,508)	(233,677)
Purchase of investments		(50,000)	(1,500,000)
		<hr/>	<hr/>
Net cash provided by (used in) investing activities		(604,762)	(1,666,409)
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		(289,235)	(1,384,035)
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the reporting period		1,237,328	2,621,363
		<hr/>	<hr/>
Cash and cash equivalents at the end of the reporting period		948,093	1,237,328
		<hr/> <hr/>	<hr/> <hr/>

MIDLAND GROUP TRAINING SERVICES LIMITED
ACCOUNTING POLICIES
31 March 2025

1 Accounting Policies

Basis of preparation

The financial statements of the charitable company, which is a public benefit entity under FRS102, have been prepared in accordance with the Charities SORP (FRS102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard in the UK and Republic of Ireland (FRS102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value.

Accounting changes

The significant accounting policies adopted are described below.

Significant judgements and estimates

The preparation of the financial statements requires management to make significant judgements and estimates that affect the amounts reported within the balance sheet and statement of financial activities. The following are the Company's key sources of estimation uncertainty:

- **Multi- employer defined benefit pension scheme liability**

The schedule of contributions for the multi-employer defined benefit pension scheme is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. The mortality rate is based on publicly available mortality tables for the specific country. Future salary and pension increases are based on expected future inflation rates for the respective country.

The Company has included a liability within the financial statements to reflect its own future funding obligations based upon a discounted cash flow basis. The discount rate used is 0.85%.

In determining the appropriate discount rate, management considers the interest rate of AA corporate bonds denominated in Great British pound sterling, with a bond maturity similar in duration to the defined benefit funding obligation.

Group financial statements

The statement of financial activities (SOFA) and group balance sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

A separate SOFA and income and expenditure account are not presented for the charity itself following the exemptions afforded by Section 408 of the Companies Act 2006.

Income recognition policy

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably and is not deferred.

Investment income is recognised on a receivable basis.

MIDLAND GROUP TRAINING SERVICES LIMITED
ACCOUNTING POLICIES (continued)
31 March 2025

Resources expended and irrecoverable VAT

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance related grants are recognised as goods and services are supplied.

Charitable activities include expenditure associated in the provision of training services and include both the direct costs and support costs relating to these activities.

The charitable company recognises the cost of contractual redundancy payments as being part of the cost of the delivery of charitable activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Support costs include the central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, e.g., staff costs by the estimated time spent and other costs by their estimated usage.

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Taxation

The company is a registered charity and is exempt from taxation on its charitable activities. The subsidiary company has no tax liability as it donates its taxable profits to the charity under gift aid.

Tangible fixed assets

Fixed assets (excluding investments) are stated at cost less accumulated depreciation. Assets costing £3,000 or less are not capitalised. Depreciation is charged by instalments at rates estimated to write off the cost of the asset less any residual value over the expected useful lives at the following rates:-

2½% per annum on freehold buildings
4% per annum on freehold building improvements
10% per annum on leasehold building improvements
10% to 25% per annum on equipment and vehicles
33⅓% per annum on computer equipment

On disposal of assets in the ordinary course of business adjustments are made to the depreciation charge to reflect differences between the actual and estimated aggregate depreciation.

Investments

Investments held as fixed assets are revalued at mid-market value at the balance sheet date and the gain or loss taken to the Statement of Financial Activities.

Pensions – Defined Benefit Scheme

The defined benefit scheme was closed to new contributions on 31st August 2010. In accordance with paragraph 28.11 of FRS102 the company as a participating employer to the scheme, has recognised the present value of its share of the agreed contributions on the balance sheet as a liability on a discounted cash flow basis. MGTS's estimated liability on 31st March 2024 was £1.23m and is recalculated each year, with movements in the liability reflected in the Statement of Financial Activities and the element relating to the unwinding of the discount in interest payable. The Company has renegotiated its recovery plan as a result of the latest actuarial valuation on 31st March 2023.

Further information in relation to an update on the current status of the pension scheme deficit and the most recent valuation can be found in note 12 on page 25.

The Company is liable for its own funding obligations and is also liable for those of the other sponsoring employers, should those sponsoring employers default on their obligations.

Pension costs - Defined Contribution Scheme

The amount charged to the Statement of Financial Activities in respect of pension costs is the contribution payable in the year. Any differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2024

Funds structure

The charity has a number of restricted income funds to account for situations where a donor requires that a donation must be spent on a particular purpose or where funds have been raised for a specific purpose.

All other funds are unrestricted income funds.

2 Legal status of the Charity

The Charity is a company, limited by guarantee, and has no share capital. It was incorporated on 17 July 1970. Its governing document is its Memorandum and Articles of Association. The liability of each member in the event of winding up is limited to £20.

3 Investment income	2025	2024
	£	£
Interest receivable	27,527	39,947
Investment income receivable	33,223	9,198
	<u>60,750</u>	<u>49,145</u>
4 Income from Charitable Activities		
Training services provided	3,374,492	3,471,332
	<u>3,374,492</u>	<u>3,471,332</u>
5 Charitable Activities Costs		
The charity undertakes direct charitable activities and does not make grant payments		
Provision of training services and projects	3,422,569	3,295,785
Support costs – salaries and office costs	104,361	94,173
	<u>3,526,930</u>	<u>3,389,958</u>
Governance costs		
Salaries and office costs	18,270	16,578
Auditors' remuneration		
- Audit	9,450	7,985
- Other services	1,800	1,700
	<u>29,520</u>	<u>26,263</u>

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2025

	2025	2024
6 Net incoming resources		
Net incoming resources are stated after charging/ (crediting):		
Directors' and officers' indemnity insurance	-	-
Depreciation of tangible fixed assets:		
- owned assets	282,741	266,647
- leased assets	67,620	67,440
(Profit)/loss on disposal of tangible fixed assets	(15,380)	(2,760)
Notional interest on pension liability	9,023	-
	<u> </u>	<u> </u>
7 Staff costs	£	£
Wages and salaries	1,959,275	1,805,913
Social security costs	231,479	213,289
Pension costs	153,985	132,397
	<u>2,344,739</u>	<u>2,151,599</u>
	<u> </u>	<u> </u>
Average number of employees	46	45
	<u> </u>	<u> </u>
The number of employees who received emoluments of more than £60,000 in the year was as follows:		
£60,001 - £70,000	-	-
£70,001 - £80,000	2	2
£80,001 - £90,000	-	2
£90,000 - £100,000	2	-
£120,000 - £130,000	-	1
£130,000 - £140,000	1	-
	<u> </u>	<u> </u>
Key management personnel		
Emoluments	481,496	447,625
Pension contributions to defined contribution scheme	30,232	28,233
	<u>511,728</u>	<u>475,858</u>
	<u> </u>	<u> </u>

The directors do not receive emoluments or expenses.

Pension costs - Defined Benefit Scheme

In addition to the above, the Company made a payment of £170,000 (2024: £192,220) to the multi-employer defined benefit scheme (see note 12 on page 25).

Pension costs - Defined Contribution Scheme

The company provides pensions for current employees, through a defined contribution scheme. The employer contributions for the period were £108,201 (2024 £108,348). The running costs of the scheme are amalgamated with the Defined Benefit scheme and cannot be separately identified. There were no outstanding or prepaid contributions at the balance sheet date.

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2024

8 Tangible fixed assets – group and charity

	Freehold Property £	Leasehold Improvements £	Equipment & vehicles £	Total £
Cost				
1 April 2024	2,283,809	1,254,933	3,015,406	6,554,148
Additions	281,699	4,236	429,573	715,508
Disposals	-	-	(561,383)	(561,383)
	<hr/>	<hr/>	<hr/>	<hr/>
31 March 2025	2,565,508	1,259,169	2,883,596	6,708,273
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
1 April 2024	994,986	573,183	2,336,821	3,904,990
Charge for year	26,858	67,620	255,883	350,361
Disposals	-	-	(443,544)	(443,544)
	<hr/>	<hr/>	<hr/>	<hr/>
31 March 2025	1,021,844	640,803	2,149,160	3,811,807
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
31 March 2025	1,543,664	618,366	734,436	2,896,466
	<hr/>	<hr/>	<hr/>	<hr/>
31 March 2024	1,288,823	681,750	678,585	2,649,158
	<hr/>	<hr/>	<hr/>	<hr/>

On 30th June 2021 the Company granted in favour of the Trustees of the EEF Staff Pension Fund an uncapped charge over the freehold property at Gulson Road, Coventry, included in the balance sheet at £1.2m.

9 Investments

	2025	2024
	£	£
Mid-market value at:		
1 April 2024	1,559,302	-
Invested	50,000	1,500,000
Income reinvested	33,223	9,198
Unrealised gain on investments	23,511	50,104
	<hr/>	<hr/>
31 March 2025	1,666,036	1,559,302
	<hr/>	<hr/>

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2025

9	Fixed asset investment	Group		Charity	
		2025 £	2024 £	2025 £	2024 £
	Shares in subsidiary undertaking	-	-	1,000	1,000

Subsidiary undertaking

MGTS Business and Training Services Limited which was incorporated in England on 22 September 2000 pays all its taxable profits to the charity by Gift Aid. MGTS Business and Training Services Limited operates as an executive arm of the charity. The charity owns the entire issued share capital of 1,000 ordinary shares of £1 each. A summary of the trading results is shown below.

Summary of profit and loss account

	2025 £	2024 £
Turnover	1,248,100	1,336,582
Interest receivable	679	153
Cost of sales and administrative expenses	(1,030,993)	(1,046,210)
Governance costs	(3,950)	(3,700)
	<hr/>	<hr/>
Net profit	213,836	286,825
Retained profit brought forward	286,825	231,582
Amount gifted to the charity	(286,825)	(231,582)
	<hr/>	<hr/>
Retained in the subsidiary	213,836	286,825

The assets and liabilities of the subsidiary were:

Fixed assets	-	-
Current assets	659,598	666,948
Creditors: amounts falling due within one year	(444,762)	(379,123)
	<hr/>	<hr/>
Net assets	214,836	287,825
	<hr/>	<hr/>
Aggregate share capital and reserves	214,836	287,825

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2025

	Group		Charity	
	2025	2024	2025	2024
	£	£	£	£
10 Debtors				
Amounts falling due within one year				
Trade debtors	426,663	438,088	213,751	235,874
Prepayments	123,459	160,711	117,586	141,090
Accrued income	14,864	3,699	14,864	3,699
	<u>564,986</u>	<u>602,498</u>	<u>346,201</u>	<u>380,663</u>
11 Creditors				
Amounts falling due within one year:				
Trade creditors	571,045	520,849	163,453	190,357
Taxation and social security payable	129,444	134,932	103,179	98,092
Accruals	74,443	79,558	63,538	67,768
Pension deficit liability	173,400	170,000	173,400	170,000
Amount due to subsidiary undertaking	-	-	298,156	400,888
	<u>948,332</u>	<u>905,339</u>	<u>801,726</u>	<u>927,105</u>
Amounts falling due after one year:				
Pension deficit liability	897,114	1,061,492	897,114	1,061,492

Included within trade creditors is deferred income of £372,164 (2024 £285,192). These amounts are deferred because the income relates to future periods.

Deferred income at 1 April 2024	285,192
Used in year	(283,247)
Deferred in year	370,219
	<u>372,164</u>
Deferred income at 31 March 2025	<u>372,164</u>

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2024

12 Pensions

The Company provides pensions for its employees through participation in the Engineering Employers' Federation Staff Pension Fund (the Fund), which is governed by a Trustee Board and maintained independently of the Company's finances for defined benefit members. There is a separate Master Trust for defined contribution members, which is also operated independently of the Company. The Fund was established to enable a number of autonomous but related employers to operate a scheme through the sharing of risk within a wider membership base. As such it is not possible for an underlying employer to identify its share of the underlying assets and liabilities. For multi-employer schemes where this is the case, paragraph 28.40A of FRS102 requires that Midland Group Training Services Limited account for its share of the present value of the agreed pension contributions payable to the scheme and where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit to the Company.

2023 Valuation

At the date of the last completed valuation of the fund (31st March 2023), the market value of the Fund's assets amounted to £143m. The valuation was carried out by an independent qualified actuary adopting a market-based approach using the projected unit method and the following main assumptions:

Single equivalent average rates <i>(in practise term-dependent curves are used)</i>	% per Annum
Rate of investment return (initial portfolio)	5.1
Rate of investment return (long term portfolio)	4.3
Rate of price inflation	3.6 (RPI)
Rate of increase in salaries	n/a
Rate of pension increases:	
RPI up to 5%	3.5
RPI up to 5%: minimum 3%	3.8
CPI up to 5%	3.1
CPI up to 2.5%	2.1

As at the valuation date these assets were insufficient, on the assumptions adopted, to meet the cost of the Fund's accrued liabilities. The Fund had a deficit of £19m on an ongoing funding basis.

The split between participating employers was re-evaluated on 31st March 2023 based on updated assumptions, resulting in the proportion attributed to MGTS's members decreasing to £1.3m (6.7%) 2020: 8.3%.

Subsequently, participating employers agreed contribution schedules with the Trustee that are expected to be sufficient to eliminate their share of the revised deficit over a period acceptable to the Trustee. Under this agreement Midland Group Training Services Limited is liable to make the following contributions in respect of its share of the deficit in the defined benefits section:

Amount	Dates	Frequency
£192,220	Payable on 1st April 2023.	One off
£170,000 pa	Payable from 1st April 2024 to 31st March 2031 inclusive. This will be increased by 2% each year.	Annually

In addition, the Company has granted an uncapped charge to the Trustee of the Fund, over the freehold property at Gulson Road, Coventry included in the Balance Sheet at 31st March 2025 at £1.2m (see note 8 page 22). It should be noted that the defined benefit scheme was closed to all future accruals during 2010.

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2025

13 Movement in funds

	1 April 2024	Incoming resources and gains	Resources expended and losses	Gift Aid	31 March 2025
	£	£	£	£	£
Restricted funds					
- 24+ Loan Fund	2,000	-	-		2,000
- Employer Incentives	3,500	77,000	(71,000)		9,500
- LEP Funding	259,209	-	(48,684)		210,525
Unrestricted funds	3,529,921	3,381,074	(3,403,546)	286,825	3,794,274
Non-charitable trading funds	286,825	1,248,779	(1,034,943)	(286,825)	213,836
	<u>4,081,455</u>	<u>4,706,853</u>	<u>(4,558,173)</u>	-	<u>4,230,135</u>

24+ Advanced Learning Loan Fund

These are funds made available to be loaned to eligible learners. These loans will help learners aged 24 or above pay the fees charged by colleges and training providers for courses at Level 3 and Level 4, or Advanced and Higher Apprenticeships.

Employer Incentives

The Education and Skills Funding Agency has made a number of incentive payments available to employers taking on an apprentice aged 16-18. These incentive payments are paid to the training provider at set points during the training and must be paid out to the employer.

LEP Funding

MGTS has invested in a new Advanced Engineering and Manufacturing Centre in Redditch, Worcestershire. Our £875,000 investment was matched by funding of £700,000 from the Worcestershire and Birmingham Local Enterprise Partnerships. The funding will be released over the life of the assets.

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2025

14 Analysis of net assets between funds

	Unrestricted £	Non-charitable trading funds £	Restricted £	Total £
Intangible fixed assets	1,666,036	-	-	1,666,036
Tangible fixed assets	2,685,941	-	210,525	2,896,466
Current assets	842,981	658,598	11,500	1,513,079
Current liabilities	(503,570)	(444,762)	-	(948,332)
Long term liabilities	(897,114)	-	-	(897,114)
	<u>3,794,274</u>	<u>213,836</u>	<u>222,025</u>	<u>4,230,135</u>

15 Operating lease commitments

The following operating lease payments are committed to be paid:

	2025	2024
	£	£
Within one year	110,430	108,062
Between two and five years	397,243	388,267
In more than five years	366,325	446,917
	<u>873,998</u>	<u>943,246</u>

16 Capital Commitments

The charitable company had capital commitments of £65,809 at the year-end (2024 £nil).

17 Related Party Transactions

There were no related party transactions during the year (2024 £nil).

MIDLAND GROUP TRAINING SERVICES LIMITED

England & Wales - Charity number 528785

Accounts

**MIDLAND GROUP TRAINING
SERVICES LIMITED**

REPORT AND FINANCIAL STATEMENTS

31 March 2024

**Company No 984899
Registered Charity No 528785**

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2024

OBJECTIVES AND ACTIVITIES

MGTS an Educational Charity – Employer Led and Membership Based

Our Aim

To be a national centre of excellence for education, training and development and assessment supporting both young people and adults in the development of engineering competences associated with engineering.

To achieve improved customer business performance by delivering cost effective employee technical and people development solutions to machinery reliant industries.

Charity Aims

- To support young people wishing to access the engineering industry
- To support adult employees and learners to develop themselves, engineering functions and systems to improve business performance
- To contribute to the development of specialist engineering competences within the National workforce to encourage economic development
- The main activities of the Charity have continued to be the provision of Apprenticeships, Training Needs Analysis and Administration, Training and Development courses and events

To achieve this, the Charity:

- Consults with members and employers to achieve a clear understanding of industry needs and provide effective solutions
- Consults with Government and Agencies to ensure that MGTS strategy supports industry related people development policies
- Consults with Local Enterprise Partnerships [LEPs], Local Authority and Schools to develop collaborative solutions to support young people's development, understanding and entry into industry

Our Values

1. MGTS aims to provide our customers with training and assessment activities that are relevant to the individual, their organisation, and its industry sector.
2. We believe that training and assessment activity undertaken should be clear and concise in its design and delivery.
3. That the delivery of any training and assessment activities are undertaken in a way and at a time which fully meets and supports the requirements of our customers, whatever those requirements may be.
4. MGTS will endeavour to take the lead in a professional manner, applying wisdom and knowledge whilst being supporting and encouraging.

Our Commitment

MGTS commit to provide our customers with access to competent staff, learning opportunities, comprehensive equipment and technology and rapid response to meet their training and assessment requirements.

We will achieve this through the application in all instances of our core values by consistently maintaining a high level of knowledge and understanding of the markets and environments within which our customers operate.

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2024

Public Benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular the trustees consider how planned activities will contribute to the aims and objectives they have set.

Our Strategic Objectives

1. Promote lifelong learning and development with learners, staff and employers.
2. Develop and deliver products and services offering progression through education, training, development and assessment, unlocking potential and delivering improved customer business performance.
3. Continually improve quality of content and delivery, focussing on stretching both the capability and experience for the learner.
4. Work in partnership with customers and stakeholders to provide solutions to their requirements at a local, regional and national level.
5. Utilise the charity's resources responsibly in pursuit of the strategic objectives.

CHALLENGES, ACHIEVEMENTS AND PERFORMANCE

The full year results for fiscal year 23/24 have returned a very healthy surplus, well above the planned budgetary figure. Income overall was on budget and some 10% up on prior year. Commercial course activity remains strong, and the results reflect this at 17% above budget and prior year. The commercial course calendar is very well populated, and in line with ever-increasing demand, investment is planned for the early part of fiscal year 24/25 to develop a new commercial suite of classrooms and practical training area. This in turn will allow for additional changes in the practical and classroom environment for apprenticeships to further increase our capacity and user experience. Expenditure was below the planned budget due in the main to the challenging environment for recruiting additional delivery staff and the reluctance of apprentices to undertake End Point Assessment (EPA).

Recruitment numbers for the September 2023 intake were 152 which represented a 100% capacity utilisation and was above the budgeted number. Within the apprentice starts for the past year was the first cohort of FDME apprentices to undertake the programme at the Coventry facility. Apprentice numbers for the 2024 intake look very positive with new companies committing to apprenticeship training with MGTS for the first time. The recruitment team continue to engage with careers events throughout catchment areas for both Coventry and Redditch centres, supporting the drive to increase applicant interest and numbers.

MGTS continues to achieve high levels of learner success rates and maintain a position of at least 12% above the national achievement rate. This is underpinned by the levels of work and progress continuing at pace on executing the MGTS Quality Framework Strategy, particularly around curriculum development and teaching and learning. The appointment of a Curriculum Manager has further strengthened the Senior Leadership Team and supports the focus on the drive to higher standards of teaching and learning curriculum development. Monthly Quality Improvement Meetings take place and link directly to the QIP (Quality Improvement Plan) and SAR (Self-Assessment Report).

MGTS took the decision within the last year to better utilise its short-term deposits and worked with an investment company on a charity specific investment package. Areas such as ethical objections on investments, along with liability forecasting and liquidity were all considered to develop the most suitable investment portfolio to support the charity and its aims.

Apprentices once again participated in outdoor challenge programmes with over 100 undertaking the experience which supports the behaviours element of their apprenticeship in activities that are different to the normal working environment.

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2024

Financial review

The financial year resulted in an unrestricted surplus of £469,877, an increase from £218,452 in 2023.

