

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
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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.

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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.

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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"

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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.

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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

<p style="text-align: center;">MIDLAND GROUP TRAINING SERVICES LIMITED DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS 31 March 2024</p>
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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.

<p style="text-align: center;">MIDLAND GROUP TRAINING SERVICES LIMITED AUDITOR'S REPORT Independent auditor's report to the members of Midland Group Training Services Limited</p>

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.

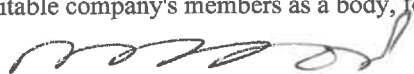
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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
Total incoming resources		4,771,861	76,000	4,847,861	4,474,559
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
Total expenditure		4,301,984	134,184	4,436,168	4,296,791
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	-
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
Fund balance carried forward at 31 March 2024		3,816,746	264,709	4,081,455	2,242,936

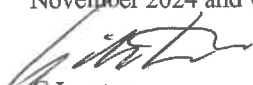
The statement of financial activities includes all gains and losses recognised in the year and in the previous year.
All the company's activities are classed as continuing.

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)
Net current assets		934,487	2,067,822	646,662	1,835,240
Creditors - amounts falling due after more than one year	11	(1,061,492)	(2,599,016)	(1,061,492)	(2,599,016)
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	-	-
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

		Group	
	Note	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/>

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
	<hr/>	<hr/>
4 Income from Charitable Activities		
Training services provided	3,471,332	3,160,699
	<hr/>	<hr/>
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
	<hr/>	<hr/>
	3,389,958	3,229,294
	<hr/>	<hr/>
Governance costs		
Salaries and office costs	16,578	16,170
Auditors' remuneration		
- Audit	7,985	7,075
- Other services	1,700	1,500
	<hr/>	<hr/>
	26,263	24,745
	<hr/>	<hr/>

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>2,151,599</u>	<u>2,084,264</u>
	<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>475,858</u>	<u>538,374</u>
	<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

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)
Net profit	286,825	231,582
Retained profit brought forward	231,582	237,491
Amount gifted to the charity	(231,582)	(237,491)
Retained in the subsidiary	286,825	231,582

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)
Net assets	287,825	232,582
Aggregate share capital and reserves	287,825	232,582

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	<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	<u>281,912</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 (in practise term-dependent curves are used)	% 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
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	2,242,936	6,274,687	(4,436,168)	-	4,081,455
	<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 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).