Income

Total unrestricted income of £4.8m was generated in 2023-2024, an increase of 8.5% over the previous year. Apprentice training income represented 75% of income, with commercial activities, reserve movements and investment income making up the balance. Commercial course demand continues to be buoyant and revenue from this business area continues to grow. Investment returns are showing significant growth year-over-year, driven in part by the continued high interest rate environment. Recognising the limitations of traditional interest-bearing accounts, the Board of Trustees made a strategic decision to invest £1.5m in a diversified portfolio of investment assets. This offers potential for a superior rate of return compared to lower-yielding savings options.

Expenditure

Unrestricted expenditure in 2023-2024 was £4.3m, £1m of this is related to our commercial activities, and the remaining £3.3m was spent supporting our charitable aims.

Funds

Total funds on 31 March 2024 were £4.1m (2023 £2.2m) of which all but £264,709 were unrestricted.

Principal Risks and Uncertainties

Ofsted - the introduction of the Education Inspection Framework in September 2019 means a renewed focus on quality and compliance e.g. Inspectors will be spending less time looking at performance data, and more time considering how providers are making sure their learners are developing the knowledge, skills and behaviours required to allow them to successfully progress and achieve. MGTS has now been inspected in the form of a full inspection. Having been 7 years since the last short inspection and 13 years since the last full inspection, this was undoubtedly a significant review of MGTS and its apprenticeship provision. The results as shown below bear testament to the continued success of the business and the hard work to continually strive for excellence across all facets of the business.

Overall effectiveness **Good**

The quality of education **Good**

Behaviour and attitudes **Good**

Personal development **Good**

Leadership and management **Good**

Apprenticeships **Good**

Inspectors took account of the MGTS's most recent self-assessment report and development plans, and the previous inspection report. The inspection was carried out using the further education and skills inspection handbook and took into account all relevant provision at MGTS. Inspectors collected a wide range of evidence to inform judgements, including visiting learning sessions, scrutinising learners' work, seeking the views of learners, staff and other stakeholders, and examining MGTS's documentation and records.

Inflation - the UK's rate of inflation has continued to impact on the business over the last 12 months, driven by such factors as food pricing, wholesale gas prices and worker shortages and wage increase demands. Increasing levels of pricing in raw materials has a major impact on MGTS which specializes in engineering based training and development, particularly when one factors in the stagnation of apprenticeship funding levels.

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2024

Staff recruitment – recruitment in general across all sectors remains challenging, none more so than those related to engineering and further education. Open job advertisements can take a considerable time to fill, particularly with what appears to be a weakened talent pool. Undoubtedly high performers are being retained by their existing business. Despite these challenges MGTS is moving forward and continues to strengthen the team for both practical and theory based educational training.

Government influence - ever present are the risks and uncertainties from modifications to structure and funding of the apprenticeship education and training sector made by Government.

Policies

a) Reserves

The Board of Trustees have assessed the free reserves (unrestricted funds excluding fixed assets, designated funds, and restricted funds) needed to maintain operations if some income-generating activities are temporarily curtailed. This ensures continued support for our charitable mission even amidst potential financial fluctuations.

The Trustees consider that an appropriate level of free reserves on 31 March 2024 would be 6 months of the group's budgeted expenditure amounting to £2.15 million. The actual free reserves on that date stood at £1.6 million, a shortfall of £0.55 million compared to the target. This is effectively addressed by the long-term investment portfolio valued at £0.9 million on 31st March 2024. This demonstrates our commitment to prudent financial management and ensures the availability of resources, even during periods of temporary income reduction.

b) Investments

Under the Memorandum and Articles of Association, the charity has the power to invest in any way the trustees wish. The Trustees have determined that the Charities short term investments should be in the form of interest-bearing cash deposits with major banks or financial institutions. Interest rates should be competitive and free of risk to the capital. Longer term investments have been placed with investment managers in two separate portfolios as follows:

Portfolio 1 - is managed in line with The Evelyn Partners Strategy 4 approach to investment risk and is described as being appropriate for an investor who is comfortable with medium volatility of returns, typically having around 55% of their portfolio invested in equities, and who is able to tolerate a loss of up to 15% of the value of their portfolio in any one year. This percentage loss is based on what might be reasonably expected 95% of the time. The projected annualised rate of return over the longer term is the Consumer Price Index (CPI) +2%

Portfolio 2 is a bespoke portfolio designed to match MGTS anticipated liabilities moving forward. As such, the account is invested in a mix of short dated UK Government bonds (1 month to 2 years, with the majority of the capital invested at the shorter end) allowing growth of the principal whilst permitting realisation of the funds at defined time intervals (if required).

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is a company, limited by guarantee, and has no share capital. It was incorporated on 17 July 1970. Its governing document is its Memorandum and Articles of Association, which were updated on 6th March 2019. The liability of each member in the event of winding up is limited to £20.

Charity number	528785
Company number	984899
Principal Office	Gulson Road, Coventry, CV1 2JG

The principal objects of the charitable company are: "To advance the theoretical and practical education and training of persons engaged or intending to be engaged in engineering general industrial and commercial activities"

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2024

To allow the charitable company to trade in activities complementary to its objects a subsidiary company 'MGTS Business and Training Services Limited' was incorporated on 22 September 2000. The Charity owns the 1,000 issued shares of £1 each. Taxable profits arising from the subsidiary are Gift Aided to the Charity.

Trustees/ Directors

The Trustees are elected by the Members of the Company and serve for five years before retiring. The Articles of the Company allow for unlimited Trustees/Directors. The Trustees may co-opt to fill casual vacancies arising during the year.

The following were Trustees during the whole of the year under review:

Ms C Bell	Mr D Montgomery
Mr K Kane	Mrs T Reynolds
Mr G F Lawton	Mr A Watson
Mr S Marson	Mr S Marson

The following were appointed as Trustees during the year:

Mr N Foster – appointed 23 May 2023

The following resigned as Trustees during the year:

Mrs R Ritchie – resigned 19 July 2023

The Trustees of the Charity meet at least 4 times per year. They set budgets for the Charity and monitor its financial performance through detailed quarterly financial reports. Major decisions affecting the Charity's operations are taken by the Trustees.

The Chief Executive, David Bridgens is responsible for implementing the Trustees policies. He reports on a quarterly basis to the Trustees. Additional ad hoc Trustees meetings are called whenever it is felt necessary either by the Trustees or the Chief Executive.

Trustee induction and training

New trustees undergo a series of briefings to inform them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the charity. During the induction they meet key employees and other trustees. Trustees are encouraged to attend appropriate training events where these will facilitate the understanding of their role.

Key Management Personnel

The following were key management personnel during the year under review: -

Chief Executive Officer	David Bridgens
Director of Delivery and Operations	Steve Palmer
Director of Finance and HR	Ruth Smith
Quality and Compliance Manager	Ruth Plane
Customer Engagement Manager	Adrian Simkiss

Arrangements for setting pay and remuneration

Trustees do not receive any form of remuneration and give their time freely.

The trustees review pay annually in October for all staff, including key personnel. Consideration is taken of the rate of inflation, and benchmark pay rates within the industry.

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2024

Risk management

We confirm that major risks have been reviewed and that systems and procedures have been established to manage those risks.

Government and Agencies

The Government will fully fund apprenticeships in small businesses from 1st April 2024 by paying the full cost of training for anyone up to the age of 21 - reducing costs and burdens for businesses and delivering more opportunities for young people to kick start their careers. This will remove the need for small employers to meet some of the cost of training and saves time and costs for providers like further education colleges who currently need to source funding separately from the government and businesses.

The move is underpinned by an additional £60 million of new government funding for next year, guaranteeing that where there is demand for apprenticeships from businesses, the government will ensure there is enough funding to deliver them. From the start of April, the government will also increase the amount of funding that employers who are paying the apprenticeship levy can pass onto other businesses. Apprenticeships can currently be funded by a levy paying employer transferring up to 25% of their unused levy to a different employer.

IfATE are undertaking a set of exceptional funding band reviews for 20 high-volume apprenticeships in skills shortage occupations and priority sectors. The 20 apprenticeships, which are all at level 2 or 3, were chosen by the DfE, following consultation with provider representative bodies, and taking account of available evidence on the impact of cost inflation on apprenticeships delivery. The reviews are intended to help employers and apprenticeship providers tackle rising costs in priority sectors with skills shortages, including engineering.

ESFA funding rules version 2, of the apprenticeship funding rules, brought key changes, including recognising that 16–18-year-olds starting apprenticeships are unlikely to hold relevant prior learning. Providers must check an individual's prior learning record and discuss their work history for relevant prior learning. Where there is no relevant prior learning and work experience, providers should document this with the employer and no further action is needed. If there is relevant prior learning and work experience, providers can complete the normal skills scan process to determine whether there should be a reduction in price, content and duration.

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2024

Small Companies Exemption

This report is prepared in accordance with special provisions of part 15 of the Companies Act 2006 relating to small companies.

The trustees who are the charitable company's directors are pleased to present their report together with the financial statements of the charitable company for the year ending 31 March 2024.

AUDITORS

A resolution will be put to the forthcoming AGM to reappoint Luckmans Duckett Parker Limited as Auditors for the year ending 31 March 2025.

Statement as to disclosure of information to auditors

The trustees who were in office on the date of approval of these financial statements have confirmed as far as they are aware, that there is no relevant audit information of which the auditors are unaware. The trustees have confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

PROFESSIONAL ADVISORS

The Charity is provided with professional services on a commercial basis by:

Luckmans Duckett Parker Limited	-	Audit
Lloyds Bank Plc	-	Banking
Band Hatton Button Solicitors	-	Legal
Loveitts Estate Agents	-	Property
Jensten Group	-	Insurance
Evelyn Partners	-	Investment management

On behalf of the Board



G Lawton
Chairman

Gulson Road
Coventry
CV1 2JG

13th November 2024

MIDLAND GROUP TRAINING SERVICES LIMITED
DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS
31 March 2024

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business;
- d. observe the methods and principles in the Charity SORP

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MIDLAND GROUP TRAINING SERVICES LIMITED
AUDITOR'S REPORT
Independent auditor's report to the members of Midland Group Training Services Limited

Opinion

We have audited the financial statements of Midland Group Training Services Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the parent company Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

MIDLAND GROUP TRAINING SERVICES LIMITED
AUDITOR'S REPORT
Independent auditor's report to the members of Midland Group Training Services Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the parent company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting these irregularities, including fraud is detailed below:

In identifying and assessing the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- reference to past history and experience of the Entity,
- enquiry of management, including obtaining and reviewing supporting documentation concerning the Entity's procedures relating to:
 - identifying and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detection and response to risk of fraud and whether they were aware of any actual or suspected instances of fraud.
- assessment of the controls and processes that the Entity has in place to mitigate risk.

Our assessments included the identification of the following potential areas for fraud:

- Management override of control; and
- Revenue recognition - specifically the recognition according to timing of the provision of training services, and manipulation of revenue through management override of journals.

MIDLAND GROUP TRAINING SERVICES LIMITED
AUDITOR'S REPORT
Independent auditor's report to the members of Midland Group Training Services Limited

We design audit procedures by tailored and directed testing to aid and support the level of determined level of risk. In response to the assessed risk we plan audit tests and procedures that target specific areas where misstatement may occur. These procedures and the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

- We critically assessed the appropriateness and tested the application of the revenue and cost recognition policies.
- We tested the appropriateness of accounting journals and other adjustments made in the preparation of the financial statements.
- We reviewed the Entity's accounting policies for non-compliance with relevant standards.
- We made enquiries of management and reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations.

In performing an audit in accordance with UK GAAP, we exercise professional judgement and maintain professional scepticism throughout the audit process.

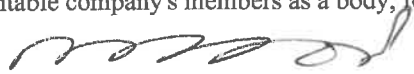
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion or override of internal controls. There are inherent limitations in the audit procedures performed.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

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



Mark Spafford FCCA ACA (Senior Statutory Auditor)
for and on behalf of Luckmans Duckett Parker Limited
1110 Elliott Court
Coventry Business Park
Herald Avenue
Coventry
West Midlands
CV5 6UB

Date: 13th November 2024

MIDLAND GROUP TRAINING SERVICES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2024

	Note	Unrestricted funds £	Restricted funds £	Total 2024 £	Total 2023 £
Income:					
<i>Income from Charitable activities:</i>					
Subscriptions, training, projects, course fees and extra services	4	3,395,332	76,000	3,471,332	3,160,699
<i>Income from other trading activities:</i>					
Commercial trading operations	9	1,336,582	-	1,336,582	1,299,079
Investment income	3	39,947	-	39,947	14,781
		<hr/>	<hr/>	<hr/>	<hr/>
Total incoming resources		4,771,861	76,000	4,847,861	4,474,559
		<hr/>	<hr/>	<hr/>	<hr/>
Expenditure:					
<i>Costs of raising funds:</i>					
Investment management costs		-	-	-	-
Commercial trading operations	9	1,046,210	-	1,046,210	1,067,497
<i>Expenditure on charitable activities</i>	5	3,255,774	134,184	3,389,958	3,229,294
		<hr/>	<hr/>	<hr/>	<hr/>
Total expenditure		4,301,984	134,184	4,436,168	4,296,791
		<hr/>	<hr/>	<hr/>	<hr/>
Net income/ (loss) before other recognised gains	6	469,877	(58,184)	411,693	177,768
<i>Other recognised losses</i>					
Change in fair value of pension scheme liability	12	1,367,524	-	1,367,524	-
Unrealised gain on investment assets	9	59,302	-	59,302	-
		<hr/>	<hr/>	<hr/>	<hr/>
Net movement in funds for the year		1,896,703	(58,184)	1,838,519	177,768
Fund balance brought forward at 1 April 2023		1,920,043	322,893	2,242,936	2,065,168
		<hr/>	<hr/>	<hr/>	<hr/>
Fund balance carried forward at 31 March 2024		<u>3,816,746</u>	<u>264,709</u>	<u>4,081,455</u>	<u>2,242,936</u>

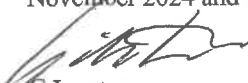
The statement of financial activities includes all gains and losses recognised in the year and in the previous year. All the company's activities are classed as continuing.

MIDLAND GROUP TRAINING SERVICES LIMITED
BALANCE SHEETS
at 31 March 2024
Company No 984899

		Group		Charity	
	Note	2024 £	2023 £	2024 £	2023 £
Fixed assets					
Tangible fixed assets	8	2,649,158	2,774,130	2,649,158	2,774,130
Investment in subsidiary undertaking	9	-	-	1,000	1,000
Other investments	9	1,559,302	-	1,559,302	-
		<u>4,208,460</u>	<u>2,774,130</u>	<u>4,209,460</u>	<u>2,775,130</u>
Current assets					
Debtors	10	602,498	630,076	380,663	433,993
Short term deposits		1,169,189	2,477,173	1,169,189	2,477,173
Bank balance and cash		68,139	144,190	23,915	65,441
		<u>1,839,826</u>	<u>3,251,439</u>	<u>1,573,767</u>	<u>2,976,607</u>
Creditors - amounts falling due within one year	11	(905,339)	(1,183,617)	(927,105)	(1,141,367)
		<u>934,487</u>	<u>2,067,822</u>	<u>646,662</u>	<u>1,835,240</u>
Creditors - amounts falling due after more than one year	11	(1,061,492)	(2,599,016)	(1,061,492)	(2,599,016)
		<u>4,081,455</u>	<u>2,242,936</u>	<u>3,794,630</u>	<u>2,011,354</u>
Net assets		<u>4,081,455</u>	<u>2,242,936</u>	<u>3,794,630</u>	<u>2,011,354</u>
Funds:					
Restricted funds	13	264,709	322,893	264,709	322,893
Unrestricted funds	13	3,529,921	1,688,461	3,529,921	1,688,461
Non-charitable trading funds	13	286,825	231,582	-	-
		<u>4,081,455</u>	<u>2,242,936</u>	<u>3,794,630</u>	<u>2,011,354</u>
Total funds		<u>4,081,455</u>	<u>2,242,936</u>	<u>3,794,630</u>	<u>2,011,354</u>

The financial statements have been prepared in accordance with special provisions of part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements on pages 12 to 26 were approved by the Board of Directors and authorised for issue on 13th November 2024 and were signed on its behalf by:


G Lawton
Chairman

MIDLAND GROUP TRAINING SERVICES LIMITED
CASH FLOW STATEMENT
for the year ended 31 March 2024

	Note	Group 2024 £	2023 £
Cash flows from operating activities:			
Cash generated from operations	1	282,374	144,756
		<hr/>	<hr/>
Net cash provided by (used in) operating activities		282,374	144,756
		<hr/>	<hr/>
Cash flows from investing activities:			
Interest received		39,947	14,781
Sale of tangible fixed assets		27,321	69,625
Purchase of tangible fixed assets		(233,677)	(187,371)
Purchase of investments		(1,500,000)	-
		<hr/>	<hr/>
Net cash provided by (used in) investing activities		(1,666,409)	(102,965)
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		(1,384,035)	41,791
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the reporting period		2,621,363	2,579,572
		<hr/>	<hr/>
Cash and cash equivalents at the end of the reporting period		1,237,328	2,621,363
		<hr/>	<hr/>

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES TO THE CASH FLOW STATEMENT
for the year ended 31 March 2024

1 Reconciliation of net income to net cash flow from operating activities	2024	2023
	£	£
Net income for the reporting period (as per the statement of financial activities)	1,838,519	177,768
Adjustments for:		
Depreciation charges	334,088	332,062
Profit on disposal of fixed assets	(2,760)	(33,436)
Change in fair value of pension scheme liability	(1,367,524)	26,040
Unrealised gain on investment assets	(59,302)	-
Investment income	(39,947)	(14,781)
(Increase)/decrease in debtors	27,578	(36,849)
Increase/(decrease) in creditors	(448,278)	(306,048)
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	282,374	144,756
	<hr/> <hr/>	<hr/> <hr/>

MIDLAND GROUP TRAINING SERVICES LIMITED
ACCOUNTING POLICIES
31 March 2024

1 Accounting Policies

Basis of preparation

The financial statements of the charitable company, which is a public benefit entity under FRS102, have been prepared in accordance with the Charities SORP (FRS102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard in the UK and Republic of Ireland (FRS102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value.

Accounting changes

The significant accounting policies adopted are described below.

Significant judgements and estimates

The preparation of the financial statements requires management to make significant judgements and estimates that affect the amounts reported within the balance sheet and statement of financial activities. The following are the Company's key sources of estimation uncertainty:

- **Multi- employer defined benefit pension scheme liability**

The schedule of contributions for the multi-employer defined benefit pension scheme is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. The mortality rate is based on publicly available mortality tables for the specific country. Future salary and pension increases are based on expected future inflation rates for the respective country.

The Company has included a liability within the financial statements to reflect its own future funding obligations based upon a discounted cash flow basis. The discount rate used is 0.85%.

In determining the appropriate discount rate, management considers the interest rate of AA corporate bonds denominated in Great British pound sterling, with a bond maturity similar in duration to the defined benefit funding obligation.

Group financial statements

The statement of financial activities (SOFA) and group balance sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

A separate SOFA and income and expenditure account are not presented for the charity itself following the exemptions afforded by Section 408 of the Companies Act 2006.

Income recognition policy

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably and is not deferred.

Investment income is recognised on a receivable basis.

MIDLAND GROUP TRAINING SERVICES LIMITED
ACCOUNTING POLICIES (continued)
31 March 2024

Resources expended and irrecoverable VAT

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance related grants are recognised as goods and services are supplied.

Charitable activities include expenditure associated in the provision of training services and include both the direct costs and support costs relating to these activities.

The charitable company recognises the cost of contractual redundancy payments as being part of the cost of the delivery of charitable activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Support costs include the central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, e.g., staff costs by the estimated time spent and other costs by their estimated usage.

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Taxation

The company is a registered charity and is exempt from taxation on its charitable activities. The subsidiary company has no tax liability as it donates its taxable profits to the charity under gift aid.

Tangible fixed assets

Fixed assets (excluding investments) are stated at cost less accumulated depreciation. Assets costing £3,000 or less are not capitalised. Depreciation is charged by instalments at rates estimated to write off the cost of the asset less any residual value over the expected useful lives at the following rates:-

2½% per annum on freehold buildings
4% per annum on freehold building improvements
10% per annum on leasehold building improvements
10% to 25% per annum on equipment and vehicles
33⅓% per annum on computer equipment

On disposal of assets in the ordinary course of business adjustments are made to the depreciation charge to reflect differences between the actual and estimated aggregate depreciation.

Investments

Investments held as fixed assets are revalued at mid-market value at the balance sheet date and the gain or loss taken to the Statement of Financial Activities.

Pensions – Defined Benefit Scheme

The defined benefit scheme was closed to new contributions on 31st August 2010. In accordance with paragraph 28.11 of FRS102 the company as a participating employer to the scheme, has recognised the present value of its share of the agreed contributions on the balance sheet as a liability on a discounted cash flow basis. MGTS's estimated liability on 31st March 2024 was £1.23m and is recalculated each year, with movements in the liability reflected in the Statement of Financial Activities and the element relating to the unwinding of the discount in interest payable. The Company has renegotiated its recovery plan as a result of the latest actuarial valuation on 31st March 2023.

Further information in relation to an update on the current status of the pension scheme deficit and the most recent valuation can be found in note 12 on page 23.

The Company is liable for its own funding obligations and is also liable for those of the other sponsoring employers, should those sponsoring employers default on their obligations.

Pension costs - Defined Contribution Scheme

The amount charged to the Statement of Financial Activities in respect of pension costs is the contribution payable in the year. Any differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2024

Funds structure

The charity has a number of restricted income funds to account for situations where a donor requires that a donation must be spent on a particular purpose or where funds have been raised for a specific purpose.

All other funds are unrestricted income funds.

2 Legal status of the Charity

The Charity is a company, limited by guarantee, and has no share capital. It was incorporated on 17 July 1970. Its governing document is its Memorandum and Articles of Association. The liability of each member in the event of winding up is limited to £20.

3 Investment income	2024	2023
	£	£
Short term deposit interest receivable	39,947	14,781
	<u> </u>	<u> </u>
4 Income from Charitable Activities		
Training services provided	3,471,332	3,160,699
	<u> </u>	<u> </u>
5 Charitable Activities Costs		
The charity undertakes direct charitable activities and does not make grant payments		
Provision of training services and projects	3,295,785	3,138,016
Support costs – salaries and office costs	94,173	91,278
	<u> </u>	<u> </u>
	3,389,958	3,229,294
	<u> </u>	<u> </u>
Governance costs		
Salaries and office costs	16,578	16,170
Auditors' remuneration		
- Audit	7,985	7,075
- Other services	1,700	1,500
	<u> </u>	<u> </u>
	26,263	24,745
	<u> </u>	<u> </u>

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2024

	2024	2023
6 Net incoming resources		
Net incoming resources are stated after charging/ (crediting):		
Directors' and officers' indemnity insurance	-	-
Depreciation of tangible fixed assets:		
- owned assets	266,647	264,793
- leased assets	67,440	67,269
(Profit)/loss on disposal of tangible fixed assets	(2,760)	(33,436)
Interest on pension scheme liabilities	-	26,040
	<u> </u>	<u> </u>
7 Staff costs	£	£
Wages and salaries	1,805,913	1,737,273
Social security costs	213,289	210,988
Pension costs	132,397	136,003
	<u> </u>	<u> </u>
	2,151,599	2,084,264
	<u> </u>	<u> </u>
Average number of employees	45	43
	<u> </u>	<u> </u>
Key management personnel		
Emoluments	447,625	507,756
Pension contributions to defined contribution scheme	28,233	30,618
	<u> </u>	<u> </u>
	475,858	538,374
	<u> </u>	<u> </u>
The number of employees who received emoluments of more than £60,000 in the year was as follows:		
£60,001 - £70,000	-	2
£70,001 - £80,000	2	-
£80,001 - £90,000	2	3
£110,000 - £120,000	-	1
£120,000 - £130,000	1	-
	<u> </u>	<u> </u>

Midland Group Training Services paid £28,233 (2023: £30,618) into a defined contribution pension scheme for 5 (2023: 6) higher-paid employees.

The directors do not receive emoluments or expenses.

Pension costs - Defined Benefit Scheme

In addition to the above, the Company made a payment of £192,220 (2023: £169,506) to the multi-employer defined benefit scheme (see note 12 on page 23).

Pension costs - Defined Contribution Scheme

The company provides pensions for current employees, through a defined contribution scheme. The employer contributions for the period were £108,348 (2023 £105,713). The running costs of the scheme are amalgamated with the Defined Benefit scheme and cannot be separately identified. There were no outstanding or prepaid contributions at the balance sheet date.

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2024

8 Tangible fixed assets – group and charity

	Freehold Property £	Leasehold Improvements £	Equipment & vehicles £	Total £
Cost				
1 April 2023	2,174,431	1,254,933	2,920,589	6,349,953
Additions	109,378	-	124,299	233,677
Disposals	-	-	(29,482)	(29,482)
31 March 2024	2,283,809	1,254,933	3,015,406	6,554,148
Depreciation				
1 April 2023	980,759	505,743	2,089,321	3,575,823
Charge for year	14,227	67,440	252,420	334,087
Disposals	-	-	(4,920)	(4,920)
31 March 2024	994,986	573,183	2,336,821	3,904,990
Net book value				
31 March 2024	1,288,823	681,750	678,585	2,649,158
31 March 2023	1,193,672	749,190	831,268	2,774,130

On 30th June 2021 the Company granted in favour of the Trustees of the EEF Staff Pension Fund an uncapped charge over the freehold property at Gulson Road, Coventry, included in the balance sheet at £1.2m.

9 Investments

	2024	2023
	£	£
Mid-market value at:		
1 April 2023	-	-
Invested	1,500,000	-
Unrealised gain on investments	59,302	-
31 March 2024	1,559,302	-

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2024

	Group		Charity	
	2024	2023	2024	2023
9 Fixed asset investment	£	£	£	£
Shares in subsidiary undertaking	-	-	1,000	1,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Subsidiary undertaking

MGTS Business and Training Services Limited which was incorporated in England on 22 September 2000 pays all its taxable profits to the charity by Gift Aid. MGTS Business and Training Services Limited operates as an executive arm of the charity. The charity owns the entire issued share capital of 1,000 ordinary shares of £1 each. A summary of the trading results is shown below.

Summary of profit and loss account

	2024	2023
	£	£
Turnover	1,336,582	1299,079
Interest receivable	153	
Cost of sales and administrative expenses	(1,046,210)	(1,063,422)
Governance costs	(3,700)	(4,075)
	<u> </u>	<u> </u>
Net profit	286,825	231,582
Retained profit brought forward	231,582	237,491
Amount gifted to the charity	(231,582)	(237,491)
	<u> </u>	<u> </u>
Retained in the subsidiary	<u> </u>	<u> </u>

The assets and liabilities of the subsidiary were:

Fixed assets	-	-
Current assets	666,948	787,628
Creditors: amounts falling due within one year	(379,123)	(555,046)
	<u> </u>	<u> </u>
Net assets	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
Aggregate share capital and reserves	<u> </u>	<u> </u>

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2024

	Group		Charity	
	2024	2023	2024	2023
	£	£	£	£
10 Debtors				
Amounts falling due within one year				
Trade debtors	438,088	446,463	235,874	258,782
Prepayments	160,711	174,505	141,090	166,103
Accrued income	3,699	9,108	3,699	9,108
	<u>602,498</u>	<u>630,076</u>	<u>380,663</u>	<u>433,993</u>
11 Creditors				
Amounts falling due within one year:				
Trade creditors	520,849	796,159	190,357	264,347
Taxation and social security payable	134,932	103,362	98,092	91,834
Accruals	79,558	91,876	67,768	80,170
Pension deficit liability	170,000	192,220	170,000	192,220
Amount due to subsidiary undertaking	-	-	400,888	512,796
	<u>905,339</u>	<u>1,183,617</u>	<u>927,105</u>	<u>1,141,367</u>
Amounts falling due after one year:				
Pension deficit liability	1,061,492	2,599,016	1,061,492	2,599,016
	<u>1,061,492</u>	<u>2,599,016</u>	<u>1,061,492</u>	<u>2,599,016</u>

Included within trade creditors is deferred income of £285,192 (2023 £312,378). These amounts are deferred because the income relates to future periods.

Deferred income at 1 April 2023	312,378
Used in year	(309,098)
Deferred in year	281,912
	<u>285,192</u>
Deferred income at 31 March 24	<u>285,192</u>

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2024

12 Pensions

The Company provides pensions for its employees through participation in the Engineering Employers' Federation Staff Pension Fund (the Fund), which is governed by a Trustee Board and maintained independently of the Company's finances for defined benefit members. There is a separate Master Trust for defined contribution members, which is also operated independently of the Company. The Fund was established to enable a number of autonomous but related employers to operate a scheme through the sharing of risk within a wider membership base. As such it is not possible for an underlying employer to identify its share of the underlying assets and liabilities. For multi-employer schemes where this is the case, paragraph 28.40A of FRS102 requires that Midland Group Training Services Limited account for its share of the present value of the agreed pension contributions payable to the scheme and where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit to the Company.

2023 Valuation

At the date of the last completed valuation of the fund (31st March 2023), the market value of the Fund's assets amounted to £143m. The valuation was carried out by an independent qualified actuary adopting a market-based approach using the projected unit method and the following main assumptions:

Single equivalent average rates (<i>in practise term-dependent curves are used</i>)	% per Annum
Rate of investment return (initial portfolio)	5.1
Rate of investment return (long term portfolio)	4.3
Rate of price inflation	3.6 (RPI)
Rate of increase in salaries	n/a
Rate of pension increases:	
RPI up to 5%	3.5
RPI up to 5%: minimum 3%	3.8
CPI up to 5%	3.1
CPI up to 2.5%	2.1

As at the valuation date these assets were insufficient, on the assumptions adopted, to meet the cost of the Fund's accrued liabilities. The Fund had a deficit of £19m on an ongoing funding basis.

The split between participating employers was re-evaluated on 31st March 2023 based on updated assumptions, resulting in the proportion attributed to MGTS's members decreasing to £1.3m (6.7%) 2020: 8.3%.

Subsequently, participating employers agreed contribution schedules with the Trustee that are expected to be sufficient to eliminate their share of the revised deficit over a period acceptable to the Trustee. Under this agreement Midland Group Training Services Limited is liable to make the following contributions in respect of its share of the deficit in the defined benefits section:

Amount	Dates	Frequency
£192,220	Payable on 1st April 2023.	One off
£170,000 pa	Payable from 1st April 2024 to 31st March 2031 inclusive. This will be increased by 2% each year.	Annually

In addition, the Company has granted an uncapped charge to the Trustee of the Fund, over the freehold property at Gulson Road, Coventry included in the Balance Sheet at 31st March 2024 at £1.2m (see note 8 page 20). It should be noted that the defined benefit scheme was closed to all future accruals during 2010.

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2024

13 Movement in funds

	1 April 2023	Incoming resources and gains	Resources expended and losses	Transfers	31 March 2024
	£	£	£	£	£
Restricted funds					
- 24+ Loan Fund	2,000	-	-		2,000
- Employer Incentives	13,000	76,000	(85,500)		3,500
- LEP Funding	307,893	-	(48,684)		259,209
Unrestricted funds	1,688,461	4,861,952	(3,020,492)		3,529,921
Non-charitable trading funds	231,582	1,336,735	(1,281,492)		286,825
	<u>2,242,936</u>	<u>6,274,687</u>	<u>(4,436,168)</u>	-	<u>4,081,455</u>

24+ Advanced Learning Loan Fund

These are funds made available to be loaned to eligible learners. These loans will help learners aged 24 or above pay the fees charged by colleges and training providers for courses at Level 3 and Level 4, or Advanced and Higher Apprenticeships.

Employer Incentives

The Education and Skills Funding Agency has made a number of incentive payments available to employers taking on an apprentice aged 16-18. These incentives payments are paid to the training provider at set points during the training and must be paid out to the employer.

LEP Funding

MGTS has invested in a new Advanced Engineering and Manufacturing Centre in Redditch, Worcestershire. Our £875,000 investment was matched by funding of £700,000 from the Worcestershire and Birmingham Local Enterprise Partnerships. The funding will be released over the life of the assets.

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2024

14 Analysis of net assets between funds

	Unrestricted £	Non-charitable trading funds £	Restricted £	Total £
Intangible fixed assets	896,273	-	-	896,273
Tangible fixed assets	2,389,949	-	259,209	2,649,158
Current assets	1,830,407	666,948	5,500	2,502,855
Current liabilities	(526,216)	(379,123)	-	(905,339)
Long term liabilities	(1,061,492)	-	-	(1,061,492)
	<u>3,528,921</u>	<u>287,825</u>	<u>264,709</u>	<u>4,081,455</u>

15 Operating lease commitments

The following operating lease payments are committed to be paid:

	2024	2023
	£	£
Within one year	108,062	107,326
Between two and five years	388,267	401,553
In more than five years	446,917	533,417
	<u>943,246</u>	<u>1,042,296</u>

16 Capital Commitments

The charitable company had no capital commitments at the year-end (2023 £nil).

MIDLAND GROUP TRAINING SERVICES LIMITED

England & Wales - Charity number 528785

Accounts

**MIDLAND GROUP TRAINING
SERVICES LIMITED**

REPORT AND FINANCIAL STATEMENTS

31 March 2023

**Company No 984899
Registered Charity No 528785**

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2023

OBJECTIVES AND ACTIVITIES

MGTS an Educational Charity – Employer Led and Membership Based

Our Aim

To be a national centre of excellence for education, training and development and assessment supporting both young people and adults in the development of engineering competences associated with engineering.

To achieve improved customer business performance by delivering cost effective employee technical and people development solutions to machinery reliant industries.

Charity Aims

- To support young people wishing to access the engineering industry
- To support adult employees and learners to develop themselves, engineering functions and systems to improve business performance
- To contribute to the development of specialist engineering competences within the National workforce to encourage economic development
- The main activities of the Charity have continued to be the provision of Apprenticeships, Training Needs Analysis and Administration, Training and Development courses and events

To achieve this, the Charity:

- Consults with members and employers to achieve a clear understanding of industry needs and provide effective solutions
- Consults with Government and Agencies to ensure that MGTS strategy supports industry related people development policies
- Consults with Local Enterprise Partnerships [LEPs], Local Authority and Schools to develop collaborative solutions to support young people's development, understanding and entry into industry

Our Values

1. MGTS aims to provide our customers with training and assessment activities that are relevant to the individual, their organisation, and its industry sector.
2. We believe that training and assessment activity undertaken should be clear and concise in its design and delivery.
3. That the delivery of any training and assessment activities are undertaken in a way and at a time which fully meets and supports the requirements of our customers, whatever those requirements may be.
4. MGTS will endeavour to take the lead in a professional manner, applying wisdom and knowledge whilst being supporting and encouraging.

Our Commitment

MGTS commit to provide our customers with access to competent staff, learning opportunities, comprehensive equipment and technology and rapid response to meet their training and assessment requirements.

We will achieve this through the application in all instances of our core values by consistently maintaining a high level of knowledge and understanding of the markets and environments within which our customers operate.

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2023

Public Benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular the trustees consider how planned activities will contribute to the aims and objectives they have set.

Our Strategic Objectives

1. Annually increase the number of customers strategically investing in people development; achieving local, regional and national growth.
2. Develop and deliver products and services offering progression through education, training and development and assessment; unlocking potential and delivering improved customer business performance.
3. Continually improve quality of content, quality of delivery and quality of learning management.
4. Work in partnership with customers and stakeholders to provide solutions to their requirements and the greater community, locally, regionally and nationally.
5. Utilise the charity's resources responsibly in pursuit of the strategic objectives.

CHALLENGES, ACHIEVEMENTS AND PERFORMANCE

The full year results for fiscal year 22/23 show a healthy surplus and in line with the planned budget. Both income and expenditure were in line with budget expectations and very similar to prior year results. Commercial course activity remains strong, and the results reflect this at some 12% above budget and 30% above prior year. The commercial course calendar is very well populated, with additional dates being added to support the demand. End Point Assessments (EPA) create challenges for the business for two reasons, the first of which is the actual timing of the event and the subsequent completion payment that is made to MGTS. There are a fair number of EPA's that were expected to complete in the 22/23 fiscal year that will now take place in 23/24. The second reason is that there are apprentices that are now refusing to undertake the EPA and purely relying on their qualifications as testament to their apprenticeship. Sadly, too many of the employers do not seem willing to push their apprentices to undertake the EPA as part of the overall apprenticeship. Failure to undertake the EPA in turn results in no 20% completion payment to MGTS.

Recruitment rates for the September 2022 intake were at 150 which represented a 100% capacity utilisation and was 10 apprentices above the budgeted number. Within the apprentice starts for the past year was the first cohort of FDEM apprentices to undertake the programme at the Coventry facility. Apprentice numbers for the 2023 intake look very positive with six new companies committing to apprenticeship training with MGTS for the first time. The recruitment team continued to engage with careers events throughout catchment areas for both Coventry and Redditch centres and since September over 65 events have been attended, supporting the drive to increase applicant interest and numbers.

MGTS continues to achieve high levels of learner success rates and maintain a position of at least 12% above the national achievement rate. This is underpinned by the levels of work and progress continuing at pace on executing the MGTS Quality Framework Strategy, particularly around curriculum development and teaching and learning. Monthly Quality Improvement Meetings take place and link directly to the QIP (Quality Improvement Plan) and SAR (Self-Assessment Report).

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2023

Financial review

The financial year result was an unrestricted surplus of £218,452 (2022 £233,052). The Company balance sheet has improved year on year with net current assets at the year-end of £2.1m (2022 £1.8m).

Income

Total unrestricted income of £4.4m was generated in 2022-2023, which is broadly the same as in the previous year. Apprentice training income represented 76% of this, with commercial activities, reserve movements and investment income making up the balance. Commercial course demand continues to be buoyant and revenue from this business area is now 2.5% above pre-pandemic levels.

Expenditure

Unrestricted expenditure in 2022-2023 remained at £4.2m, £1.1m of this is related to our commercial activities, and the remaining £3.1m was spent supporting our charitable aims.

Funds

Total funds on 31 March 2023 were £2.3m (2022 £2.1m) of which all but £322,893 were unrestricted.

Principal Risks and Uncertainties

Ofsted - the introduction of the Education Inspection Framework in September 2019 means a renewed focus on quality and compliance e.g. Inspectors will be spending less time looking at performance data, and more time considering how providers are making sure their learners are developing the knowledge, skills and behaviours required to allow them to successfully progress and achieve. Having gone through our last full Ofsted inspection in 2017 with a four-year cycle of assessment the business is aware that it is within scope of and that this will most likely take place during the 23/24 fiscal year.

Inflation - the UK's rate of inflation continues to remain high, driven by such factors as food pricing, wholesale gas prices and worker shortages and wage increase demands. Increasing levels of pricing in raw materials has a major impact on MGTS which specializes in engineering biased training and development, particularly when one factors in the stagnation of apprenticeship funding levels.

Staff recruitment – recruitment in general across all sectors remains challenging, none more so than those related to engineering and further education. Open job advertisements can take a considerable time to fill, particularly with what appears to be a weakened talent pool. Undoubtedly high performers are being retained by their existing business. Despite these challenges MGTS is moving forward and continues to strengthen the team for both practical and theory based educational training.

Government influence - ever present are the risks and uncertainties from modifications to structure and funding of the apprenticeship education and training sector made by Government.

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2023

Policies

a) Reserves

The trustees have forecast the level of free reserves (that is those funds not tied up in fixed assets, designated and restricted funds) required to sustain its operations in the event that some incoming generating activities are curtailed temporarily whilst the charitable activities are continued. The trustees consider that the most appropriate level of free reserves on 31 March 2023 would be 9 months of the group's budgeted expenditure i.e. £3.16m. The actual free reserves on 31 March 2023 were £2.05m being £1.1m (2022: £1.1m) short of the target figure. Whilst the shortfall remains unchanged, the actual level of free reserves has increased year on year.

b) Investments

Under the Memorandum and Articles of Association, the charity has the power to invest in any way the trustees wish. The trustees have determined that the Charity investments should be in the form of interest-bearing cash deposits with major banks or financial institutions and investment property. Interest rates should be competitive and free of risk to the capital.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is a company, limited by guarantee, and has no share capital. It was incorporated on 17 July 1970. Its governing document is its Memorandum and Articles of Association, which were updated on 6th March 2019. The liability of each member in the event of winding up is limited to £20.

Charity number	528785
Company number	984899
Principal Office	Gulson Road, Coventry, CV1 2JG

The principal objects of the charitable company are: "To advance the theoretical and practical education and training of persons engaged or intending to be engaged in engineering general industrial and commercial activities"

To allow the charitable company to trade in activities complementary to its objects a subsidiary company 'MGTS Business and Training Services Limited' was incorporated on 22 September 2000. The Charity owns the 1,000 issued shares of £1 each. Taxable profits arising from the subsidiary are Gift Aided to the Charity.

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2023

Trustees/ Directors

The Trustees are elected by the Members of the Company and serve for five years before retiring. The Articles of the Company allow for unlimited Trustees/Directors. The Trustees may co-opt to fill casual vacancies arising during the year.

The following were Trustees during the whole of the year under review:

Ms C Bell	Mrs T Reynolds
Mr K Kane	Mrs R Ritchie
Mr G F Lawton	Mr A Watson
Mr D Montgomery	

The following were appointed as Trustees during the year:

Mr S Marson

The Trustees of the Charity meet at least 4 times per year. They set budgets for the Charity and monitor its financial performance through detailed quarterly financial reports. Major decisions affecting the Charity's operations are taken by the Trustees.

The Chief Executive, David Bridgens is responsible for implementing the Trustees policies. He reports on a quarterly basis to the Trustees. Additional ad hoc Trustees meetings are called whenever it is felt necessary either by the Trustees or the Chief Executive.

Trustee induction and training

New trustees undergo a series of briefings to inform them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the charity. During the induction they meet key employees and other trustees. Trustees are encouraged to attend appropriate training events where these will facilitate the understanding of their role.

Key Management Personnel

The following were key management personnel during the year under review: -

Chief Executive Officer	David Bridgens
Director of Delivery and Operations	Steve Palmer
Director of Finance and HR	Ruth Smith
Business Systems and Contracts Manager	Adrian Lawrence (resigned 26.3.23)
Quality and Compliance Manager	Ruth Plane
Customer Engagement Manager	Adrian Simkiss

Arrangements for setting pay and remuneration

Trustees do not receive any form of remuneration and give their time freely.

The trustees review pay annually in October for all staff, including key personnel. Consideration is taken of the rate of inflation, and benchmark pay rates within the industry.

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2023

Risk management

We confirm that major risks have been reviewed and that systems and procedures have been established to manage those risks.

Government and Agencies

The government is committed to supporting apprenticeships through innovation and increased funding. In September 2021 a new online service launched to make it easier for large employers that pay the Apprenticeship Levy to spend their funds, and for other employers to review and apply for funding. Government funding for apprenticeships is set to increase by £170 million to £2.7 billion in 2024-25.

The ESFA have updated the apprenticeship accountability framework technical specification which outlines the quality indicators that form part of the apprenticeship accountability framework and how these are applied for this first year. It has been updated to include information about the thresholds for OTJT (Off the Job Training), achievement rates and retention rates. In response to feedback from training providers, the ESFA have also amended the thresholds for withdrawals, learners past planned end date and breaks in learning for providers that fall into the “needs improvement” category.

The thresholds included in the framework are not targets for the apprenticeships programme and should not be used by providers as targets to benchmark their provision against. Instead, these thresholds reflect minimum expectations and will be used to inform any intervention actions the ESFA will take in response to concerns about the quality of delivery at a provider.

Both the Kickstart Scheme and additional apprenticeship funding incentives started in September 2020 have now finished as of the 31 January 2022. The Kickstart Scheme had 250,000 targeted roles to fill and only 100,000 available roles have been filled. The employer incentive payment scheme for taking on an apprentice will now revert back to the £1,000.

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2023

Small Companies Exemption

This report is prepared in accordance with special provisions of part 15 of the Companies Act 2006 relating to small companies.

The trustees who are the charitable company's directors are pleased to present their report together with the financial statements of the charitable company for the year ending 31 March 2023.

AUDITORS

A resolution will be put to the forthcoming AGM to reappoint Luckmans Duckett Parker Limited as Auditors for the year ending 31 March 2024.

Statement as to disclosure of information to auditors

The trustees who were in office on the date of approval of these financial statements have confirmed as far as they are aware, that there is no relevant audit information of which the auditors are unaware. The trustees have confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

PROFESSIONAL ADVISORS

The Charity is provided with professional services on a commercial basis by:

Luckmans Duckett Parker Limited	-	Audit
Lloyds TSB Plc	-	Banking
Band Hatton Button Solicitors	-	Legal
Loveitts Estate Agents	-	Property
Jensten Group	-	Insurance

On behalf of the Board



G Lawton
Chairman

Gulson Road
Coventry
CV1 2JG
6th September 2023

MIDLAND GROUP TRAINING SERVICES LIMITED
DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS
31 March 2023

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business;
- d. observe the methods and principles in the Charity SORP

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MIDLAND GROUP TRAINING SERVICES LIMITED
AUDITOR'S REPORT
Independent auditor's report to the members of Midland Group Training Services Limited

Opinion

We have audited the financial statements of Midland Group Training Services Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the parent company Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

**MIDLAND GROUP TRAINING SERVICES LIMITED
AUDITOR'S REPORT**

Independent auditor's report to the members of Midland Group Training Services Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the parent company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting these irregularities, including fraud is detailed below:

In identifying and assessing the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- reference to past history and experience of the Entity,
- enquiry of management, including obtaining and reviewing supporting documentation concerning the Entity's procedures relating to:
 - identifying and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detection and response to risk of fraud and whether they were aware of any actual or suspected instances of fraud.
- assessment of the controls and processes that the Entity has in place to mitigate risk.

Our assessments included the identification of the following potential areas for fraud:

- Management override of control; and
- Revenue recognition - specifically the recognition according to timing of the provision of training services, and manipulation of revenue through management override of journals.

**MIDLAND GROUP TRAINING SERVICES LIMITED
AUDITOR'S REPORT**

Independent auditor's report to the members of Midland Group Training Services Limited

We design audit procedures by tailored and directed testing to aid and support the level of determined level of risk. In response to the assessed risk we plan audit tests and procedures that target specific areas where misstatement may occur. These procedures and the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

- We critically assessed the appropriateness and tested the application of the revenue and cost recognition policies.
- We tested the appropriateness of accounting journals and other adjustments made in the preparation of the financial statements.
- We reviewed the Entity's accounting policies for non-compliance with relevant standards.
- We made enquiries of management and reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations.

In performing an audit in accordance with UK GAAP, we exercise professional judgement and maintain professional scepticism throughout the audit process.

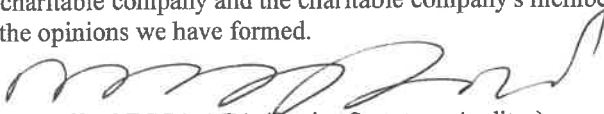
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion or override of internal controls. There are inherent limitations in the audit procedures performed.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

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



Mark Spafford FCCA ACA (Senior Statutory Auditor)
for and on behalf of Luckmans Duckett Parker Limited
1110 Elliott Court
Coventry Business Park
Herald Avenue
Coventry
West Midlands
CV5 6UB

Date: ..6th September 2023

MIDLAND GROUP TRAINING SERVICES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2023

	Note	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Income:					
<i>Income from donations and legacies:</i>					
Coronavirus Job Retention Scheme income	1	-	-	-	8,242
<i>Income from Charitable activities:</i>					
Subscriptions, training, projects, course fees and extra services	4	3,081,699	79,000	3,160,699	3,382,174
<i>Income from other trading activities:</i>					
Commercial trading operations	9	1,299,079	-	1,299,079	1,120,082
Investment income	3	14,781	-	14,781	2,130
		-----	-----	-----	-----
Total incoming resources		4,395,559	79,000	4,474,559	4,512,628
		-----	-----	-----	-----
Expenditure:					
<i>Costs of raising funds:</i>					
Investment management costs		-	-	-	-
Commercial trading operations	9	1,067,497	-	1,067,497	882,591
<i>Expenditure on charitable activities</i>	5	3,109,610	119,684	3,229,294	3,468,669
		-----	-----	-----	-----
Total expenditure		4,177,107	119,684	4,296,791	4,351,260
		-----	-----	-----	-----
Net income/ (loss) before other recognised gains	6	218,452	(40,684)	177,768	161,368
Other recognised losses					
Change in fair value of pension scheme liability	12	-	-	-	-
		-----	-----	-----	-----
Net movement in funds for the year		218,452	(40,684)	177,768	161,368
Fund balance brought forward at 1 April 2022		1,701,591	363,577	2,065,168	1,903,800
		-----	-----	-----	-----
Fund balance carried forward at 31 March 2023		1,920,043	322,893	2,242,936	2,065,168
		=====	=====	=====	=====


The statement of financial activities includes all gains and losses recognised in the year and in the previous year. All the company's activities are classed as continuing.

MIDLAND GROUP TRAINING SERVICES LIMITED
BALANCE SHEETS
at 31 March 2023
Company No 984899

		Group		Charity	
	Note	2023 £	2022 £	2023 £	2022 £
Fixed assets					
Tangible fixed assets	8	2,774,130	2,981,849	2,774,130	2,981,849
Investment in subsidiary undertaking	9	-	-	1,000	1,000
		<u>2,774,130</u>	<u>2,981,849</u>	<u>2,775,130</u>	<u>2,982,849</u>
Current assets					
Debtors	10	630,076	587,457	433,993	381,907
Short term deposits		2,477,173	2,472,463	2,477,173	2,472,463
Bank balance and cash		144,190	107,109	65,441	59,371
		<u>3,251,439</u>	<u>3,167,029</u>	<u>2,976,607</u>	<u>2,913,741</u>
Creditors - amounts falling due within one year	11	(1,183,617)	(1,318,514)	(1,141,367)	(1,303,717)
		<u>2,068,822</u>	<u>1,848,515</u>	<u>1,835,240</u>	<u>1,610,024</u>
Net current assets					
Creditors - amounts falling due after more than one year	11	(2,599,016)	(2,765,196)	(2,599,016)	(2,765,196)
		<u>2,242,936</u>	<u>2,065,168</u>	<u>2,011,354</u>	<u>1,827,677</u>
Net assets					
Funds:					
Restricted funds	13	322,893	363,577	322,893	363,577
Unrestricted funds	13	1,688,461	1,464,100	1,688,461	1,464,100
Non-charitable trading funds	13	231,582	237,491	-	-
		<u>2,242,936</u>	<u>2,065,168</u>	<u>2,011,354</u>	<u>1,827,677</u>

The financial statements have been prepared in accordance with special provisions of part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements on pages 12 to 26 were approved by the Board of Directors and authorised for issue on 6th September 2023 and were signed on its behalf by:


G Lawton
Chairman

MIDLAND GROUP TRAINING SERVICES LIMITED
CASH FLOW STATEMENT
for the year ended 31 March 2023

	Note	2023 £	Group 2022 £
Cash flows from operating activities:			
Cash generated from operations	1	144,756	(335,603)
		<hr/>	<hr/>
Net cash provided by (used in) operating activities		144,756	(335,603)
		<hr/>	<hr/>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(187,371)	(334,539)
Sale of tangible fixed assets		69,625	55,086
Interest received		14,781	2,130
		<hr/>	<hr/>
Net cash provided by (used in) investing activities		(102,965)	(277,323)
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		41,791	(612,926)
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the reporting period		2,579,572	3,192,498
		<hr/>	<hr/>
Cash and cash equivalents at the end of the reporting period		2,621,363	2,579,572
		<hr/> <hr/>	<hr/> <hr/>

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES TO THE CASH FLOW STATEMENT
for the year ended 31 March 2023

1 Reconciliation of net income to net cash flow from operating activities	2023	2022
	£	£
Net income for the reporting period (as per the statement of financial activities)	177,768	161,368
Adjustments for:		
Depreciation charges	332,062	313,680
Profit on disposal of fixed assets	(33,436)	(27,544)
Change in fair value of pension scheme liability	26,040	46,219
Interest received	(14,781)	(2,130)
(Increase)/decrease in debtors	(36,849)	(38,787)
Increase/(decrease) in creditors	(306,048)	(788,409)
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	144,756	(335,603)
	<hr/> <hr/>	<hr/> <hr/>

MIDLAND GROUP TRAINING SERVICES LIMITED
ACCOUNTING POLICIES
31 March 2023

1 Accounting Policies

Basis of preparation

The financial statements of the charitable company, which is a public benefit entity under FRS102, have been prepared in accordance with the Charities SORP (FRS102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard in the UK and Republic of Ireland (FRS102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value.

Accounting changes

The significant accounting policies adopted are described below.

Significant judgements and estimates

The preparation of the financial statements requires management to make significant judgements and estimates that affect the amounts reported within the balance sheet and statement of financial activities. The following are the Company's key sources of estimation uncertainty:

- **Multi- employer defined benefit pension scheme liability**

The schedule of contributions for the multi-employer defined benefit pension scheme is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. The mortality rate is based on publicly available mortality tables for the specific country. Future salary and pension increases are based on expected future inflation rates for the respective country.

The Company has included a liability within the financial statements to reflect its own future funding obligations based upon a discounted cash flow basis. The discounted cash flow has been calculated by using predicted future inflation rates of 10% in years 1 and 2 and 6% thereafter. The discount rate used is 0.85%.

In determining the appropriate discount rate, management considers the interest rate of AA corporate bonds denominated in Great British pound sterling, with a bond maturity similar in duration to the defined benefit funding obligation.

Group financial statements

The statement of financial activities (SOFA) and group balance sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

A separate SOFA and income and expenditure account are not presented for the charity itself following the exemptions afforded by Section 408 of the Companies Act 2006.

Income recognition policy

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably and is not deferred.

The charitable company recognises support from the Coronavirus Job Retention Scheme on a receivable basis as an unrestricted donation to the charitable company.

Investment income is recognised on a receivable basis.

MIDLAND GROUP TRAINING SERVICES LIMITED
ACCOUNTING POLICIES (continued)
31 March 2023

Resources expended and Irrecoverable VAT

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance related grants are recognised as goods and services are supplied.

Charitable activities include expenditure associated in the provision of training services and include both the direct costs and support costs relating to these activities.

The charitable company recognises the cost of contractual redundancy payments as being part of the cost of the delivery of charitable activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Support costs include the central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, e.g., staff costs by the estimated time spent and other costs by their estimated usage.

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Taxation

The company is a registered charity and is exempt from taxation on its charitable activities. The subsidiary company has no tax liability as it donates its taxable profits to the charity under gift aid.

Tangible fixed assets

Fixed assets costing £3,000 or more are capitalised at cost.

Depreciation is charged by instalments at rates estimated to write off the cost of the asset less any residual value over the expected useful lives at the following rates:-

2½% per annum on freehold buildings
4% per annum on freehold building improvements
10% per annum on leasehold building improvements
10% to 25% per annum on equipment and vehicles
33⅓% per annum on computer equipment

On disposal of assets in the ordinary course of business adjustments are made to the depreciation charge to reflect differences between the actual and estimated aggregate depreciation.

Pensions – Defined Benefit Scheme

The defined benefit scheme was closed to new contributions on 31st August 2010. In accordance with paragraph 28.11 of FRS102 the company as a participating employer to the scheme, has recognised the present value of its share of the agreed contributions on the balance sheet as a liability on a discounted cash flow basis. MGTS's estimated liability as at 31st March 2021 was £3.6M and is recalculated each year, with movements in the liability reflected in the Statement of Financial Activities and the element relating to the unwinding of the discount in interest payable. The Company has renegotiated its recovery plan as a result of the latest actuarial valuation on 31st March 2020.

Further information in relation to an update on the current status of the pension scheme deficit and the most recent valuation can be found in note 12 on page 23.

The Company is liable for its own funding obligations and is also liable for those of the other sponsoring employers, should those sponsoring employers default on their obligations.

Pension costs - Defined Contribution Scheme

The amount charged to the Statement of Financial Activities in respect of pension costs is the contribution payable in the year. Any differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2023

Funds structure

The charity has a number of restricted income funds to account for situations where a donor requires that a donation must be spent on a particular purpose or where funds have been raised for a specific purpose.

All other funds are unrestricted income funds.

2 Legal status of the Charity

The Charity is a company, limited by guarantee, and has no share capital. It was incorporated on 17 July 1970. Its governing document is its Memorandum and Articles of Association. The liability of each member in the event of winding up is limited to £20.

3 Investment income	2023	2022
	£	£
Short term deposit interest receivable	14,781	2,130
	<u> </u>	<u> </u>
4 Income from Charitable Activities		
Training services provided	3,160,699	3,281,874
	<u> </u>	<u> </u>
5 Charitable Activities Costs		
The charity undertakes direct charitable activities and does not make grant payments		
Provision of training services and projects	3,138,016	3,387,721
Support costs – salaries and office costs	91,278	80,948
	<u> </u>	<u> </u>
	3,229,294	3,468,669
	<u> </u>	<u> </u>
Governance costs		
Salaries and office costs	16,170	13,533
Auditors' remuneration		
- Audit	7,075	9,925
- Other services	1,500	1,500
	<u> </u>	<u> </u>
	24,745	24,958
	<u> </u>	<u> </u>

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2023

	2023	2022
6 Net incoming resources		
Net incoming resources are stated after charging/ (crediting):		
Directors' and officers' indemnity insurance	-	-
Depreciation of tangible fixed assets:		
- owned assets	264,793	246,909
- leased assets	67,269	66,771
(Profit)/loss on disposal of tangible fixed assets	(33,436)	(27,544)
Interest on pension scheme liabilities	26,040	46,219
	-	-
7 Staff costs	£	£
Wages and salaries	1,737,273	1,602,275
Social security costs	210,988	194,635
Pension costs	136,003	130,042
	2,084,264	1,926,952
Average number of employees	43	43
Key management personnel		
Emoluments	507,756	410,062
Pension contributions to defined contribution scheme	30,618	27,054
	538,374	437,116
The number of employees who received emoluments of more than £60,000 in the year was as follows:		
£60,001 - £70,000	2	3
£70,001 - £80,000	-	-
£80,001 - £90,000	3	2
£110,000 - £120,000	1	1
	6	6

Midland Group Training Services paid £30,618 (2022: £27,054) into a defined contribution pension scheme for 6 (2022: 6) higher-paid employees.

The directors do not receive emoluments or expenses.

Pension costs - Defined Benefit Scheme

In addition to the above, the Company made a payment of £169,506 (2022: £757,700) to the multi-employer defined benefit scheme (see note 12 on page 23).

Pension costs - Defined Contribution Scheme

The company provides pensions for current employees, through a defined contribution scheme. The employer contributions for the period were £105,713 (2022 £101,370). The running costs of the scheme are amalgamated with the Defined Benefit scheme and cannot be separately identified. There were no outstanding or prepaid contributions at the balance sheet date.

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2023

8 Tangible fixed assets – group and charity

	Freehold Property £	Leasehold Improvements £	Equipment & vehicles £	Total £
Cost				
1 April 2022	2,164,151	1,254,933	2,962,319	6,381,403
Additions	10,280	-	150,252	160,532
Disposals	-	-	(191,982)	(191,982)
	<hr/>	<hr/>	<hr/>	<hr/>
31 March 2023	2,174,431	1,254,933	2,920,589	6,349,953
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
1 April 2021	969,317	438,474	1,991,763	3,399,554
Charge for year	11,442	67,269	253,351	332,062
Disposals	-	-	(155,793)	(155,793)
	<hr/>	<hr/>	<hr/>	<hr/>
31 March 2023	980,759	505,743	2,089,321	3,575,823
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
31 March 2023	1,193,672	749,190	831,268	2,774,130
	<hr/>	<hr/>	<hr/>	<hr/>
31 March 2021	1,194,834	816,459	970,556	2,981,849
	<hr/>	<hr/>	<hr/>	<hr/>

On 30th June 2021 the Company granted in favour of the Trustees of the EEF Staff Pension Fund an uncapped charge over the freehold property at Gulson Road, Coventry, included in the balance sheet at £1.2m.

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2023

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
9 Fixed asset investment				
Shares in subsidiary undertaking	-	-	1,000	1,000

Subsidiary undertaking

MGTS Business and Training Services Limited which was incorporated in England on 22 September 2000 pays all its taxable profits to the charity by Gift Aid. MGTS Business and Training Services Limited operates as an executive arm of the charity. The charity owns the entire issued share capital of 1,000 ordinary shares of £1 each. A summary of the trading results is shown below.

Summary of profit and loss account

	2023 £	2022 £
Turnover	1,299,079	1,120,082
Cost of sales and administrative expenses	(1,063,422)	(878,491)
Governance costs	(4,075)	(4,100)
Net profit	231,582	237,491
Retained profit brought forward	237,491	111,704
Amount gifted to the charity	(237,491)	(111,704)
Retained in the subsidiary	231,582	237,491

The assets and liabilities of the subsidiary were:

Fixed assets	-	-
Current assets	787,628	914,648
Creditors: amounts falling due within one year	(555,046)	(676,157)
Net assets	232,582	238,491
Aggregate share capital and reserves	232,582	238,491

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2023

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
10 Debtors				
Amounts falling due within one year				
Trade debtors	446,463	471,919	258,782	271,269
Prepayments	174,505	115,239	166,103	110,339
Accrued income	9,108	299	9,108	299
Amount due from subsidiary undertaking	-	-	-	-
	<u>630,076</u>	<u>587,457</u>	<u>433,993</u>	<u>381,907</u>
11 Creditors				
Amounts falling due within one year:				
Trade creditors	796,159	861,184	264,347	209,222
Taxation and social security payable	103,362	117,329	91,834	100,907
Accruals	91,876	170,495	80,170	162,722
Pension deficit liability	192,220	169,506	192,220	169,506
Amount due to subsidiary undertaking	-	-	512,796	661,360
	<u>1,183,617</u>	<u>1,318,514</u>	<u>1,141,367</u>	<u>1,303,717</u>
Amounts falling due after one year:				
Pension deficit liability	2,599,016	2,765,196	2,599,016	2,765,196

Included within trade creditors is deferred income of £312,378 (2022 £353,000). These amounts are deferred because the income relates to future periods.

Deferred income at 1 April 2022	353,000
Used in year	(336,351)
Deferred in year	295,729
	<u>312,378</u>
Deferred income at 31 March 23	<u>312,378</u>

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2023

12 Pensions

The Company provides pensions for its employees through participation in the Engineering Employers' Federation Staff Pension Fund (the Fund), which is administered by a Trustee and maintained independently of the Company's finances for defined benefit members and a separate Master Trust for defined contribution members. The Fund was established to enable a number of autonomous but related employers to operate a scheme through the sharing of risk within a wider membership base. As such it is not possible for an underlying employer to identify its share of the underlying assets and liabilities. For multi-employer schemes where this is the case, paragraph 28.40A of FRS102 requires that Midland Group Training Services Limited account for its share of the present value of the agreed pension contributions payable to the scheme and where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit to the Company.

2020 Valuation

At the date of the last completed valuation of the fund (31st March 2020), the market value of the Fund's assets amounted to £184m. The valuation was carried out by an independent qualified actuary adopting a market-based approach using the projected unit method and the following main assumptions:

Single equivalent average rates (<i>in practise term-dependent curves are used</i>)	% per Annum
Rate of investment return (initial portfolio)	2.2
Rate of investment return (long term portfolio)	1.2
Rate of price inflation	2.8 (RPI)
Rate of increase in salaries	n/a
Rate of pension increases:	
RPI up to 5%	2.7
RPI up to 5%: minimum 3%	3.4
CPI up to 5%	2.4
CPI up to 2.5%	1.9

As at the valuation date these assets were insufficient, on the assumptions adopted, to meet the cost of the Fund's accrued liabilities. The Fund had a deficit of £60m on an ongoing funding basis. Due to the extreme volatility of the market around the valuation date, the Pension Regulator issued guidance that the Trustee can consider post valuation experience as part of the valuation. The Trustee considered the position rolled forward to 31st August 2020 which revealed a deficit of £47m resulting from some recovery in financial markets.

The split between participating employers was re-evaluated on 31st March 2020 based on updated assumptions, resulting in the proportion attributed to MGTS's members increasing to £3.9m (8.3%) 2019: 4.4%.

Subsequently, participating employers agreed contribution schedules with the Trustee that are expected to be sufficient to eliminate their share of the revised deficit over a period acceptable to the Trustee. Under this agreement Midland Group Training Services Limited is liable to make the following contributions in respect of its share of the deficit in the defined benefits section:

Amount	Dates	Frequency
£39,426	Payable from 1 st April 2021 to 30 th June 2021 inclusive.	Monthly
£718,274	Payable July 2021	One off
£157,680 pa	Payable from 1st April 2022 to 31st March 2034 inclusive. This will be increased in line with the increase in the RPI (on a preceding December to December basis).	Annually
£500,000	Payable April 2026	One off

In addition, the Company has granted an uncapped charge to the Trustee of the Fund, over the freehold property at Gulson Road, Coventry included in the Balance Sheet at 31st March 2023 at £1.2m (see note 8 page 20). It should be noted that the defined benefit scheme was closed to all future accruals during 2010.

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2023

13 Movement in funds

	1 April 2022	Incoming resources	Resources expended and losses	Capital Expenditure	31 March 2023
	£	£	£	£	£
Restricted funds					
- 24+ Loan Fund	2,000	-	-		2,000
- Employer Incentives	5,000	79,000	(71,000)		13,000
- LEP Funding	356,577	-	(48,684)		307,893
Unrestricted funds	1,464,100	3,096,480	(2,872,119)		1,688,461
Non-charitable trading funds	237,491	1,299,079	(1,304,988)		231,582
	2,065,168	4,474,559	(4,296,791)	-	2,242,936

24+ Advanced Learning Loan Fund

These are funds made available to be loaned to eligible learners. These loans will help learners aged 24 or above pay the fees charged by colleges and training providers for courses at Level 3 and Level 4, or Advanced and Higher Apprenticeships.

Employer Incentives

The Education and Skills Funding Agency has made a number of incentive payments available to employers taking on an apprentice aged 16-18. These incentives payments are paid to the training provider at set points during the training and must be paid out to the employer.

LEP Funding

MGTS has invested in a new Advanced Engineering and Manufacturing Centre in Redditch, Worcestershire. Our £875,000 investment was matched by funding of £700,000 from the Worcestershire and Birmingham Local Enterprise Partnerships. The funding will be released over the life of the assets.

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2023

14 Analysis of net assets between funds

	Unrestricted £	Non-charitable trading funds £	Restricted £	Total £
Intangible fixed assets	-	-	-	-
Tangible fixed assets	2,466,237	-	307,893	2,774,130
Current assets	2,449,811	786,628	15,000	3,251,439
Current liabilities	(628,571)	(555,046)	-	(1,183,617)
Long term liabilities	(2,599,016)	-	-	(2,599,016)
	<u>1,688,461</u>	<u>231,582</u>	<u>322,893</u>	<u>2,242,936</u>

15 Operating lease commitments

The following operating lease payments are committed to be paid:

	2023 £	2022 £
Within one year	107,326	95,615
Between two and five years	401,553	364,905
In more than five years	533,417	619,917
	<u>1,042,296</u>	<u>1,080,437</u>

16 Capital Commitments

The charitable company had capital commitments at the year-end of £nil (2022 £36,990).

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2023

17 Post Balance Sheet Events

The triennial pension deficit valuation was based upon a spot point date of 31st March 2020, a point in time when the COVID-19 pandemic was responsible for a significant shock in financial markets. As a result of this substantial fall in financial markets, and a corresponding fall in bond yields, the pension deficit increased materially for the Company.

In order to address this increased deficit, the Company negotiated a long-term plan with the Trustee of the pension scheme such that the deficit repair contributions are maintained at an affordable level over a longer period of 14 years. A combination of one-off payments and regular contributions together with granting the pension Trustee uncapped security over the freehold building (as referenced in note 8 on page 20) has enabled the 2022-23 onwards contribution to be maintained at £158K plus RPI rather than £180K plus RPI under the original plan. This recovery plan was approved by the Pension Trustees and MGTS Board of Trustees in June 2021, and payment of the agreed contribution was made in full.

It should be noted that based upon external valuations carried out by professional valuers in April 2021, the freehold property over which the Trustee has security and is currently carried in the balance sheet at historic cost, has a market value (on a vacant possession basis) which is around £3.7m higher than the book carrying value.

Since the valuation, pension scheme fund investments have performed significantly better than expected which has in turn improved the deficit position as of December 2022 to approximately £16m on an actuarial basis. 8.3% of this is attributable to this Company (£1.3m). Whilst this will not immediately or directly improve the Company's reported deficit on the balance sheet, the Company is exploring options with the Trustee to capitalise on this investment gain in order to reduce the risk of greater exposure to future downside risks, increase the likelihood of member benefits being paid and increase the chances of the Company recovery payment period being potentially shortened at a later date. The latest triennial review is in progress and will be reflected in the financial statements to 31st March 2024.

Notwithstanding the above, at the time of approving the financial statements the Trustees believe the Company has enough sufficient resources to be able to continue trading for the foreseeable future and specifically for at least 12 months after signing.

MIDLAND GROUP TRAINING SERVICES LIMITED

England & Wales - Charity number 528785

Accounts

**MIDLAND GROUP TRAINING
SERVICES LIMITED**

REPORT AND FINANCIAL STATEMENTS

31 March 2022

**Company No 984899
Registered Charity No 528785**

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2022

OBJECTIVES AND ACTIVITIES

MGTS an Educational Charity – Employer Led and Membership Based

Our Aim

To be a national centre of excellence for education, training and development and assessment supporting both young people and adults in the development of engineering competences associated with engineering.

To achieve improved customer business performance by delivering cost effective employee technical and people development solutions to machinery reliant industries.

Charity Aims

- To support young people wishing to access the engineering industry
- To support adult employees and learners to develop themselves, engineering functions and systems to improve business performance
- To contribute to the development of specialist engineering competences within the National workforce to encourage economic development
- The main activities of the Charity have continued to be the provision of Apprenticeships, Training Needs Analysis and Administration, Training and Development courses and events

To achieve this, the Charity:

- Consults with members and employers to achieve a clear understanding of industry needs and provide effective solutions
- Consults with Government and Agencies to ensure that MGTS strategy supports industry related people development policies
- Consults with Local Enterprise Partnerships [LEPs], Local Authority and Schools to develop collaborative solutions to support young people's development, understanding and entry into industry

Our Values

1. MGTS aims to provide our customers with training and assessment activities that are relevant to the individual, their organisation, and its industry sector.
2. We believe that training and assessment activity undertaken should be clear and concise in its design and delivery.
3. That the delivery of any training and assessment activities are undertaken in a way and at a time which fully meets and supports the requirements of our customers, whatever those requirements may be.
4. MGTS will endeavour to take the lead in a professional manner, applying wisdom and knowledge whilst being supporting and encouraging.

Our Commitment

MGTS commit to provide our customers with access to competent staff, learning opportunities, comprehensive equipment and technology and rapid response to meet their training and assessment requirements.

We will achieve this through the application in all instances of our core values by consistently maintaining a high level of knowledge and understanding of the markets and environments within which our customers operate.

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2022

Public Benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular the trustees consider how planned activities will contribute to the aims and objectives they have set.

Our Strategic Objectives

1. Annually increase the number of customers strategically investing in people development; achieving local, regional and national growth.
2. Develop and deliver products and services offering progression through education, training and development and assessment; unlocking potential and delivering improved customer business performance.
3. Continually improve quality of content, quality of delivery and quality of learning management.
4. Work in partnership with customers and stakeholders to provide solutions to their requirements and the greater community, locally, regionally and nationally.
5. Utilise the charity's resources responsibly in pursuit of the strategic objectives.

CHALLENGES, ACHIEVEMENTS AND PERFORMANCE

Two years on from the first COVID-19 lockdown the business has returned to its **NEW** normal. The COVID-19 potential to impact MGTS and the subsequent threat that this poses still exist, but as in everyday life the business has adjusted to its ongoing presence. Should the need arise for a move to more distance-based learning or the unfortunate situation of a lockdown, then MGTS is well positioned to operate effectively and with minimal disruption. For the Fiscal Year period 21/22 overall income was up by 19% against prior year and significant cost control measures continue to deliver a healthy income to expenditure ratio improving by almost 3% on a year-over year basis.

Recruitment rates for the September 21 apprentice intake were 62% up on the 2020 intake and represent an 85% capacity utilisation for apprenticeship delivery. Commercial course activity has more than doubled year on year returning close to pre-pandemic income realisation.

Despite the disruption of the COVID-19 pandemic MGTS continues to achieve high levels of learner success rates and maintain a position of at least 12% above the national achievement rate. This is underpinned by the levels of work and progress continuing at pace on executing the MGTS Quality Framework Strategy, particularly around curriculum development and teaching and learning. Monthly Quality Improvement Meetings take place and link directly to the QIP (Quality Improvement Plan) and SAR (Self-Assessment Report).

Throughout the year MGTS has partnered with Illuminate who are a company specialising in Wellbeing and Mental Health. This is particularly important as the number of learners joining MGTS on apprentice programmes with support needs continues to grow year on year. We are not alone in this position as other GTA members all report an increase. This topic is a growing area of focus for OFSTED, and it is only prudent for MGTS to ensure that we are providing a high level of pastoral care that not only meets but exceeds the expectations of today's society. The increased level of understanding and overall support will have the added benefit of being available to employees, should the need occur.

The decision to cease the provision of training for the EDEN programme, effectively the forerunner of the FDEM apprenticeship programme was taken during the past 12 months. This programme since its inception has been based at the Reaseheath/MGTS Engineering Academy. With dwindling interest from the EDEN employer group leading to limited numbers of apprenticeship places, resulted in the inevitable outcome that there would be no future Cohorts at the

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2022

Reaseheath facility and MGTS would concentrate on building the FDEM apprentice intake at Redditch. Face-to-face classroom and practical delivery will be concluded in early April 2022 and following this a decommissioning period will commence, concluding at the end of July 2022.

MGTS partnered with Citation Health and Safety in the early part of 2022. The increased awareness following the NEBOSH training and certification of the Chief Executive and the Quality and Compliance Manager, and the recognition of our potential vulnerability in this area due to the populous of young people that we train, led us to the decision to engage with a professional organisation for consultation and support. In this arrangement Citation support MGTS in the role of a Competent Person.

Financial review

As the restrictions imposed from the pandemic continue to ease, the financial situation of MGTS is slowly returning to pre-pandemic levels.

The financial year result was an unrestricted surplus of £233,052 (2020 £92,893), before adjustments to the fair value of the pension scheme deficit. A total of £757,700 was paid into the pension scheme during the year as per the approved recovery plan.

Income

Total unrestricted income of £4.4M was generated in 2021-2022, an increase of 18% from last year. Apprentice training income represented 81.5% of this, with commercial income making up the balance. Commercial course income has continued to bounce back towards pre-pandemic levels and for 2021-2022 was 20% below the 2019-2020 level.

Expenditure

Unrestricted expenditure in 2021-2022 increased to £4.1M, an increase of 15% on last year. £0.9 million of this is related to our commercial activities, and the remaining £3.2 million was spent supporting our charitable aims.

Funds

Total funds on 31 March 2022 were £2.1M (2021 £1.9M) of which all but £363,577 were unrestricted.

Principal Risks and Uncertainties

The principal risk to the business is the rising cost of living with energy prices being the biggest single driver of rising inflationary pressures with the April 2022 increase which is expected to be followed by another 30% increase in October 2022. In addition, the conflict in Ukraine is expected to lead to rising food prices as well as higher prices of some metals and other commodities.

Ongoing challenges of operating in a COVID-19 pandemic recovering economy still pose a potential to cause business disruption. Although we are seeing increased levels of apprenticeship uptake and a rising level of commercial course activity the ever-present threat remains of a return to restrictions particularly during the winter period of late 2022 and early 2023.

Having gone through our last full OFSTED inspection in 2017 with a four-year cycle of assessment it would be prudent to assume that 2021 would have been the likely timeframe for this to take place. The impact of COVID-19 has understandably disrupted the timings with late 2022 or early 2023 looking more likely, however we maintain a continuing focus on our quality of apprenticeship delivery in anticipation of this critical assessment and grading.

Ever present are the risks and uncertainties from modifications to structure and funding of the apprenticeship education and training sector made by Government. This is most likely to become a reality with the pending revision of the Food and Drink Engineering Maintenance standard.

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2022

Policies

a) Reserves

The trustees have forecast the level of free reserves (that is those funds not tied up in fixed assets, designated and restricted funds) required to sustain its operations in the event that some incoming generating activities are curtailed temporarily whilst the charitable activities are continued. The trustees consider that the most appropriate level of free reserves at 31 March 2022 would be 9 months of the group's budgeted expenditure i.e. £2.95 million. The actual free reserves at 31 March 2022 were £1.85 million being £1.1m (2021: £490K) short of the target figure. This deterioration is due to the large payment to the pension fund during the year.

b) Investments

Under the Memorandum and Articles of Association, the charity has the power to invest in any way the trustees wish. The trustees have determined that the Charity investments should be in the form of interest-bearing cash deposits with major banks or financial institutions and investment property. Interest rates should be competitive and free of risk to the capital.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is a company, limited by guarantee, and has no share capital. It was incorporated on 17 July 1970. Its governing document is its Memorandum and Articles of Association, which were updated on 6th March 2019. The liability of each member in the event of winding up is limited to £20.

Charity number	528785
Company number	984899
Principal Office	Gulson Road, Coventry, CV1 2JG

The principal objects of the charitable company are: "To advance the theoretical and practical education and training of persons engaged or intending to be engaged in engineering general industrial and commercial activities"

To allow the charitable company to trade in activities complementary to its objects a subsidiary company 'MGTS Business and Training Services Limited' was incorporated on 22 September 2000. The Charity owns the 1,000 issued shares of £1 each. Taxable profits arising from the subsidiary are Gift Aided to the Charity.

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2022

Trustees/ Directors

The Trustees are elected by the Members of the Company and serve for five years before retiring. The Articles of the Company allow for unlimited Trustees/Directors. The Trustees may co-opt to fill casual vacancies arising during the year.

The following were Trustees during the whole of the year under review:

Mr K Kane	Mrs T Reynolds
Mr G F Lawton	Mrs R Ritchie
Mr D Montgomery	Mr A Watson

The following resigned as Trustees during the year:

Mr S Brown

The following were appointed as Trustees during the year:

Ms Carolyn Bell

The Trustees of the Charity meet at least 4 times per year. They set budgets for the Charity and monitor its financial performance through detailed quarterly financial reports. Major decisions affecting the Charity's operations are taken by the Trustees.

The Chief Executive, David Bridgens is responsible for implementing the Trustees policies. He reports on a quarterly basis to the Trustees. Additional ad hoc Trustees meetings are called whenever it is felt necessary either by the Trustees or the Chief Executive.

Trustee induction and training

New trustees undergo a series of briefings to inform them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the charity. During the induction they meet key employees and other trustees. Trustees are encouraged to attend appropriate training events where these will facilitate the understanding of their role.

Key Management Personnel

The following were key management personnel during the whole of the year under review: -

Chief Executive Officer	David Bridgens
Director of Delivery and Operations	Steve Palmer
Director of Finance and HR	Ruth Smith
Business Systems and Contracts Manager	Adrian Lawrence
Quality and Compliance Manager	Ruth Plane
Customer Engagement Manager	Adrian Simkiss

Arrangements for setting pay and remuneration

Trustees do not receive any form of remuneration and give their time freely.

The trustees review pay annually in October for all staff, including key personnel. Consideration is taken of the rate of inflation, and benchmark pay rates within the industry.

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2022

Risk management

We confirm that major risks have been reviewed and that systems and procedures have been established to manage those risks.

Government and Agencies

The government is committed to supporting apprenticeships through innovation and increased funding. In September 2021 a new online service launched to make it easier for large employers that pay the Apprenticeship Levy to spend their funds, and for other employers to review and apply for funding. Government funding for apprenticeships is set to increase by £170 million to £2.7 billion in 2024-25.

The ESFA have updated the apprenticeship accountability framework technical specification which outlines the quality indicators that form part of the apprenticeship accountability framework and how these are applied for this first year. It has been updated to include information about the thresholds for OTJT (Off the Job Training), achievement rates and retention rates. In response to feedback from training providers, the ESFA have also amended the thresholds for withdrawals, learners past planned end date and breaks in learning for providers that fall into the “needs improvement” category.

The thresholds included in the framework are not targets for the apprenticeships programme and should not be used by providers as targets to benchmark their provision against. Instead, these thresholds reflect minimum expectations and will be used to inform any intervention actions the ESFA will take in response to concerns about the quality of delivery at a provider.

Both the Kickstart Scheme and additional apprenticeship funding incentives started in September 2020 have now finished as of the 31 January 2022. The Kickstart Scheme had 250,000 targeted roles to fill and only 100,000 available roles have been filled. The employer incentive payment scheme for taking on an apprentice will now revert back to the £1,000.

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2022

Small Companies Exemption

This report is prepared in accordance with special provisions of part 15 of the Companies Act 2006 relating to small companies.

The trustees who are the charitable company's directors are pleased to present their report together with the financial statements of the charitable company for the year ending 31 March 2022.

AUDITORS

A resolution will be put to the forthcoming AGM to reappoint Luckmans Duckett Parker Limited as Auditors for the year ending 31 March 2023.

Statement as to disclosure of information to auditors

The trustees who were in office on the date of approval of these financial statements have confirmed as far as they are aware, that there is no relevant audit information of which the auditors are unaware. The trustees have confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

PROFESSIONAL ADVISORS

The Charity is provided with professional services on a commercial basis by:

Luckmans Duckett Parker Limited	-	Audit
Lloyds TSB Plc	-	Banking
Band Hatton Button Solicitors	-	Legal
Loveitts Estate Agents	-	Property
Jensten Group	-	Insurance

On behalf of the Board



G Lawton
Chairman

Gulson Road
Coventry
CV1 2JG

23 NOVEMBER 2022

MIDLAND GROUP TRAINING SERVICES LIMITED
DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS
31 March 2022

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business;
- d. observe the methods and principles in the Charity SORP

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MIDLAND GROUP TRAINING SERVICES LIMITED
AUDITOR'S REPORT
Independent auditor's report to the members of Midland Group Training Services Limited

Opinion

We have audited the financial statements of Midland Group Training Services Ltd (the 'charitable company') for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

MIDLAND GROUP TRAINING SERVICES LIMITED
AUDITOR'S REPORT
Independent auditor's report to the members of Midland Group Training Services Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting these irregularities, including fraud is detailed below:

In identifying and assessing the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- reference to past history and experience of the Entity,
- enquiry of management, including obtaining and reviewing supporting documentation concerning the Entity's procedures relating to:
 - identifying and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detection and response to risk of fraud and whether they were aware of any actual or suspected instances of fraud.
- assessment of the controls and processes that the Entity has in place to mitigate risk.

Our assessments included the identification of the following potential areas for fraud:

- Management override of control; and
- Revenue recognition - specifically the recognition according to timing of the provision of training services, and manipulation of revenue through management override of journals.

**MIDLAND GROUP TRAINING SERVICES LIMITED
AUDITOR'S REPORT**

Independent auditor's report to the members of Midland Group Training Services Limited

We design audit procedures by tailored and directed testing to aid and support the level of determined level of risk. In response to the assessed risk we plan audit tests and procedures that target specific areas where misstatement may occur. These procedures and the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

- We critically assessed the appropriateness and tested the application of the revenue and cost recognition policies.
- We tested the appropriateness of accounting journals and other adjustments made in the preparation of the financial statements.
- We reviewed the Entity's accounting policies for non-compliance with relevant standards.
- We made enquiries of management and reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations.

In performing an audit in accordance with UK GAAP, we exercise professional judgement and maintain professional scepticism throughout the audit process.

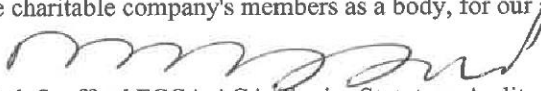
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion or override of internal controls. There are inherent limitations in the audit procedures performed.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

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



Mark Spafford FCCA ACA (Senior Statutory Auditor)
for and on behalf of Luckmans Duckett Parker Limited
1110 Elliott Court
Coventry Business Park
Herald Avenue
Coventry
West Midlands
CV5 6UB

Date: 23 November 2022

MIDLAND GROUP TRAINING SERVICES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2022

	Note	Unrestricted funds £	Restricted funds £	Total 2022 £	Total 2021 £
Income:					
<i>Income from donations and legacies:</i>					
Coronavirus Job Retention Scheme income	1	8,242	-	8,242	138,763
<i>Income from Charitable activities:</i>					
Subscriptions, training, projects, course fees and extra services	4	3,281,874	100,300	3,382,174	3,031,883
<i>Income from other trading activities:</i>					
Commercial trading operations	9	1,120,082	-	1,120,082	613,095
Investment income	3	2,130	-	2,130	12,395
		-----	-----	-----	-----
Total incoming resources		4,412,328	100,300	4,512,628	3,796,136
		-----	-----	-----	-----
Expenditure:					
<i>Costs of raising funds:</i>					
Investment management costs		-	-	-	-
Commercial trading operations	9	882,591	-	882,591	501,391
<i>Expenditure on charitable activities</i>					
	5	3,296,685	171,984	3,468,669	3,255,936
		-----	-----	-----	-----
Total expenditure		4,179,276	171,984	4,351,260	3,757,327
		-----	-----	-----	-----
Net (loss)/income before other recognised gains	6	233,052	(71,684)	161,368	38,809
Other recognised losses					
Change in fair value of pension scheme liability	12	-	-	-	(3,646,183)
		-----	-----	-----	-----
Net movement in funds for the year		233,052	(71,684)	161,368	(3,607,374)
Fund balance brought forward at 1 April 2021		1,468,539	435,261	1,903,800	5,511,174
		-----	-----	-----	-----
Fund balance carried forward at 31 March 2022		1,701,591	363,577	2,065,168	1,903,800
		=====	=====	=====	=====

The statement of financial activities includes all gains and losses recognised in the year and in the previous year. All the company's activities are classed as continuing.

MIDLAND GROUP TRAINING SERVICES LIMITED
BALANCE SHEETS
at 31 March 2022
Company No 984899

		Group		Charity	
	Note	2022 £	2021 £	2022 £	2021 £
Fixed assets					
Tangible fixed assets	8	2,981,849	2,991,551	2,981,849	2,991,551
Investment in subsidiary undertaking	9	-	-	1,000	1,000
		<u>2,981,849</u>	<u>2,991,551</u>	<u>2,982,849</u>	<u>2,992,551</u>
Current assets					
Debtors	10	587,457	548,670	381,907	382,340
Short term deposits		2,472,463	3,076,780	2,472,463	3,076,780
Bank balance and cash		107,109	115,718	59,371	51,447
		<u>3,167,029</u>	<u>3,741,168</u>	<u>2,913,741</u>	<u>3,510,567</u>
Creditors - amounts falling due within one year	11	<u>(1,318,514)</u>	<u>(1,940,436)</u>	<u>(1,303,717)</u>	<u>(1,822,539)</u>
Net current assets		1,848,515	1,800,732	1,610,024	1,688,028
Creditors - amounts falling due after more than one year	11	<u>(2,765,196)</u>	<u>(2,888,483)</u>	<u>(2,765,196)</u>	<u>(2,888,483)</u>
Net assets		<u>2,065,168</u>	<u>1,903,800</u>	<u>1,827,677</u>	<u>1,792,096</u>
Funds:					
Restricted funds	13	363,577	435,261	363,577	435,261
Unrestricted funds	13	1,464,100	1,356,835	1,464,100	1,356,835
Non-charitable trading funds	13	237,491	111,704	-	-
		<u>2,065,168</u>	<u>1,903,800</u>	<u>1,827,677</u>	<u>1,792,096</u>

The financial statements have been prepared in accordance with special provisions of part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements on pages 12 to 26 were approved by the Board of Directors and authorised for issue on 23 November 2022, and were signed on its behalf by:



G Lawton
Chairman

MIDLAND GROUP TRAINING SERVICES LIMITED
CASH FLOW STATEMENT
for the year ended 31 March 2022

	Note	2022 £	Group 2021 £
Cash flows from operating activities:			
Cash generated from operations	1	(335,603)	332,370
		<u> </u>	<u> </u>
Net cash provided by (used in) operating activities		<u>(335,603)</u>	<u>332,370</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(334,539)	(49,523)
Sale of tangible fixed assets		55,086	20,916
Interest received		2,130	12,395
		<u> </u>	<u> </u>
Net cash provided by (used in) investing activities		<u>(277,323)</u>	<u>(16,212)</u>
Change in cash and cash equivalents in the reporting period		(612,926)	316,158
Cash and cash equivalents at the beginning of the reporting period		3,192,498	2,876,340
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the reporting period		<u>2,579,572</u>	<u>3,192,498</u>

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES TO THE CASH FLOW STATEMENT
for the year ended 31 March 2022

1 Reconciliation of net income to net cash flow from operating activities	2022	2021
	£	£
Net income for the reporting period (as per the statement of financial activities)	161,368	(3,607,374)
Adjustments for:		
Depreciation charges	313,680	299,817
Profit on disposal of fixed assets	(27,544)	(6,668)
Change in fair value of pension scheme liability	46,219	3,646,183
Interest received	(2,130)	(12,395)
(Increase)/decrease in debtors	(38,787)	44,412
Increase/(decrease) in creditors	(788,409)	(31,605)
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	(335,603)	332,370
	<hr/>	<hr/>

MIDLAND GROUP TRAINING SERVICES LIMITED
ACCOUNTING POLICIES
31 March 2022

1 Accounting Policies

Basis of preparation

The financial statements of the charitable company, which is a public benefit entity under FRS102, have been prepared in accordance with the Charities SORP (FRS102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard in the UK and Republic of Ireland (FRS102)(effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value.

Accounting changes

The significant accounting policies adopted are described below.

Significant judgements and estimates

The preparation of the financial statements requires management to make significant judgements and estimates that affect the amounts reported within the balance sheet and statement of financial activities. The following are the Company's key sources of estimation uncertainty:

- **Multi- employer defined benefit pension scheme liability**

The schedule of contributions for the multi-employer defined benefit pension scheme is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. The mortality rate is based on publicly available mortality tables for the specific country. Future salary and pension increases are based on expected future inflation rates for the respective country.

The Company has included a liability within the financial statements to reflect its own future funding obligations based upon a discounted cash flow basis. The discounted cash flow has been calculated by using predicted future inflation rates of 10% in years 1 and 2 and 6% thereafter. The discount rate used is 0.85%.

In determining the appropriate discount rate, management considers the interest rate of AA corporate bonds denominated in Great British pound sterling, with a bond maturity similar in duration to the defined benefit funding obligation.

Group financial statements

The statement of financial activities (SOFA) and group balance sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

A separate SOFA and income and expenditure account are not presented for the charity itself following the exemptions afforded by Section 408 of the Companies Act 2006.

Income recognition policy

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably and is not deferred.

The charitable company recognises support from the Coronavirus Job Retention Scheme on a receivable basis as an unrestricted donation to the charitable company.

Investment income is recognised on a receivable basis.

MIDLAND GROUP TRAINING SERVICES LIMITED
ACCOUNTING POLICIES (continued)
31 March 2022

Resources expended and Irrecoverable VAT

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance related grants are recognised as goods and services are supplied.

Charitable activities include expenditure associated in the provision of training services and include both the direct costs and support costs relating to these activities.

The charitable company recognises the cost of contractual redundancy payments as being part of the cost of the delivery of charitable activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Support costs include the central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, e.g., staff costs by the estimated time spent and other costs by their estimated usage.

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Taxation

The company is a registered charity and is exempt from taxation on its charitable activities. The subsidiary company has no tax liability as it donates its taxable profits to the charity under gift aid.

Tangible fixed assets

Fixed assets costing £3,000 or more are capitalised at cost.

Depreciation is charged by instalments at rates estimated to write off the cost of the asset less any residual value over the expected useful lives at the following rates:-

2½% per annum on freehold buildings
4% per annum on freehold building improvements
10% per annum on leasehold building improvements
10% to 25% per annum on equipment and vehicles
33⅓% per annum on computer equipment

On disposal of assets in the ordinary course of business adjustments are made to the depreciation charge to reflect differences between the actual and estimated aggregate depreciation.

Pensions – Defined Benefit Scheme

The defined benefit scheme was closed to new contributions on 31st August 2010. In accordance with paragraph 28.11 of FRS102 the company as a participating employer to the scheme, has recognised the present value of its share of the agreed contributions on the balance sheet as a liability on a discounted cash flow basis. MGTS's estimated liability as at 31st March 2021 was £3.6M and is recalculated each year, with movements in the liability reflected in the Statement of Financial Activities and the element relating to the unwinding of the discount in interest payable. The Company has renegotiated its recovery plan as a result of the latest actuarial valuation on 31st March 2020.

Further information in relation to an update on the current status of the pension scheme deficit and the most recent valuation can be found in note 12 on page 23.

The Company is liable for its own funding obligations and is also liable for those of the other sponsoring employers, should those sponsoring employers default on their obligations.

Pension costs - Defined Contribution Scheme

The amount charged to the Statement of Financial Activities in respect of pension costs is the contribution payable in the year. Any differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2022

Funds structure

The charity has a number of restricted income funds to account for situations where a donor requires that a donation must be spent on a particular purpose or where funds have been raised for a specific purpose.

All other funds are unrestricted income funds.

2 Legal status of the Charity

The Charity is a company, limited by guarantee, and has no share capital. It was incorporated on 17 July 1970. Its governing document is its Memorandum and Articles of Association. The liability of each member in the event of winding up is limited to £20.

3 Investment income	2022	2021
	£	£
Short term deposit interest receivable	2,130	12,395
	<u> </u>	<u> </u>
4 Income from Charitable Activities		
Training services provided	3,281,874	2,966,283
	<u> </u>	<u> </u>
5 Charitable Activities Costs		
The charity undertakes direct charitable activities and does not make grant payments		
Provision of training services and projects	3,387,721	3,178,770
Support costs – salaries and office costs	80,948	77,166
	<u> </u>	<u> </u>
	3,468,669	3,255,936
	<u> </u>	<u> </u>
Governance costs		
Salaries and office costs	13,533	13,375
Interest on pension scheme liabilities	46,219	-
Auditors' remuneration		
- Audit	9,925	8,100
- Other services	1,500	750
	<u> </u>	<u> </u>
	71,177	22,225
	<u> </u>	<u> </u>

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2022

	2022	2021
6 Net incoming resources		
Net incoming resources are stated after charging/ (crediting):		
Directors' and officers' indemnity insurance	-	-
Depreciation of tangible fixed assets:		
- owned assets	246,909	233,808
- leased assets	66,771	66,009
(Profit)/loss on disposal of tangible fixed assets	(27,544)	(6,668)
Change in fair value of pension liability	-	3,646,183
	-	3,646,183
7 Staff costs	£	£
Wages and salaries	1,602,275	1,695,055
Social security costs	194,635	195,502
Pension costs	130,042	246,857
	1,926,952	2,137,414
	1,926,952	2,137,414
Average number of FTE employees	40	43
	40	43
	40	43
Key management personnel		
Emoluments	410,062	377,558
Pension contributions to defined contribution scheme	27,054	25,387
	437,116	402,945
	437,116	402,945
The number of employees who received emoluments of more than £60,000 in the year was as follows:		
£60,001 - £70,000	3	1
£70,001 - £80,000	-	1
£80,001 - £90,000	2	1
£110,000 - £120,000	1	1
	3	2
	3	2

Midland Group Training Services paid £27,054 (2021: £20,187) into a defined contribution pension scheme for 6 (2021: 4) higher-paid employees.

The directors do not receive emoluments or expenses.

Pension costs - Defined Benefit Scheme

In addition to the above, the Company made a payment of £757,700 (2021: £114,936) to the multi-employer defined benefit scheme (see note 12 on page 23).

Pension costs - Defined Contribution Scheme

The company provides pensions for current employees, through a defined contribution scheme. The employer contributions for the period were £101,370 (2021 £108,215). The running costs of the scheme are amalgamated with the Defined Benefit scheme and cannot be separately identified. There were no outstanding or prepaid contributions at the balance sheet date.

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2022

8 Tangible fixed assets – group and charity

	Freehold Property £	Leasehold Improvements £	Equipment & vehicles £	Total £
Cost				
1 April 2021	2,154,429	1,237,449	2,931,337	6,323,215
Additions	9,722	17,484	304,314	331,520
Disposals	-	-	(273,332)	(273,332)
	<hr/>	<hr/>	<hr/>	<hr/>
31 March 2022	2,164,151	1,254,933	2,962,319	6,381,403
Depreciation				
1 April 2021	958,136	371,703	2,001,825	3,331,664
Charge for year	11,181	66,771	235,728	313,680
Disposals	-	-	(245,790)	(245,790)
	<hr/>	<hr/>	<hr/>	<hr/>
31 March 2022	969,317	438,474	1,991,763	3,399,554
Net book value				
31 March 2022	1,194,834	816,459	970,556	2,981,849
	<hr/>	<hr/>	<hr/>	<hr/>
31 March 2021	1,196,293	865,746	929,512	2,991,551
	<hr/>	<hr/>	<hr/>	<hr/>

On 30th June 2021 the Company granted in favour of the Trustees of the EEF Staff Pension Fund an uncapped charge over the freehold property at Gulson Road, Coventry, included in the balance sheet at £1.2m.

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2022

	Group		Charity	
	2022	2021	2022	2021
9 Fixed asset investment	£	£	£	£
Shares in subsidiary undertaking	-	-	1,000	1,000

Subsidiary undertaking

MGTS Business and Training Services Limited which was incorporated in England on 22 September 2000 pays all its taxable profits to the charity by Gift Aid. MGTS Business and Training Services Limited operates as an executive arm of the charity. The charity owns the entire issued share capital of 1,000 ordinary shares of £1 each. A summary of the trading results is shown below.

Summary of profit and loss account

	2022	2021
	£	£
Turnover	1,120,082	613,095
Cost of sales and administrative expenses	(878,491)	(497,591)
Governance costs	(4,100)	(3,800)
	<hr/>	<hr/>
Net profit	237,491	111,704
Retained profit brought forward	111,704	227,413
Amount gifted to the charity	(111,704)	(227,413)
	<hr/>	<hr/>
Retained in the subsidiary	237,491	111,704
	<hr/>	<hr/>
The assets and liabilities of the subsidiary were:		
Fixed assets	-	-
Current assets	914,648	771,724
Creditors: amounts falling due within one year	(676,157)	(659,020)
	<hr/>	<hr/>
Net assets	238,491	112,704
	<hr/>	<hr/>
Aggregate share capital and reserves	238,491	112,704
	<hr/>	<hr/>

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2022

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
10 Debtors				
Amounts falling due within one year				
Trade debtors	471,919	392,835	271,269	273,530
Prepayments	115,239	153,723	110,339	106,698
Accrued income	299	2,112	299	2,112
Amount due from subsidiary undertaking	-	-	-	-
	<u>587,457</u>	<u>548,670</u>	<u>381,907</u>	<u>382,340</u>
11 Creditors				
Amounts falling due within one year:				
Trade creditors	861,184	901,467	209,222	261,476
Taxation and social security payable	117,329	98,005	100,907	85,815
Accruals	170,495	183,264	162,722	176,424
Pension deficit liability	169,506	757,700	169,506	757,700
Amount due to subsidiary undertaking	-	-	661,360	541,124
	<u>1,318,514</u>	<u>1,940,436</u>	<u>1,303,717</u>	<u>1,822,539</u>
Amounts falling due after one year:				
Pension deficit liability	<u>2,765,196</u>	<u>2,888,483</u>	<u>2,765,196</u>	<u>2,888,483</u>

Included within trade creditors is deferred income of £353,000 (2021 £383,318). These amounts are deferred because the income relates to future periods.

Deferred income at 1 April 2021	338,318
Used in year	(304,905)
Deferred in year	319,587
	<u>353,000</u>
Deferred income at 31 March 22	<u>353,000</u>

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2022

12 Pensions

The Company provides pensions for its employees through participation in the Engineering Employers' Federation Staff Pension Fund (the Fund), which is administered by a Trustee and maintained independently of the Company's finances for defined benefit members and a separate Master Trust for defined contribution members. The Fund was established to enable a number of autonomous but related employers to operate a scheme through the sharing of risk within a wider membership base. As such it is not possible for an underlying employer to identify its share of the underlying assets and liabilities. For multi-employer schemes where this is the case, paragraph 28.40A of FRS102 requires that Midland Group Training Services Limited account for its share of the present value of the agreed pension contributions payable to the scheme and where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit to the Company.

2020 Valuation

At the date of the last completed valuation of the fund (31st March 2020), the market value of the Fund's assets amounted to £184m. The valuation was carried out by an independent qualified actuary adopting a market-based approach using the projected unit method and the following main assumptions:

Single equivalent average rates (in practise term-dependent curves are used)	% per Annum
Rate of investment return (initial portfolio)	2.2
Rate of investment return (long term portfolio)	1.2
Rate of price inflation	2.8 (RPI)
Rate of increase in salaries	n/a
Rate of pension increases:	
RPI up to 5%	2.7
RPI up to 5%: minimum 3%	3.4
CPI up to 5%	2.4
CPI up to 2.5%	1.9

As at the valuation date these assets were insufficient, on the assumptions adopted, to meet the cost of the Fund's accrued liabilities. The Fund had a deficit of £60m on an ongoing funding basis. Due to the extreme volatility of the market around the valuation date, the Pension Regulator issued guidance that the Trustee can consider post valuation experience as part of the valuation. The Trustee considered the position rolled forward to 31st August 2020 which revealed a deficit of £47m resulting from some recovery in financial markets.

The split between participating employers was re-evaluated on 31st March 2020 based on updated assumptions, resulting in the proportion attributed to MGTS's members increasing to £3.9m (8.3%) 2019: 4.4%.

Subsequently, participating employers agreed contribution schedules with the Trustee that are expected to be sufficient to eliminate their share of the revised deficit over a period acceptable to the Trustee. Under this agreement Midland Group Training Services Limited is liable to make the following contributions in respect of its share of the deficit in the defined benefits section:

Amount	Dates	Frequency
£39,426	Payable from 1 st April 2021 to 30 th June 2021 inclusive.	Monthly
£718,274	Payable July 2021	One off
£157,680 pa	Payable from 1st April 2022 to 31st March 2034 inclusive. This will be increased in line with the increase in the RPI (on a preceding December to December basis).	Annually
£500,000	Payable April 2026	One off

In addition, the Company has granted an uncapped charge to the Trustee of the Fund, over the freehold property at Gulson Road, Coventry included in the Balance Sheet at 31st March 2022 at £1.2m (see note 8 page 20). It should be noted that the defined benefit scheme was closed to all future accruals during 2010.

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2022

13 Movement in funds

	1 April 2021	Incoming resources	Resources expended and losses	Capital Expenditure	31 March 2022
	£	£	£	£	£
Restricted funds					
- 24+ Loan Fund	2,000	-	-		2,000
- Employer Incentives	28,000	100,300	(123,300)		5,000
- LEP Funding	405,261	-	(48,684)		356,577
Unrestricted funds	1,356,835	3,292,246	(3,184,981)		1,464,100
Non-charitable trading funds	111,704	1,120,082	(994,295)		237,491
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,903,800	4,512,628	(4,351,260)	-	2,065,168
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

24+ Advanced Learning Loan Fund

These are funds made available to be loaned to eligible learners. These loans will help learners aged 24 or above pay the fees charged by colleges and training providers for courses at Level 3 and Level 4, or Advanced and Higher Apprenticeships.

Employer Incentives

The Education and Skills Funding Agency has made a number of incentive payments available to employers taking on an apprentice aged 16-18. These incentives payments are paid to the training provider at set points during the training and must be paid out to the employer.

LEP Funding

MGTS has invested in a new Advanced Engineering and Manufacturing Centre in Redditch, Worcestershire. Our £875,000 investment was matched by funding of £700,000 from the Worcestershire and Birmingham Local Enterprise Partnerships. The funding will be released over the life of the assets.

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2022

14 Analysis of net assets between funds

	Unrestricted £	Non-charitable trading funds £	Restricted £	Total £
Intangible fixed assets	-	-	-	-
Tangible fixed assets	2,625,272	-	356,577	2,981,849
Current assets	2,245,381	914,648	7,000	3,167,029
Current liabilities	(642,357)	(676,157)	-	(1,318,514)
Long term liabilities	(2,765,196)	-	-	(2,765,196)
	<u>1,463,100</u>	<u>238,491</u>	<u>363,577</u>	<u>2,065,168</u>

15 Operating lease commitments

The following operating lease payments are committed to be paid:

	2022	2021
	£	£
Within one year	95,615	98,965
Between two and five years	364,905	365,626
In more than five years	619,917	706,417
	<u>1,080,437</u>	<u>1,171,008</u>

16 Capital Commitments

The charitable company had capital commitments at the year-end of £36,990 (2021 £18,415).

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2022

17 Post Balance Sheet Events

The triennial pension deficit valuation was based upon a spot point date of 31st March 2020, a point in time when the COVID-19 pandemic was responsible for a significant shock in financial markets. As a result of this substantial fall in financial markets, and a corresponding fall in bond yields, the pension deficit increased materially for the Company.

In order to address this increased deficit, the Company negotiated a long-term plan with the Trustee of the pension scheme such that the deficit repair contributions are maintained at an affordable level over a longer period of 14 years. A combination of one-off payments and regular contributions together with granting the pension Trustee uncapped security over the freehold building (as referenced in note 8 on page 20) has enabled the 2022-23 onwards contribution to be maintained at £158K plus RPI rather than £180K plus RPI under the original plan. This recovery plan was approved by the Pension Trustees and MGTS Board of Trustees in June 2021, and payment of the agreed contribution was made in full.

It should be noted that based upon external valuations carried out by professional valuers in April 2021, the freehold property over which the Trustee has security and is currently carried in the balance sheet at historic cost, has a market value (on a vacant possession basis) which is around £3.7m higher than the book carrying value.

Since the valuation, pension scheme fund investments have performed significantly better than expected which has in turn improved the deficit position as of March 2021 to £32m on an actuarial basis. Whilst this will not immediately or directly improve the Company's reported deficit on the balance sheet, the Company is exploring options with the Trustee to capitalise on this investment gain in order to reduce the risk of greater exposure to future downside risks, increase the likelihood of member benefits being paid and increase the chances of the Company recovery payment period being potentially shortened at a later date.

Notwithstanding the above, at the time of approving the financial statements the Trustees believe the Company has enough sufficient resources to be able to continue trading for the foreseeable future and specifically for at least 12 months after signing.

MIDLAND GROUP TRAINING SERVICES LIMITED

England & Wales - Charity number 528785

Accounts

**MIDLAND GROUP TRAINING
SERVICES LIMITED**

REPORT AND FINANCIAL STATEMENTS

31 March 2021

**Company No 984899
Registered Charity No 528785**

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2021

OBJECTIVES AND ACTIVITIES

MGTS an Educational Charity – Employer Led and Membership Based

Our Aim

To be a national centre of excellence for education, training and development and assessment supporting both young people and adults in the development of engineering competences associated with engineering.

To achieve improved customer business performance by delivering cost effective employee technical and people development solutions to machinery reliant industries.

Charity Aims

- To support young people wishing to access the engineering industry
- To support adult employees and learners to develop themselves, engineering functions and systems to improve business performance
- To contribute to the development of specialist engineering competences within the National workforce to encourage economic development
- The main activities of the Charity have continued to be the provision of Apprenticeships, Training Needs Analysis and Administration, Training and Development courses and events

To achieve this, the Charity:

- Consults with members and employers to achieve a clear understanding of industry needs and provide effective solutions
- Consults with Government and Agencies to ensure that MGTS strategy supports industry related people development policies
- Consults with Local Enterprise Partnerships [LEPs], Local Authority and Schools to develop collaborative solutions to support young people's development, understanding and entry into industry

Our Values

1. MGTS aims to provide our customers with training and assessment activities that are relevant to the individual, their organisation and its industry sector.
2. We believe that training and assessment activity undertaken should be clear and concise in its design and delivery.
3. That the delivery of any training and assessment activities are undertaken in a way and at a time which fully meets and supports the requirements of our customers, whatever those requirements may be.
4. MGTS will endeavour to take the lead in a professional manner, applying wisdom and knowledge whilst being supporting and encouraging.

Our Commitment

MGTS commit to provide our customers with access to competent staff, learning opportunities, comprehensive equipment and technology and rapid response to meet their training and assessment requirements.

We will achieve this through the application in all instances of our core values by consistently maintaining a high level of knowledge and understanding of the markets and environments within which our customers operate.

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2021

Public Benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular the trustees consider how planned activities will contribute to the aims and objectives they have set.

Our Strategic Objectives

1. Annually increase the number of customers strategically investing in people development; achieving local, regional and national growth.
2. Develop and deliver products and services offering progression through education, training and development and assessment; unlocking potential and delivering improved customer business performance.
3. Continually improve quality of content, quality of delivery and quality of learning management.
4. Work in partnership with customers and stakeholders to provide solutions to their requirements and the greater community, locally, regionally and nationally.
5. Utilise the charity's resources responsibly in pursuit of the strategic objectives.

CHALLENGES, ACHIEVEMENTS AND PERFORMANCE

The emergence of the COVID-19 pandemic just prior to this last fiscal year and the impact that it had on the business was not a unique situation to MGTS. The severity of its growth and spread and the subsequent effects on the business throughout the first quarter (April, May and June) provided the most significant challenge in recent history. The focus of attention shifted to survival through the unfolding pandemic, with budgetary realignment based on forecasted income and a raft of cost control measures developed and instigated by the end of that same period.

The ability to adapt at pace to a fully on-line learning platform was key to the continuation of apprenticeship learning following the suspension of all face to face apprentice training and commercial course delivery. The move to remote learning secured continued ESFA funding whilst also allowing training staff to both, continue to work and also support the Government drive to work from home.

The adoption of the Moodle platform and its roll out across the business has accelerated and been embraced with a positive attitude. All Further Education and Higher National Certificate teaching has been developed to sit on this platform and is a significant achievement for the organisation. Whilst the immediate effect of the platform was key to continued learning through the height of the pandemic its impact and benefit will be there over the longer term as there will be a legacy effect of the pandemic in terms of a more blended approach to learning.

Continuing dialogue with all stakeholders was incredibly important, ensuring that we kept apprentice learners engaged and progressing, commercial clients informed and employees' well-being and motivation at the highest possible level under the circumstances.

One of the significant challenges to the organisation throughout the last 12 months has been the impact on people's mental health generally. In light of this we have undertaken multiple sessions of the level 2 Mental Health Awareness Training for those in the business who wished to participate. The actual uptake from across the business was around 60%. This is a significant achievement not just in terms of the actual participation rate but more importantly in the awareness and support that this provides for our employees. A smaller group inclusive of the management team will undertake the level 3 Supervising Mental Health Training, with MGTS ultimately developing its own policy document on the subject matter.

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2021

In November 2020 MGTS commenced with the periodic ESFA finance audit. Compared to the previous finance audit in 2015, this most recent iteration has included more learners and been more challenging in terms of the sample size of apprentice data and the increase in contractual documentation requirements. Taking some three months from start to completion the outcome for the business was extremely good with our data records proving to be highly accurate. This is down to the quality of inputting and the level of data scrutiny that is undertaken by the accounts team that use various ESFA reports.

The Defined Benefit Pension Fund which was closed to new contributions on the 31st August 2010 was put through its triennial review on 31 March 2020, during a period of extreme market volatility due to the pandemic and returned a pension valuation deficit of £60M, up from the 2017 actuarial valuation of a £29M deficit. Pensions Regulator guidance to Trustees enabled them to take into account post valuation experience, resulting in recalculations at 31st August 2020 indicating a deficit of £47M - an improvement of some £13M. During this same period the Trustee undertook a review of the deficit split by employer. The outcome of this has indicated a significant increase in the MGTS percentage split from an historical 4.4% to 8.3%. In absolute terms this is an increase from £2.1M of the £47M deficit to £3.9M. We have worked closely and constructively with the Trustees of the scheme to agree a long-term recovery plan which meets pension regulatory approval while being affordable and sustainable for MGTS. Since then, the funding position of the scheme has materially improved. Further details are provided in note 12 on page 23.

Financial review

The COVID-19 pandemic has proved to be a significant financial challenge to MGTS. The number of apprentice starts fell by almost 50% as compared to 2019 which will have a detrimental financial impact over the four year duration of their training.

The financial year result was an unrestricted surplus of £92,893 (2019 £62,430 deficit), which exceeded expectations. However, the growing deficit in the defined benefit pension scheme combined with increased clarity on the Company's likely liability has resulted in the decision to recognise the net present value of its share of the pension deficit from this financial year forward. This £3.65M adjustment resulted in an overall deficit for the financial year of £3.55M (2019 £140k).

Income

Total unrestricted income of £3.7M was generated in 2020-2021, a decrease of 9% on last year. Apprentice training continued using a combination of distance and face to face teaching enabling continued funding, but commercial training was severely curtailed during lockdown periods.

Expenditure

Unrestricted expenditure in 2020-2021 fell to £3.6M, a reduction of 15% on last year. The lockdowns imposed over the year have delayed a significant amount of expenditure which will impact on profitability in 2021-22.

Funds

Total funds at 31 March 2021 were £1.9M (2020 £5.5M) of which all but £435,761 were unrestricted.

Principal Risks and Uncertainties

The principal risk to the business is from the ongoing challenges of operating in a COVID-19 pandemic economy. Although we are seeing increased levels of apprenticeship uptake and a rising level of commercial course activity the ever present threat remains of further restrictions or lockdowns.

To drive up the quality of apprenticeship provision, the government strategy is to progressively introduce more stringent entry criteria for the Register of Approved Training Providers (RoATP). This will require all remaining, active providers of which MGTS is one to reapply to the register, taking into account a new set of application criteria from May 2021. This will be a phased reapplication approach throughout 2021 to 2022 and there will be a strong focus on subject-specific expertise for providers to evidence their capacity and expertise to meet the skills needs of apprentices and employers.

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2021

Having gone through our last full OFSTED inspection in 2017 with a four year cycle of assessment it would be prudent to assume that 2021 would have been the likely timeframe for this to take place. The impact of COVID-19 has understandably disrupted the timings with 2022 looking more likely, however we maintain a continuing focus on our quality of apprenticeship delivery in anticipation of this critical assessment and grading.

Ever present are the risks and uncertainties from modifications to structure and funding of the apprenticeship education and training sector made by Government.

Policies

a) Reserves

During the financial year the Trustees re-evaluated the level of free reserves (that is those funds not tied up in fixed assets, designated and restricted funds) required to sustain its operations in the event that some incoming generating activities are curtailed temporarily whilst the charitable activities are continued. The trustees now consider that the most appropriate level of free reserves at 31 March 2021 would be 9 months of the group's budgeted expenditure i.e. £3.02M (previously 6 months). The actual free reserves at 31 March 2021 were £2.53M being £490k short of the target figure.

b) Investments

Under the Memorandum and Articles of Association, the charity has the power to invest in any way the trustees wish. The trustees have determined that the Charity investments should be in the form of interest bearing cash deposits with major banks or financial institutions and investment property. Interest rates should be competitive and free of risk to the capital.

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is a company, limited by guarantee, and has no share capital. It was incorporated on 17 July 1970. Its governing document is its Memorandum and Articles of Association, which were updated on 6th March 2019. The liability of each member in the event of winding up is limited to £20.

Charity number	528785
Company number	984899
Principal Office	Gulson Road, Coventry, CV1 2JG

The principal objects of the charitable company are: "To advance the theoretical and practical education and training of persons engaged or intending to be engaged in engineering general industrial and commercial activities"

To allow the charitable company to trade in activities complementary to its objects a subsidiary company 'MGTS Business and Training Services Limited' was incorporated on 22 September 2000. The Charity owns the 1,000 issued shares of £1 each. Taxable profits arising from the subsidiary are Gift Aided to the Charity.

Trustees/ Directors

The Trustees are elected by the Members of the Company and serve for five years before retiring. The Articles of the Company allow for unlimited Trustees/Directors. The Trustees may co-opt to fill casual vacancies arising during the year.

The following were Trustees during the whole of the year under review:-

Mr S Brown	Mrs T Reynolds
Mr K Kane	Mrs R Ritchie
Mr G F Lawton	Mr A Watson

The following resigned as Trustees during the year:-

Mr P Hone
Mr G Reynolds

The following were appointed as Trustees during the year:-

Mr D Montgomery

The Trustees of the Charity meet at least 4 times per year. They set budgets for the Charity and monitor its financial performance through detailed quarterly financial reports. Major decisions affecting the Charity's operations are taken by the Trustees.

The Chief Executive, David Bridgens is responsible for implementing the Trustees policies. He reports on a quarterly basis to the Trustees. Additional ad hoc Trustees meetings are called whenever it is felt necessary either by the Trustees or the Chief Executive.

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2021

Trustee induction and training

New trustees undergo a series of briefings to inform them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the business plan and recent financial performance of the charity. During the induction they meet key employees and other trustees. Trustees are encouraged to attend appropriate training events where these will facilitate the understanding of their role.

Key Management Personnel

The following were key management personnel during the whole of the year under review:-

Chief Executive Officer	David Bridgens
Director of Delivery and Operations	Steve Palmer
Director of Finance and HR	Ruth Smith
Business Systems and Contracts Manager	Adrian Lawrence
Quality and Compliance Manager	Ruth Plane
Customer Engagement Manager	Adrian Simkiss

Arrangements for setting pay and remuneration

Trustees do not receive any form of remuneration and give their time freely.

The trustees review pay annually in October for all staff, including key personnel. Consideration is taken of the rate of inflation, and benchmark pay rates within the industry.

Risk management

We confirm that major risks have been reviewed and that systems and procedures have been established to manage those risks.

Government and Agencies

Additional apprenticeship funding incentives and the Government Kickstart Scheme were announced on the same day as part of the UK Chancellor's Plan for Jobs. For businesses reacting to the Coronavirus pandemic, these schemes offer financial support alongside the opportunity to create jobs for young people. The main difference between Kickstart and an apprenticeship is that Kickstart is a short-term scheme focused on general employability, while apprenticeships are longer term and centred on specialist technical skills.

Any employer who hires a new apprentice can claim funding as an incentive for creating training opportunities. These grants were expanded in the 2021 Budget and are now available until 30th September 2021.

Employers taking on a new apprentice can claim:

- £3000 for a new apprentice of any age
- An additional £1000 grant for hiring a 16-18 year old apprentice, or a 19-24 year old with an EHC plan

The Kickstart Scheme is a short-term wage subsidy fund for employers. It was designed to help create job placements for 16 to 24 year olds who are at risk of long term unemployment. The Kickstart Scheme funding covers 100% of the relevant National Minimum Wage, at 25 hours a week for a total of 6 months.

The Department for Education surrendered £250M to the Treasury during the last 12 months as demand for apprenticeships from employers was "lower than expected" partly due to the impact of Covid-19. Government statistics show that apprenticeship starts were down 18 per cent in the 2019/20 academic year compared to the previous year, falling from 393,400 to 322,600.

MIDLAND GROUP TRAINING SERVICES LIMITED
TRUSTEES' REPORT
31 March 2021

Small Companies Exemption

This report is prepared in accordance with special provisions of part 15 of the Companies Act 2006 relating to small companies.

The trustees who are the charitable company's directors are pleased to present their report together with the financial statements of the charitable company for the year ending 31 March 2021.

AUDITORS

A resolution will be put to the forthcoming AGM to reappoint Luckmans Duckett Parker Limited as Auditors for the year ending 31 March 2022.

Statement as to disclosure of information to auditors

The trustees who were in office on the date of approval of these financial statements have confirmed as far as they are aware, that there is no relevant audit information of which the auditors are unaware. The trustees have confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

PROFESSIONAL ADVISORS

The Charity is provided with professional services on a commercial basis by:

Luckmans Duckett Parker Limited	-	Audit
Lloyds TSB Plc	-	Banking
Band Hatton Button Solicitors	-	Legal
Loveitts Estate Agents	-	Property
Jensten Group	-	Insurance

On behalf of the Board



G Lawton
Chairman

Gulson Road
Coventry
CV1 2JG
6TH OCTOBER 2021

MIDLAND GROUP TRAINING SERVICES LIMITED
DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS
31 March 2021

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business;
- d. observe the methods and principles in the Charity SORP

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MIDLAND GROUP TRAINING SERVICES LIMITED
AUDITOR'S REPORT
Independent auditor's report to the members of Midland Group Training Services Limited

Opinion

We have audited the financial statements of Midland Group Training Services Ltd (the 'parent charitable company') and its subsidiaries (the group) for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2020 and of the groups incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

MIDLAND GROUP TRAINING SERVICES LIMITED
AUDITOR'S REPORT
Independent auditor's report to the members of Midland Group Training Services Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting these irregularities, including fraud is detailed below:

In identifying and assessing the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- reference to past history and experience of entity
- enquiry of management, including obtaining and reviewing supporting documentation concerning the entity's procedures relating to:
- Identifying and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- Detection and response to risk of fraud and whether they were aware of any actual or suspected instances of fraud.
- Assessment of the controls and processes that the entity has in place to mitigate risk.

Our assessments included the identification of the following potential areas of fraud:

- Management override of control; and
- Revenue recognition – specifically the recognition according to timing of the provision of training services, and manipulation of revenue through management override of journals.

MIDLAND GROUP TRAINING SERVICES LIMITED
AUDITOR'S REPORT
Independent auditor's report to the members of Midland Group Training Services Limited

We design audit procedures by tailored and directed testing to aid and support the determined level of risk. In response to the assessed risk we plan audit tests and procedures that target specific areas where misstatement may occur. These procedures and the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

- We critically assessed the appropriateness and tested the application of the revenue and cost recognition policies.
- We tested the appropriateness of accounting journals and other adjustments made in the preparation of the financial statements.
- We reviewed the entity's accounting policies for non-compliance with relevant standards.
- We made enquiries of management and reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations.

In performing an audit in accordance with UK GAAP, we exercise professional judgement and maintain professional scepticism throughout the audit process.

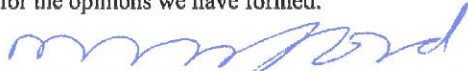
We also communicated relevant identified laws and regulations and potential fraud risks to all the engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion or override of internal controls. There are inherent limitations in the audit procedures performed.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

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



Mark Spafford FCCA ACA (Senior Statutory Auditor)
for and on behalf of Luckmans Duckett Parker Limited
Statutory Auditors
1110 Elliott Court
Herald Avenue
Coventry Business Park
Coventry
West Midlands
CV5 6UB

Date: 16th October 2021

MIDLAND GROUP TRAINING SERVICES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2021

	Note	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Income:					
<i>Income from donations and legacies:</i>					
Coronavirus Job Retention Scheme income	1	138,763	-	138,763	-
<i>Income from Charitable activities:</i>					
Subscriptions, training, projects, course fees and extra services	4	2,966,283	65,600	3,031,883	3,159,118
<i>Income from other trading activities:</i>					
Commercial trading operations	9	613,095	-	613,095	1,122,329
Investment income	3	12,395	-	12,395	11,721
		<hr/>	<hr/>	<hr/>	<hr/>
Total incoming resources		3,730,536	65,600	3,796,136	4,293,168
		<hr/>	<hr/>	<hr/>	<hr/>
Expenditure:					
<i>Costs of raising funds:</i>					
Investment management costs		-	-	-	-
Commercial trading operations	9	501,391	-	501,391	891,316
<i>Expenditure on charitable activities</i>	5	3,136,252	119,684	3,255,936	3,541,936
		<hr/>	<hr/>	<hr/>	<hr/>
Total expenditure		3,637,643	119,684	3,757,327	4,433,252
		<hr/>	<hr/>	<hr/>	<hr/>
Net (loss)/income before other recognised gains	6	92,893	(54,084)	38,809	(140,084)
Other recognised losses					
Change in fair value of pension scheme liability	12	(3,646,183)	-	(3,646,183)	-
		<hr/>	<hr/>	<hr/>	<hr/>
Net movement in funds for the year		(3,553,290)	(54,084)	(3,607,374)	(140,084)
Fund balance brought forward at 1 April 2020		5,021,829	489,345	5,511,174	5,651,258
		<hr/>	<hr/>	<hr/>	<hr/>
Fund balance carried forward at 31 March 2021		1,468,539	435,261	1,903,800	5,511,174
		<hr/>	<hr/>	<hr/>	<hr/>

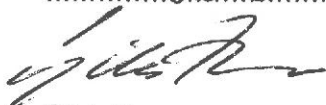
The statement of financial activities includes all gains and losses recognised in the year and in the previous year. All the company's activities are classed as continuing.

MIDLAND GROUP TRAINING SERVICES LIMITED
BALANCE SHEETS
at 31 March 2021
Company No 984899

	Note	Group		Charity	
		2021 £	2020 £	2021 £	2020 £
Fixed assets					
Tangible fixed assets	8	2,991,551	3,254,419	2,991,551	3,254,419
Investment in subsidiary undertaking	9	-	-	1,000	1,000
		<u>2,991,551</u>	<u>3,254,419</u>	<u>2,992,551</u>	<u>3,255,419</u>
Current assets					
Debtors	10	548,670	593,082	382,340	447,059
Short term deposits		3,076,780	2,749,126	3,076,780	2,749,126
Bank balance and cash		115,718	127,214	51,447	72,284
		<u>3,741,168</u>	<u>3,469,422</u>	<u>3,510,567</u>	<u>3,268,469</u>
Creditors - amounts falling due within one year	11	(1,940,436)	(1,212,667)	(1,064,839)	(1,240,127)
Net current assets		<u>1,800,732</u>	<u>2,256,755</u>	<u>2,445,728</u>	<u>2,028,342</u>
Creditors - amounts falling due after more than one year	11	(2,888,483)	-	(2,888,483)	-
Net assets		<u>1,903,800</u>	<u>5,511,174</u>	<u>1,792,096</u>	<u>5,283,761</u>
Funds:					
Restricted funds	13	435,261	489,345	435,261	489,345
Unrestricted funds	13	1,356,835	4,794,416	1,356,835	4,794,416
Non-charitable trading funds	13	111,704	227,413	-	-
Total funds		<u>1,903,800</u>	<u>5,511,174</u>	<u>1,792,096</u>	<u>5,283,761</u>

The financial statements have been prepared in accordance with special provisions of part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements on pages 12 to 26 were approved by the Board of Directors and authorised for issue on 6th October 2021, and were signed on its behalf by:



G Lawton
Chairman

MIDLAND GROUP TRAINING SERVICES LIMITED
CASH FLOW STATEMENT
for the year ended 31 March 2021

	Note	2021 £	Group 2020 £
Cash flows from operating activities:			
Cash generated from operations	1	332,370	113,450
		<hr/>	<hr/>
Net cash provided by (used in) operating activities		332,370	113,450
		<hr/>	<hr/>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(49,523)	(898,089)
Sale of tangible fixed assets		20,916	9,500
Interest received		12,395	11,721
		<hr/>	<hr/>
Net cash provided by (used in) investing activities		(16,212)	(876,868)
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		316,158	(763,418)
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the reporting period		2,876,340	3,639,758
		<hr/>	<hr/>
Cash and cash equivalents at the end of the reporting period		3,192,498	2,876,340
		<hr/> <hr/>	<hr/> <hr/>

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES TO THE CASH FLOW STATEMENT
for the year ended 31 March 2021

1 Reconciliation of net income to net cash flow from operating activities	2021	2020
	£	£
Net income for the reporting period (as per the statement of financial activities)	(3,607,374)	(140,084)
Adjustments for:		
Depreciation charges	299,817	374,717
Profit on disposal of fixed assets	(6,668)	(6,315)
Change in fair value of pension scheme liability	3,646,183	-
Interest received	(12,395)	(11,721)
(Increase)/decrease in debtors	44,412	12,598
Increase/(decrease) in creditors	(31,605)	(115,745)
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	332,370	113,450
	<hr/> <hr/>	<hr/> <hr/>

MIDLAND GROUP TRAINING SERVICES LIMITED
ACCOUNTING POLICIES
31 March 2021

1 Accounting Policies

Basis of preparation

The financial statements of the charitable company, which is a public benefit entity under FRS102, have been prepared in accordance with the Charities SORP (FRS102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard in the UK and Republic of Ireland (FRS102)(effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value.

Accounting changes

The significant accounting policies adopted are described below.

Significant judgements and estimates

The preparation of the financial statements requires management to make significant judgements and estimates that affect the amounts reported within the balance sheet and statement of financial activities. The following are the Company's key sources of estimation uncertainty:

- **Multi- employer defined benefit pension scheme liability**

The schedule of contributions for the multi-employer defined benefit pension scheme is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. The mortality rate is based on publicly available mortality tables for the specific country. Future salary and pension increases are based on expected future inflation rates for the respective country.

The Company has included a liability within the financial statements to reflect its own future funding obligations based upon a discounted cash flow basis. The discounted cash flow has been calculated by using a long term inflation rate of 3.15% and a discount rate of 0.85%.

In determining the appropriate discount rate, management considers the interest rate of AA corporate bonds denominated in Great British pound sterling, with a bond maturity similar in duration to the defined benefit funding obligation.

Group financial statements

The statement of financial activities (SOFA) and group balance sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

A separate SOFA and income and expenditure account are not presented for the charity itself following the exemptions afforded by Section 408 of the Companies Act 2006.

Income recognition policy

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

The charitable company recognises support from the Coronavirus Job Retention Scheme on a receivable basis as a unrestricted donation to the charitable company.

Investment income is recognised on a receivable basis.

MIDLAND GROUP TRAINING SERVICES LIMITED
ACCOUNTING POLICIES (continued)
31 March 2021

Resources expended and Irrecoverable VAT

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance related grants are recognised as goods and services are supplied.

Charitable activities include expenditure associated in the provision of training services and include both the direct costs and support costs relating to these activities.

The charitable company recognises the cost of contractual redundancy payments as being part of the cost of the delivery of charitable activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Support costs include the central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, e.g. staff costs by the estimated time spent and other costs by their estimated usage.

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Taxation

The company is a registered charity and is exempt from taxation on its charitable activities. The subsidiary company has no tax liability as it donates its taxable profits to the charity under gift aid.

Tangible fixed assets

Fixed assets costing £3,000 or more are capitalised at cost.

Depreciation is charged by instalments at rates estimated to write off the cost of the asset less any residual value over the expected useful lives at the following rates:-

2½% per annum on freehold buildings
4% per annum on freehold building improvements
10% per annum on leasehold building improvements
10% to 25% per annum on equipment and vehicles
33⅓% per annum on computer equipment

On disposal of assets in the ordinary course of business adjustments are made to the depreciation charge to reflect differences between the actual and estimated aggregate depreciation.

Pensions – Defined Benefit Scheme

The defined benefit scheme was closed to new contributions on 31st August 2010. In accordance with paragraph 28.11 of FRS102 the company as a participating employer to the scheme, has recognised the present value of its share of the agreed contributions on the balance sheet as a liability on a discounted cash flow basis. MGTS's estimated liability as at 31st March 2021 is £3.6M and is recalculated each year, with movements in the liability reflected in the Statement of Financial Activities and the element relating to the unwinding of the discount in interest payable. The Company has renegotiated its recovery plan as a result of the latest actuarial valuation as at 31st March 2020.

Further information in relation to an update on the current status of the pension scheme deficit and the most recent valuation can be found in note 12 on page 23.

The Company is liable for its own funding obligations and is also liable for those of the other sponsoring employers, should those sponsoring employers default on their obligations.

Pension costs - Defined Contribution Scheme

The amount charged to the Statement of Financial Activities in respect of pension costs is the contribution payable in the year. Any differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2021

Funds structure

The charity has a number of restricted income funds to account for situations where a donor requires that a donation must be spent on a particular purpose or where funds have been raised for a specific purpose.

All other funds are unrestricted income funds.

2 Legal status of the Charity

The Charity is a company, limited by guarantee, and has no share capital. It was incorporated on 17 July 1970. Its governing document is its Memorandum and Articles of Association. The liability of each member in the event of winding up is limited to £20.

3 Investment income	2021	2020
	£	£
Short term deposit interest receivable	12,395	11,721
	<u> </u>	<u> </u>
4 Income from Charitable Activities		
Training services provided	2,966,283	3,075,418
	<u> </u>	<u> </u>
5 Charitable Activities Costs		
The charity undertakes direct charitable activities and does not make grant payments		
Provision of training services and projects	3,178,770	3,469,969
Support costs – salaries and office costs	77,166	71,967
	<u> </u>	<u> </u>
	3,255,936	3,541,936
	<u> </u>	<u> </u>
Governance costs		
Salaries and office costs	13,375	12,359
Auditors' remuneration		
- Audit	8,100	7,750
- Other services	750	750
	<u> </u>	<u> </u>
	22,225	20,859
	<u> </u>	<u> </u>

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2021

	2021	2020
6 Net incoming resources		
Net incoming resources are stated after charging/ (crediting):		
Directors' and officers' indemnity insurance	-	-
Depreciation of tangible fixed assets:		
- owned assets	233,808	268,265
- leased assets	66,009	106,452
(Profit)/loss on disposal of tangible fixed assets	(6,668)	(6,315)
Change in fair value of pension liability	3,646,183	-
	-	-
7 Staff costs	£	£
Wages and salaries	1,684,605	1,719,079
Social security costs	195,502	197,916
Pension costs	246,857	253,303
	2,126,964	2,170,298
 Average number of persons employed by the company	45	48
 Key management personnel		
Emoluments	377,558	363,488
Pension contributions to defined contribution scheme	25,387	21,127
	402,945	384,615
 The number of employees who received emoluments of more than £60,000 in the year was as follows:		
£60,001 - £70,000	1	2
£70,001 - £80,000	1	1
£80,001 - £90,000	1	-
£110,000 - £120,000	1	1
	4	4

Midland Group Training Services paid £20,187 (2020: £19,580) into a defined contribution pension scheme for 4 (2020: 4) higher-paid employees.

The directors do not receive emoluments or expenses.

Pension costs - Defined Benefit Scheme

In addition to the above, the Company made a payment of £114,936 (2020: £110,659) to the multi-employer defined benefit scheme (see note 12 on page 23).

Pension costs - Defined Contribution Scheme

The company provides pensions for current employees, through a defined contribution scheme. The employer contributions for the period were £108,215 (2020 £108,764). The running costs of the scheme are amalgamated with the Defined Benefit scheme and cannot be separately identified. There were no outstanding or prepaid contributions at the balance sheet date.

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2021

8 Tangible fixed assets – group and charity

	Freehold Property £	Leasehold Improvements £	Equipment & vehicles £	Total £
Cost				
1 April 2020	2,153,679	1,237,449	2,933,265	6,324,393
Additions	750	-	50,447	51,197
Disposals	-	-	(52,375)	(52,375)
	<hr/>	<hr/>	<hr/>	<hr/>
31 March 2021	2,154,429	1,237,449	2,931,337	6,323,215
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
1 April 2020	948,392	305,694	1,815,888	3,069,974
Charge for year	9,744	66,009	224,064	299,817
Disposals	-	-	(38,127)	(38,127)
	<hr/>	<hr/>	<hr/>	<hr/>
31 March 2021	958,136	371,703	2,001,825	3,331,664
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
31 March 2021	1,196,293	865,746	929,512	2,991,551
	<hr/>	<hr/>	<hr/>	<hr/>
31 March 2020	1,205,287	931,755	1,117,377	3,254,419
	<hr/>	<hr/>	<hr/>	<hr/>

Since the 31st March 2021 the Company granted in favour of the Trustees of the EEF Staff Pension Fund an uncapped charge over the freehold property at Gulson Road, Coventry, included in the balance sheet at £1.2m.

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2021

9	Fixed asset investment	Group		Charity	
		2021 £	2020 £	2021 £	2020 £
	Shares in subsidiary undertaking	-	-	1,000	1,000

Subsidiary undertaking

MGTS Business and Training Services Limited which was incorporated in England on 22 September 2000 pays all its taxable profits to the charity by Gift Aid. MGTS Business and Training Services Limited operates as an executive arm of the charity. The charity owns the entire issued share capital of 1,000 ordinary shares of £1 each. A summary of the trading results is shown below.

Summary of profit and loss account

	2021 £	2020 £
Turnover	613,095	1,122,329
Cost of sales and administrative expenses	(497,591)	(891,316)
Governance costs	(3,800)	(3,600)
	<hr/>	<hr/>
Net profit	111,704	227,413
Retained profit brought forward	227,413	274,799
Amount gifted to the charity	(227,413)	(274,799)
	<hr/>	<hr/>
Retained in the subsidiary	111,704	227,413
	<hr/>	<hr/>

The assets and liabilities of the subsidiary were:

Fixed assets	-	-
Current assets	771,725	830,601
Creditors: amounts falling due within one year	(659,054)	(602,188)
	<hr/>	<hr/>
Net assets	112,704	228,413
	<hr/>	<hr/>
Aggregate share capital and reserves	112,704	228,413
	<hr/>	<hr/>

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2021

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
10 Debtors				
Amounts falling due within one year:				
Trade debtors	392,835	507,720	273,530	371,395
Prepayments	153,723	83,856	106,698	74,158
Accrued income	2,112	1,506	2,112	1,506
Amount due from subsidiary undertaking	-	-	-	-
	<u>548,670</u>	<u>593,082</u>	<u>382,340</u>	<u>447,059</u>
11 Creditors				
Amounts falling due within one year:				
Trade creditors	901,467	874,971	261,476	308,273
Taxation and social security payable	98,005	118,291	85,815	88,710
Accruals	183,264	219,405	176,424	213,496
Pension deficit liability	757,700	-	757,700	-
Amount due to subsidiary undertaking	-	-	541,124	629,648
	<u>1,940,436</u>	<u>1,212,667</u>	<u>1,822,539</u>	<u>1,240,127</u>
Amounts falling due after one year:				
Pension deficit liability	<u>2,888,483</u>	<u>-</u>	<u>2,888,483</u>	<u>-</u>

Included within trade creditors is deferred income of £383,318 (2020 £368,087). These amounts are deferred because the income relates to future periods.

Deferred income at 1 April 2020	368,087
Used in year	(296,557)
Deferred in year	266,788
	<u>383,318</u>
Deferred income at 31 March 21	<u>383,318</u>

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2021

12 Pensions

The Company provides pensions for its employees through participation in the Engineering Employers' Federation Staff Pension Fund (the Fund), which is administered by a Trustee and maintained independently of the Company's finances for defined benefit members and a separate Master Trust for defined contribution members. The Fund was established to enable a number of autonomous but related employers to operate a scheme through the sharing of risk within a wider membership base. As such it is not possible for an underlying employer to identify its share of the underlying assets and liabilities. For multi-employer schemes where this is the case, paragraph 28.40A of FRS102 requires that Midland Group Training Services Limited account for its share of the present value of the agreed pension contributions payable to the scheme and where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit to the Company.

2020 Valuation

At the date of the last completed valuation of the fund (31st March 2020), the market value of the Fund's assets amounted to £184m. The valuation was carried out by an independent qualified actuary adopting a market-based approach using the projected unit method and the following main assumptions:

Single equivalent average rates (in practise term-dependent curves are used)	% per Annum
Rate of investment return (initial portfolio)	2.2
Rate of investment return (long term portfolio)	1.2
Rate of price inflation	2.8 (RPI)
Rate of increase in salaries	n/a
Rate of pension increases:	
RPI up to 5%	2.7
RPI up to 5%: minimum 3%	3.4
CPI up to 5%	2.4
CPI up to 2.5%	1.9

As at the valuation date these assets were insufficient, on the assumptions adopted, to meet the cost of the Fund's accrued liabilities. The Fund had a deficit of £60m on an ongoing funding basis. Due to the extreme volatility of the market around the valuation date, the Pension Regulator issued guidance that the Trustee can consider post valuation experience as part of the valuation. The Trustee considered the position rolled forward to 31st August 2020 which revealed a deficit of £47m resulting from some recovery in financial markets.

The split between participating employers was re-evaluated on 31st March 2020 based on updated assumptions, resulting in the proportion attributed to MGTS's members increasing to £3.9m (8.3%) 2019: 4.4%.

Subsequently, participating employers agreed contribution schedules with the Trustee that are expected to be sufficient to eliminate their share of the revised deficit over a period acceptable to the Trustee. Under this agreement Midland Group Training Services Limited is liable to make the following contributions in respect of its share of the deficit in the defined benefits section:

Amount	Dates	Frequency
£39,426	Payable from 1 st April 2021 to 30 th June 2021 inclusive.	Monthly
£718,274	Payable July 2021	One off
£157,680 pa	Payable from 1st April 2022 to 31st March 2034 inclusive. This will be increased in line with the increase in the RPI (on a preceding December to December basis).	Annually
£500,000	Payable April 2026	One off

In addition, the Company has granted an uncapped charge to the Trustee of the Fund, over the freehold property at Gulson Road, Coventry included in the Balance Sheet at 31st March 2021 at £1.2m (see note 8 page 20). It should be noted that the defined benefit scheme was closed to all future accruals during 2010.

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2021

13 Movement in funds

	1 April 2020	Incoming resources	Resources expended and losses	Capital Expenditure	31 March 2021
	£	£	£	£	£
Restricted funds					
- 24+ Loan Fund	2,000	-	-		2,000
- Employer Incentives	33,400	65,600	(71,000)		28,000
- LEP Funding	453,945	-	(48,684)		405,261
Unrestricted funds	4,794,416	3,117,441	(6,555,022)		1,356,835
Non-charitable trading funds	227,413	613,095	(728,804)		111,704
	<u>5,511,174</u>	<u>3,796,136</u>	<u>(7,403,510)</u>	<u>-</u>	<u>1,903,800</u>

24+ Advanced Learning Loan Fund

These are funds made available to be loaned to eligible learners. These loans will help learners aged 24 or above pay the fees charged by colleges and training providers for courses at Level 3 and Level 4, or Advanced and Higher Apprenticeships.

Employer Incentives

The Education and Skills Funding Agency has made a number of incentive payments available to employers taking on an apprentice aged 16-18. These incentives payments are paid to the training provider at set points during the training and must be paid out to the employer.

LEP Funding

MGTS has invested in a new Advanced Engineering and Manufacturing Centre in Redditch, Worcestershire. Our £875,000 investment was matched by funding of £700,000 from the Worcestershire and Birmingham Local Enterprise Partnerships. The funding will be released over the life of the assets.

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2021

14 Analysis of net assets between funds

	Unrestricted £	Non-charitable trading funds £	Restricted £	Total £
Intangible fixed assets	-	-	-	-
Tangible fixed assets	2,586,290	-	405,261	2,991,551
Current assets	2,939,444	771,724	30,000	3,741,168
Current liabilities	(1,281,416)	(659,020)	-	(1,940,436)
Long term liabilities	(2,888,483)	-	-	(2,888,483)
	<u>1,355,835</u>	<u>112,704</u>	<u>435,261</u>	<u>1,903,800</u>

15 Operating lease commitments

The following operating lease payments are committed to be paid:

	2021 £	2020 £
Within one year	98,965	105,806
Between two and five years	365,626	374,656
In more than five years	706,417	792,917
	<u>1,171,008</u>	<u>1,273,379</u>

16 Capital Commitments

The charitable company had capital commitments at the year-end of £18,415 (2020 £nil).

MIDLAND GROUP TRAINING SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS
31 March 2021

17 Post Balance Sheet Events

The triennial pension deficit valuation was based upon a spot point date of 31st March 2020, a point in time when the COVID-19 pandemic was responsible for a significant shock in financial markets. As a result of this substantial fall in financial markets, and a corresponding fall in bond yields, the pension deficit increased materially for the Company.

In order to address this increased deficit, the Company negotiated a long-term plan with the Trustee of the pension scheme such that the deficit repair contributions are maintained at an affordable level over a longer period of 14 years. A combination of one-off payments and regular contributions together with granting the pension Trustee uncapped security over the freehold building (as referenced in note 8 on page 20) has enabled the 2022-23 onwards contribution to be maintained at £158K plus RPI rather than £180K plus RPI under the original plan. This recovery plan was approved by the Pension Trustees and MGTS Board of Trustees in June 2021, and payment of the agreed contribution was made in full.

It should be noted that based upon external valuations carried out by professional valuers in April 2021, the freehold property over which the Trustee has security and is currently carried in the balance sheet at historic cost, has a market value (on a vacant possession basis) which is around £3.7m higher than the book carrying value.

Since the valuation, pension scheme fund investments have performed significantly better than expected which has in turn improved the deficit position as of March 2021 to £32m on an actuarial basis. Whilst this will not immediately or directly improve the Company's reported deficit on the balance sheet, the Company is exploring options with the Trustee to capitalise on this investment gain in order to reduce the risk of greater exposure to future downside risks, increase the likelihood of member benefits being paid and increase the chances of the Company recovery payment period being potentially shortened at a later date.

Notwithstanding the above, at the time of approving the financial statements the Trustees believe the Company has enough sufficient resources to be able to continue trading for the foreseeable future and specifically for at least 12 months after signing.